PENDERS
Making Numbers Count
Accountants & Business Advisers

# BUSINESS MATTERS

Strategies for managing your business

AUTUMN 2021

## IN THIS GUIDE:



## JobKeeper is over – Where to from here?

*Many businesses have been kept afloat by the government over the past twelve months, buoyed by the many benefits and concessions from schemes they have deployed. The two largest schemes have been JobKeeper and Cash Flow Boost. Cash Flow Boost ended with the September BAS (in 2020) and JobKeeper officially ended at midnight on March 28, 2021.*

The unions have warned that the end of JobKeeper will lead to higher unemployment, and as a general statement, it makes sense to believe this will occur. It is likely that not everyone has been able to keep their job, with even the government admitting to expecting up to 150,000 jobs to be lost due to JobKeeper ending.

This had to end at some stage – it had already cost taxpayers around $90 billion to provide these benefits over the past year.

The government is still providing some benefits to businesses in the form of tax advantages or business grants. For example, you will receive significant tax deductions for the purchase of new items and equipment, regardless of how much you spent. If you make a loss this year, it is possible to get a refund on tax you paid last year or the year before if you made a profit and paid tax in those years.

The government has also provided Australians with the new JobMaker Scheme. See page 3 for our article with more information.

State governments are providing grants and loans to affected businesses. Each state has different loans and grants, more information about what is available for each state can be found at www.business.gov.au. Speak with us to find out more about what you might be eligible for.

New rules around bankruptcy and liquidation have been put into place to help support struggling businesses. Two important changes came in on 1 January, the day after the prior temporary relief measures ended. These new measures are not necessarily designed to help businesses get back on their feet, but they are there to make life a lot easier if they need to go into insolvency.

Firstly, these rules have provided for a more simplified liquidation process that should allow companies that are "too broke to go into liquidation" to engage a liquidator by making liquidations cheaper. Secondly, there is business restructuring available whereby existing debts can be restructured over time while normal business operations continue.



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# What is Your Personality Type?

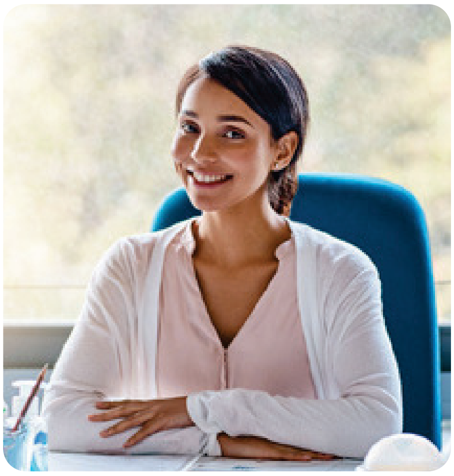
*There are plenty of organisations out there trying to sell tests that will help determine personality types. Personalities are commonly divided into introverts or extroverts, and again into being people-focused or task-focused.*

By understanding what your personality type is, you can understand the kinds of tasks that you may be better suited to. Similarly, understanding the personality types of those around you can assist in knowing how best to deal with them. It also allows you to understand why people may deal with tasks in a different fashion to how you do.

Task-focused extroverts often prefer to review short summaries of information before deciding, but a task-focused introvert may prefer more detailed information to make the same decision. A task-focused introvert may get more frustrated with constant interruptions than a people-focused extrovert.

When screening potential employees, a personality test can be a useful tool. As an employer, you want your people to suit their position and be comfortable doing their work. For example, a people-focused extrovert might suit a client-facing role far better than spending hours of their time on administrative tasks.

The most common form of personality test available is called a DISC Assessment. They are available on many websites, and often for free. Why not get your team to try one today?



## Displaying Prices

*When the GST was introduced to Australia in 2000, there were rules established around the way that prices were displayed or quoted by businesses. There must be one total and complete price displayed including GST, unless it could be reasonably expected that the person reading the price would be able to claim the GST back. This usually only occurs on a business-to-business basis.*

For example, let us say that you own a restaurant and sell chips for $5.50, including GST. The menu of your restaurant must show the price as $5.50, and not $5.00 plus GST.

If you were an accountant, and all your clients were businesses registered for GST, it would be reasonable to assume your clients are able to claim their GST back. In that case, you would be able to quote prices plus GST (e.g., the hourly rate could be displayed as $350 plus GST).

The Australian Competition and Consumer Commission reasons that by displaying prices including GST, Australian consumers are paying the prices that they expect to pay at the counter, and not being surprised with hidden tax or surprise totals from unknown extras like their American counterparts.

# Fringe Benefits Tax Time

*The Fringe Benefits Tax Year does not line up with our Financial Year this year. Fringe Benefits must be reported for the year ending on 31 March each year.*

*This year's Fringe Benefits Tax Return is due soon. It may be due as early as 21 May, but an extension can be obtained if we lodge on your behalf.*

If you provide any fringe benefits for your employees, lodging a Fringe Benefits Tax Return is a must-do. It is even suggested that you should do so if the value of the fringe benefits you provide is zero.

Recently the ATO published that there is a big tax gap in terms of the Fringe Benefits Tax, from what they receive and what they should be receiving. This has led to increased audit activity on Fringe Benefits. The ATO has the right to amend your Fringe Benefits Tax Return for up to three years since they issued your assessment notice. If you do not lodge a return, then there is no assessment notice. In effect, the ATO will have an unlimited amount of time to audit you and force you to lodge – this is not something that you want.

The most common types of taxable fringe benefits that employees may be provided are motor vehicles, meals and entertainment. Some fringe benefits can be provided without incurring fringe benefits tax. These include parking (for small businesses only), laptops, mobile phones and minor or infrequent benefits (such as a Christmas lunch).

There was a recent audit done by the ATO where they matched the registration of a sports car with a company that was not lodging Fringe Benefits Tax Returns. It turned out okay for the business but demonstrates how much information the ATO now has on everyone. If you provide or think you may provide Fringe Benefits, contact us so we can discuss your FBT return.

# The Importance of Business Planning?

*What is the reason that people go into business? Whilst many will say publicly that they went into business because they wanted to make the world a better place, realistically it is probably more likely that they have gone into business to make their own world a better place. More money, more free time, perhaps even more control over their own work are often reasons people go into business.*

In a perfect world, you would have control over your own work, be working fewer hours and have more money. It sounds perfect, but it is rarely the outcome that people get from their business. Owning a business may grant you more control, it is true. If you feel stuck in what seems like an impossible situation, you have the choice to abandon the business – but not everyone will.

Most times people find that their hours increase, their income drops and though they now possess control, they may also find that their business now also has control over them. The amount of work that may need to be done as a business owner can be overwhelming, but it must be completed. Instead of having one boss to answer to, all your customers are now your boss.

There are many tasks that now require your focus to keep your business in operation – but to everyone else, it probably seems like you are living the high life as a business owner, answering to no one (if only they knew).

Your business probably started with a dream – a dream that probably did not include becoming a slave to your business, earning less than what you did in your previous job. What was that dream? What was your motivation?

Take stock of the situation you have found yourself in with the business. Relax, reflect, and consider what direction you want it to move in. Where do you want to go? Once you have a general idea, you need to put a little bit of time into planning how you are going to get there. Determine where you want your business to be in five years, or even ten years' time.

Benjamin Franklin is believed to have once said, "if you fail to plan, you are planning to fail." It does not matter what stage of the business you are at, revisiting the business planning stage, even midway through the business, can be a useful strategic tool. Every business needs regular planning. This cannot be stressed enough. The chances of achieving your business goals are improved dramatically if there is a formally noted business plan.

In the approach to the end of the financial year, the best time to prepare a plan to use for your business over the next twelve months is now. Developing your five- and ten-year plans is also highly recommended. For assistance in preparing or developing your business plans, come talk with us.

# JobMaker Hiring Credit Scheme

*The JobMaker Hiring Credit scheme is an incentive for businesses to employ additional young jobseekers aged between 16 and 35 years.*

The scheme will give employers up to $10,000 over the year for each young employee that is employed by them, but you need to be an eligible employer to receive the payments.

Eligible employers can access the JobMaker Hiring Credit for each eligible additional employee they hire between 7 October 2020 and 6 October 2022.

To be an eligible employer, you must operate a business in Australia or be a certain type of charity or not-for-profit organisation. You need to be registered for PAYG withholding and be up to date with all your tax obligations, including all your Single Touch Payroll obligations.

Eligible employees must also be employed and to be eligible they must:

- be an employee of the entity during the JobMaker period.
- be between 16–35 years old (inclusive) when they started employment.
- have started employment on or after 7 October 2020 and before 7 October 2021.
- have worked or been paid for an average of at least 20 hours per week they were employed in the JobMaker period.
- have completed a JobMaker Hiring Credit employee notice for the employer.
- have not already provided a JobMaker Hiring Credit employee notice to another current employer.
- have received one of the following payments for at least 28 consecutive days (or two fortnights) in the 84 days (or six fortnights) prior to starting employment.
  - » JobSeeker Payment
  - » Parenting Payment
  - » Youth Allowance (except if they were receiving the allowance because they were undertaking full-time study or are a new apprentice).

To make a claim under JobMaker you need to increase the number of your employees. The number of employees as of 30 September 2020 must be provided. Each time a claim is made, the number of employees must be disclosed and must be higher than the initial base number provided for 30 September 2020.

The maximum amount payable is based on your headcount increase, multiplied by the number of days in the JobMaker period. You will receive more money for employing those under 30.

With ten steps to work out the claim amount that is quite detailed, it's likely that you will require additional assistance. We are here to help.

# Contractor Agreements – The Case of Dr Moffet

*Dr Moffet is a dentist. He sold his dental business to a big corporation (called "Dental Corporation") and stayed on as a contractor working for them. He did not enjoy the work at all, so decided to leave. After leaving Dr Moffet sued Dental Corporation for unpaid leave and unpaid super. Dental Corporation claimed that because he was a contractor there was no need to pay leave or super. Dr Moffet said that he wasn't really a contractor, but an employee dressed up as a contractor, so he was actually entitled to all employee benefits. It all ended up in the Federal Court. Twice actually – the second time on appeal. The citation for this case is Dental Corporation Pty Ltd v Moffet [2020] FCAFC 118. On appeal, the full federal court agreed with the trial judge.*

The outcome was that Dr Moffet was considered a contractor and not an employee.

You might think this would be good news for Dental Corporation. However, although Dr Moffet was a contractor, he was still under an "employment-like" arrangement. Under superannuation guarantee laws you only need to be in an "employment-like arrangement" to be entitled to superannuation. As such, Dental Corporation is now required to pay superannuation on top of all the payments they made to Dr Moffet. It could also be read into that they are required to pay superannuation for all their dental contractors, which will have other, much larger repercussions throughout the country for all medical centres with contractual doctors. It can also extend to other industries as well.

There is a very fine line between contractors and employees. Getting it wrong could result in enormous repercussions. If you have contractors working for you, now is the time to revisit your contractor agreements.

# New Director Identification Regime Starts to Take Shape

*Registering a company today is done through ASIC. A Tax File Number (TFN) and an Australian Business Number (ABN) must be obtained from the ATO.*

*In total, there are apparently 31 different business registers that a business/company may need to be registered with that are part of ASIC. There is also the Australian Business Register with the Australian Taxation Office (ATO).*

Some of these registers are being brought together, in what will be known as the Australian Business Registry Services (ABRS). The Commissioner of Taxation has just been appointed as the Commonwealth Registrar of the ABRS. In the future, registering a company will be done through the ABRS instead of ASIC. This is a part of the government's move towards a more efficient digital economy.

What has changed in the transition from ASIC to the ABRS is the introduction of a Director Identification Number (DIN). Every company director in Australia will have to have a DIN before 30 November 2022, receivable through their MyGov account. Directors of Indigenous Corporations have additional time to adhere, until 30 November 2023. It is expected that around 10% of all Australians will need a DIN. This has been brought in to stop phoenix directors from being appointed to companies, who then rack up massive debts that no one is held accountable for. This is being trialled with some directors.

Following the DIN, the ARBS will then take over the Australian Company Register, the Business Names Register, and the Australian Business Numbers (currently on the Australian Business Register).

It is believed that this change will make the process cheaper, faster, and easier, as companies will no longer need to be first set up through ASIC before dealing with the ATO for an ABN and TFN.

If you currently have a company and do not already possess a MyGov account, now is the time to rectify it in the move towards DINs.

## Tax Dates

### 21 APRIL
Lodge and pay March 2021 monthly business activity statement.

### 28 APRIL
Lodge and pay quarter 3, 2020–21 activity statement if electing to receive and lodge by paper and not an active STP reporter.

### 28 APRIL
Super to be received by the fund before this date.

### 21 MAY
Lodge and pay April 2021 monthly business activity statement.

### 26 MAY
Lodge and pay eligible quarter 3, 2020–21 activity statements if you or your client have elected to receive and lodge electronically.

### 30 JUNE
Super payments must be received by the fund before this date to claim a tax deduction in this year