

DFK ANZ BUSINESS & TAXATION BULLETIN
keeping you informed **autumn 2015**



CONSOLIDATING SUPERANNUATION ACCOUNTS

The ATO estimates that 45% of Australians have more than one superannuation account which results in individuals losing some of their superannuation value by paying multiple fees. A simple way to maximise your superannuation savings is to consolidate all superannuation accounts.

The superannuation consolidation process is now easier than ever through your myGov account at my.gov.au. Once you have registered for an account and linked to the ATO, go to the Super tab and all your superannuation funds will be listed, including any previously 'lost' super. You can then transfer your super online and consolidate multiple accounts within a few minutes.

Prior to transferring and closing any superannuation accounts, please check any insurance policies held within a fund as these will be cancelled once the account has been closed.

WORKING WITH CHILDREN CHECK

Individuals who are employed in a role which requires a Working with Children Check are able to claim a tax deduction for the cost of the initial check and subsequent renewal fee provided there is a direct nexus between pre-existing income and the requirement for a check. The cost of a Working with Children Check is not deductible when the check occurs prior to employment in a child related role.

FRINGE BENEFITS TAX

A reminder that the Fringe Benefits Tax year concludes on 31 March 2015 and now is the time to take care of any tax planning opportunities. The most common type of fringe benefits are motor vehicles, entertainment and expense payments.

There are also a number of benefits which are exempt from tax which include tools of trade and minor and infrequent benefits of less than \$300. Should you have any questions regarding your potential fringe benefits tax liability, please do not hesitate to contact your adviser.

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BAS PREPARATION – SOME COMMON ERRORS

Many small businesses prepare their own Business Activity Statements during the year with an annual review completed by their accountant when the year end accounts are prepared.

Some common errors to avoid when preparing your statement:

- Check if GST is reported on a cash or non-cash basis to ensure purchases and sales are reported in the correct period.
- Report all of your relevant transactions at the appropriate label on your activity statement.
- Lodge your activity statement, even if you have nothing to report.
- Leave boxes blank if they do not apply to you. If a box does apply and you have nothing to report, use a zero.
- Only complete the boxes relevant to you and ensure that the GST and PAYG Instalment Option used is the same each quarter.
- If varying an ATO advised instalment amount, provide a reason code.
- Round all amounts to whole dollars and leave the cents out.
- If lodging a paper BAS, only send the original statement as copies will not be accepted.

- Review your activity statement before lodging and check the amount calculated equals what you expect to pay or receive.

Contact us with any questions or if you need assistance with BAS preparation.

GIC & SIC RATES

The ATO has published general interest charge (GIC) and shortfall interest charge (SIC) rates for the third quarter of the 2014-15 income year. The GIC annual rate for January – March 2015 is 9.75%, and the SIC rate is 5.75%.

FUEL TAX CREDITS

From 1 July 2014 there have been three different rates for claiming fuel tax credits. The changes on 1 July 2014 were due to the carbon tax repeal. There have been two subsequent changes on 10 November 2014 and 2 February 2015 due to the indexation of the fuel excise. In future, the fuel excise amount will be indexed biannually on 1 February and 1 August each year.

Now that the fuel tax credit rates are changing regularly, it is very important to keep good records to support your claim. For fuel used in heavy vehicles, you are required to apply the applicable rate on the date you acquired the fuel.

USE OF FUEL	TYPE OF FUEL	FROM 1 JULY 2014	FROM 10 NOV 2014	FROM 2 FEB 2015
Vehicle greater than 4.5 tonnes GVM travelling on a public road	Petrol or diesel	12.003 cents	12.46 cents	12.76 cents
Specified	Petrol	38.143 cents	38.6 cents	38.9 cents
Specified off-road activities	Petrol or diesel	38.143 cents	38.6 cents	38.9 cents
To power auxiliary equipment of a heavy vehicle travelling on public roads	Petrol or diesel	38.143 cents	38.6 cents	38.9 cents
Fuel for domestic heating	Kerosene & heating oil	38.143 cents	38.6 cents	38.9 cents

FINANCE STEPS INTO PROPERTY INVESTMENT

Property has been a popular path to wealth for Australians for many years. It has the potential to generate capital growth (an increase in the value of your asset) and rental income. There are also tax advantages associated with negative gearing. However, when buying an investment property, remember that you are making a business decision.

Do your homework

You are not buying from the heart, but from the head, so it's important to assess your financial position. What are your cash reserves and what equity do you have? Look at long term objectives and factor in potential changes to your situation (eg. the birth of a child or loss of income).

Understand negative versus positive gearing

Positively geared properties – rental income is higher than your loan repayments and outgoings. Tax is likely to be payable on the net income. Negatively geared properties – rental income is less than the loan repayments and outgoings. The loss can be offset against other income earned, reducing your income and therefore your tax payable.

Decide how to fund it

You'll probably need an investment loan. The deposit can come from savings or from equity in your home. It is also popular to invest via a self managed superannuation fund.

Choose the right loan

Interest only loans are the most popular for investors because borrowing costs are completely tax deductible however, there are other options.

Find out how much you can borrow

This is an essential step to be realistic in your expectations and focus your house hunting time on properties you can afford.

Calculate your up-front costs

Remember to factor in stamp duty, loan application fees and legal costs into your plans. A building and pest inspection are also a must to avoid expensive headaches down the track.

Estimate ongoing costs

All properties incur ongoing expenses (eg. rates, insurance etc.). You'll use the rental income to cover most of these but you may need some spare cash set aside until you start receiving rent (most agents pay owners at the end of each month so you won't receive income straight away).

Finding the right property

This is the area in which you will spend the most time. It doesn't have to be a home you would live in. Think about which features are universally appealing and remember – location, location, location!

Find a good property manager

Personal recommendations from tenants and landlords.

Cover yourself with suitable insurance

Some insurance companies now combine building cover with specialist landlord insurance. You should also consider life and income protection insurance to ensure your family doesn't suffer financial hardship repaying loans if the main income earner is unable to work.

FEATURE ARTICLE CLOUD ACCOUNTING – IS IT FOR YOU?

Cloud accounting is also known as online accounting. It serves the same function as any accounting software you normally install on your computer but the major difference is that you access it online. Your accounting data is securely stored on computer servers or ‘in the cloud’. This allows you to access key business and financial information from anywhere, at any time, provided you have an internet connection.

IS CLOUD ACCOUNTING GOOD FOR BUSINESS?

Cloud accounting offers a number of benefits for businesses including:

- Alleviates the need for businesses to store and manage data.
- Your business information can be accessed and updated using any computer from anywhere in the world. Some applications have software that are compatible with your iPhone or Android phone.
- Ability to interact with your accountant in real time and avoid having to send your accounting information to your accountant each time.
- Monthly access fees are usually less than the cost of buying the software and paying for annual subscriptions.
- No software installation required.
- Low start up costs as there is no up front software purchase required and no need to update subscriptions to ensure you have support.
- The provider you choose will automatically keep the software up to date, this avoids having to install updates such as new tax rates for payroll or superannuation.
- Servers are actively monitored, maintained and have a higher level of security than many small business networks or staff laptops.

DISADVANTAGES OF CLOUD ACCOUNTING

The main disadvantage is the reliance on having internet access, however, this is becoming less of a problem as internet connections have become more reliable and broadband or Wi-Fi is widely available.

There is a general fear among people in relation to storing data online, but in fact your data is more secure online with engineers on hand 24 hours a day.

HOW DOES THIS AFFECT YEAR END ACCOUNTING PROCEDURES?

Your accountant can access your cloud accounting software file and process your end of year adjustments without you having to email or send the file for the accountant to then download.

There is minimal interruption to you as your accountant will not need to send an updated accounting file and there will be no need for you to enter any adjustment journal entries.

Your accountant can actively review operating results at any time of the year; such as May for Tax Planning and providing advice where required. This helps you keep business on track and comply with tax obligations.

WHICH CLOUD ACCOUNTING SOFTWARE IS BEST FOR YOU?

Below is a quick comparison table to review which product is the best match for your business.

In summary, there are many ways that your business may be able to benefit from a cloud accounting package that fits best with your business type. Contact us for more information or assistance.

NAME	MYOB ACCOUNT RIGHT LIVE	XERO	SAASU	RECKON ONE
PRICE	\$70/month	Starter \$25/month Standard \$50/month Premium \$60/month	Extra small \$9/month Small \$20/month Medium \$35/month Large \$60/month	Core \$5/month Lite \$15/month Medium \$20/month
TRANSACTIONS	Unlimited	Unlimited except for Starter – 20	Extra small – 50 Small – 200 Medium – Unlimited Large – Unlimited	Unlimited
USERS	Has multi-user depending on description	Unlimited	Unlimited	Unlimited
BANK FEEDS	Yes	Yes	Yes	Yes
PAYROLL + HOW MANY EMPLOYEES	Yes Limited Employees	Starter – 1 Employee Standard – 5 Employees Premium – Up to 50 Employees	Extra small – 20 Small – 25 Medium & Large – 25+	No
JOB COSTING	Yes	Yes	Yes	Yes
QUOTING	Yes	No	Yes	Via manual process
INVENTORY TRACKING	Yes	No	Yes	No
MULTI-CURRENCY	Yes	On plans above \$60	Medium or large plans only	No
BUDGETING	Yes	No	Yes	Via manual process
TABLET & SMARTPHONE	Yes	Yes	No	Yes

UPCOMING KEY DATES & DEADLINES

21 MARCH 2015	February Monthly Activity Statement due for lodgement and payment
31 MARCH 2015	2014 Tax Returns due for lodgement and payment for companies and super funds in excess of \$2million in last year lodged
31 MARCH 2015	2014 Tax Returns due for lodgement for Level 6 individuals and trusts
31 MARCH 2015	End of 2015 Fringe Benefits Tax Year
21 APRIL 2015	Quarterly PAYG Instalment activity statement due for lodgement and payment for head companies of a consolidated group
21 APRIL 2015	March Monthly Activity Statement due for lodgement and payment
28 APRIL 2015	Superannuation Guarantee Contributions due for payment for Jan – Mar 2015 quarter
15 MAY 2015	2014 Income Tax Returns due for lodgement and payment for all companies and super funds which were not required to lodge earlier and are taxable in the current year.
15 MAY 2015	2014 Income Tax Returns due for lodgement for all individuals and trusts. Payment is required as advised on Notice of Assessment.
21 MAY 2015	April Monthly Activity Statement due for lodgement and payment
26 MAY 2015	Jan - Mar 2015 Business Activity Statement due for electronic lodgement and payment
28 MAY 2015	2015 Fringe Benefits Tax Return due for lodgement and payment
5 JUNE 2015	2014 Income Tax Return due for companies and super funds where nontaxable in prior year and nontaxable in current year

FOR MORE INFORMATION & FUTURE NEWSLETTERS

For more information on anything contained in this bulletin please telephone or email to our details below.

DFK AUSTRALIA NEW ZEALAND

For further information or enquiries about any of the latest business and taxation topics discussed in this newsletter, please contact the Directors and team at DFK ANZ.

General Enquiries exec@dfkanz.com

DFK AUSTRALIA NEW ZEALAND LTD

A Level 12, 222 Pitt Street, Sydney NSW, 2000
P PO Box Q819, Queen Victoria Building, Sydney NSW, 1230
T +61 1300 DFK ANZ **F** +61 2 9264 9294 **ABN** 52 071 231 13

www.dfkanz.com exec@dfkanz.com



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