

DFK ANZ BUSINESS & TAXATION BULLETIN

keeping you informed **spring 2013**



MID-YEAR ECONOMIC STATEMENT

In August 2013, the new look Rudd government released a mid-year economic update which reported a fall in projected tax revenues by \$33 billion over the next four years. In response to the reduced anticipated tax receipts, the government has announced some new tax revenue measures:

- **Fringe Benefits Tax** – New car contracts entered into from 16 July 2013 will only be able to use the 'operating cost method' for calculating the FBT value from 1 April 2014 with both the statutory formula and operating cost method available for the rest of the 2014 FBT year. Any company car arrangements existing prior to 16 July 2013 can continue to choose between the operating cost or statutory formula until the car is disposed.
- **Tobacco** – An increase in the customs duty on tobacco by 12.5% on 1 December 2013 and further 12.5% increases on 1 September 2014, 2015 and 2016.
- **Financial Stability Fund** – A 0.05% levy on all bank held deposits up to \$250,000 from January 2016 to create an insurance fund to protect individuals from a financial institution failure. Previously, this insurance was provided directly by the government.
- **More Tax Audits** – The government is providing an extra \$99 million to the ATO to address levels of unpaid tax and superannuation in the economy.

AUSTRALIAN BUSINESS LICENCES & INFORMATION SERVICE

This helpful website has been recently launched by the Australian government and helps you find the government licences, permits, approvals, registrations, codes of practice, standards and guidelines that you need to know to meet your compliance responsibilities.

Once you have completed a short survey, the website provides you with a personalised report containing all your business government requirements, information about licences and fees, how to access forms and where to go if you need more information. To access the site go to ablis.business.gov.au

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SMALL BUSINESS SUPERANNUATION CLEARING HOUSE

The Small Business Superannuation Clearing House is a free online superannuation payments service that assists businesses with 19 or fewer employees to meet their superannuation guarantee obligations. This service allows a small business to make one payment to the clearing house, who will then forward individual superannuation contributions to their respective funds.

Once a business has been set-up to use the service, employee details and preferences are pre-populated each period so that only the contribution amount needs to be entered.

The service is available 24 hours, seven days a week and a contributions history is available for download at any time.

SELF-EDUCATION EXPENSES

The proposal to cap work related self-education expenses to \$2,000 per person has been deferred and is now due to commence on 1 July 2015. This is to allow further consultation with professional associations and higher education providers.

ASBESTOS REGISTER REQUIRED FOR COMMERCIAL PREMISES

From 1 July 2013, under the Federal Model Work Health and Safety legislation, the person with 'management or control' of a workplace is responsible for maintaining an asbestos register. In some situations this will shift responsibility from the owner of a commercial property to the lessee of a commercial property.

The obligation to keep an asbestos register applies to all buildings constructed prior to 31 December 2003. A register is not required for post-December 2003 buildings where no asbestos has been identified in the workplace and no asbestos is likely to be present at the workplace from time to time.

An asbestos register lists all identified and assumed asbestos within a building and must be reviewed at least every five years. If a building does not already have this register, the occupant of the building is required to have one in place by 1 January 2014. These regulations do not apply to domestic premises.

SCHOOLKIDS BONUS

The government has replaced the Education Tax Refund with the Schoolkids bonus of \$410 for each child in primary school and \$820 for each child in secondary school. The total amount is paid in two instalments in January and July each year. If you are in receipt of Family Tax Benefit Part A and have a child who is enrolled in primary or secondary full-time education and is turning 19 years of age or younger in the calendar year, you are eligible to receive the payment. Children in preschool education are not eligible for the payment. There is no need to apply for the payment as it will be automatically calculated by Centrelink and paid into your account.

GIC & SIC RATES

The ATO has published general interest charge (GIC) and shortfall interest charge (SIC) rates for the first quarter of the 2013-14 income year.

The GIC annual rate for July – September 2013 is 9.82%, and the SIC rate is 5.82%.

FUEL TAX CREDITS

From 1 July 2013, the fuel tax credit rates per litre have changed due to increased carbon charge amounts and changes to the road user tax for heavy vehicles greater than 4.5 GVM tonne.

Use of Fuel	Fuel type	From 1 July 2013
Vehicle greater than 4.5t GVM travelling on a public road	Petrol or diesel	12.003 cents
Specified off-road activities in fishing, forestry and agriculture	Petrol or diesel	38.143 cents
Specified eligible activities in mining, marine transport, rail transport, construction, landscaping, electricity generation, nursing & medical, fuel used as an ingredient in the manufacture of products	Petrol	32.347 cents
	Diesel & other liquid fuels	31.622 cents
Fuel for domestic heating	Kerosene & heating oil	31.622 cents

TRAINING -V- DEVELOPMENT

Not just a matter of terminology, using the word 'staff training' as opposed to 'staff development' can dramatically change not only how your staff learn, but may just alter their behaviour within your sessions and what they take away from it.

Technical training IS important and is generally this:

- The passing on of information from one person to the other,
- Training is about covering off on organisation needs,
- Training is critical within businesses as it allows for core compliance and legislative updates, along with information on internal policies or procedures and work systems regularly occurring.

Be sure however not to confuse compliance training with meeting all the development needs of your people.

Learning and Development delivers more than just work skills. It facilitates the employees themselves being in control of their own learning, and helps them gain insights that they may not have otherwise received had they been spoon fed the information directly. Leading employees down the path to discover conclusions themselves pays off.

Some top tips for ensuring great employee development:

1. If you must give information, ensure a portion of the session is development based (incorporate a case study, have a Q&A session, break into groups and tackle a 'problem').
2. Ensure your training & development calendar makes time for personal development sessions, not just compliance. Staff who have a better understanding of themselves are often able to translate that into better choices and actions on the job.
3. Avoid giving away the answers too early but rather, ask for their thoughts first. If you are providing a direct answer, make sure you ask the employee to tell you why they believe you want it done that way. This will help them to focus their thoughts and take away more than the answer.
4. Consider the individual. Training delivered to graduates MUST be different to that given to experienced staff. Consider your audience and adjust your material and the learning outcomes accordingly.
5. Don't forget your admin staff. They will become greater assets within your business if they also have a facilitated learning plan.

FEATURE ARTICLE: POSSESSION IS 9/10TH OF THE LAW

THE PERSONAL PROPERTY SECURITY ACT

The Personal Property Security Act (PPSA) formed a new nationally based register for all interests in personal property and commenced operation from January 2012. The PPSA system replaces all pre-existing systems of fixed and floating charges that may be held over a company's assets. The PPSA operates on the underlying assumption that whoever has possession of an asset, owns the asset for insolvency purposes unless it has been registered on the Personal Property Security Register (PPSR). Therefore possession is 9/10th of the law.

What is Personal Property?

Personal property is any sort of property other than land, buildings or fixtures that form part of a building, a right, entitlement or authority. For an item to be considered personal property, one person must be able to transfer the ownership of the property to another person. The most common examples of personal property are:

- Artwork
- Cars
- Inventory
- Plant & Machinery
- Intellectual Property
- Boats & Caravans
- Crops
- Livestock
- Shares

A personal property security is when a business or individual takes an interest in personal property as security for a loan or other obligation, or enters into a transaction that involves the supply of secured finance. For example, an individual borrows money from a bank to buy a car, the car is the personal property provided as security for the loan.

Why Register?

If you own personal property that is in the possession of another entity, the interest should be registered on the PPSR. Even if legal title can be proved beyond any doubt, if an asset is not listed on the PPSR, another entity may have priority to your asset in an insolvency event. This register applies to any personal property held by any type of entity and includes the common business situations of supplying goods on credit, finance security, leasing and consignment stock.

A business can improve the way they manage credit risk by using the PPSR to secure the goods supplied or leased to another business. If the security interest is not registered and a debtor goes into bankruptcy or liquidation, your position will be that of an unsecured creditor. Any secured creditor with PPSR registration will be ahead of you when payments are made or assets distributed.

PPSR registration is also very important for related party lease transactions. A common asset protection strategy is having one entity own all the plant and equipment and lease it to another related party entity which holds the business operational risk. If plant & equipment is held at the site of the operational business and is used by its employees on a regular basis, this equipment is at risk of a liquidators claim unless a PPSR registration exists to protect the interests of the asset holding entity. Without correct registration, the asset protection strategy could be ineffective.



What to Register

Any business that deals with supplying goods on lease, consignment or retention of title arrangements should consider registering the personal property on the PPSR. Assets which can be clearly identified under a serial number or vehicle identification number need to be registered using the specific number for each asset. Generally an asset would not be considered for registration unless the value was greater than \$5,000.

Searching the Register

The central register can be found at www.ppsr.gov.au or by calling the PPSR contact centre. A basic search of the register by grantor, serial number or PPSR registration number costs \$4.00 per search. Once a search has been completed, a search certificate can be requested to provide documentary evidence of the PPSR status.

The PPSR can also be used to provide certainty when purchasing second hand items. A quick search will enable a business to determine if an asset is used as collateral for a finance arrangement. Additionally, a business that has used personal assets as collateral for a loan should search the PPSR register once the debt is settled to ensure that the PPSR claim has been removed.

Other Considerations

The use of the PPSR to secure interests in property will involve costs in respect of registration fees and administration burden which can become quite significant when there are a large number of individual assets. When a business is determining whether or not to register its security interests on the PPSR, some factors to consider are:

- Pre-existing client relationships – knowledge of market and solvency risks
- Current risk profile – what is the likelihood that an agreement will be dishonoured
- Collateral Value – proportion of the collateral value to the total business assets
- Supply Nature – frequency and value of supplies to a customer
- Commerciality of Enforcing – costs for enforcement; likely depreciated value of collateral

What Next

All businesses should review their asset protection strategy and determine if any assets are at risk under the PPSA rules, even if legal ownership is clearly documented.

If any assets are at risk, contact your representative or legal counsel to determine if registrations with the PPSR are required.

FOR MORE INFORMATION & FUTURE NEWSLETTERS

For more information on anything contained in this bulletin please telephone or email us.

UPCOMING KEY DATES & DEADLINES

21 SEPTEMBER 2013	August Monthly Activity Statement due for lodgement and payment
30 SEPTEMBER 2013	2013 TFN Withholding report due for lodgement – where trustees are required to withhold from beneficiaries
21 OCTOBER 2013	Annual PAYG Instalment Notice due for lodgement and payment
28 OCTOBER 2013	July – September Business Activity Statement due for paper lodgement and payment
28 OCTOBER 2013	Superannuation Guarantee Contributions due for payment for July – September 2013 quarter
31 OCTOBER 2013	2013 income tax returns due for lodgement if any prior year returns are outstanding
31 OCTOBER 2013	PAYG Withholding from interest, dividend and royalty payments paid to non-residents due for lodgement
21 NOVEMBER 2013	October Monthly Activity Statement due for lodgement and payment
25 NOVEMBER 2013	July - September 2013 Business Activity Statement due for electronic lodgement and payment
1 DECEMBER 2013	Due date for payment of income tax for returns due on 31 October 2013
1 DECEMBER 2013	2013 Income Tax payment due for large/medium companies and super funds (lodgement of the return is due 15 Jan 2014)

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.

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