IN THIS GUIDE:

- System overhauls for secure data
- The Government issues ban on ESST
- Extra conditions for CGT concessions
- Renewing your lease
- And more!

MERRY CHRISTMAS

We would like to take this opportunity to wish all our clients and their families a very happy Christmas.

We will be taking a short break over the Christmas period.

OUR CLOSING DATES ARE:
22nd Dec 2018 — 6th Jan 2019

END OF YEAR UPDATE '18

THE END OF YEAR GUIDE FOR YOU AND YOUR BUSINESS

SYNERGISTIC BUSINESS PARTNERS
STRONGER TOGETHER

Planning for the holiday rush

The holiday rush can be your most profitable time of the year so long as your small business is set up for success in the Christmas period.

For many businesses, Christmas time is their most stressful season because they do not adequately prepare for the increased customer demand that occurs at the end of each year. Being understaffed or running out of inventory during the holiday period can jeopardise a business' brand and customer service reputation in the long run.

Ensure you are ready for the increased customer demand by considering the following checklist:

Have sufficient staff

You will need to schedule more staff than usual to deal with the customer influx over the holiday period. Make sure your staff are aware of the expectations for increased availability in advance. You might need to consider hiring temporary staff. When recruiting, look for candidates who are quick- learners, can cope under pressure and have flexible availability.

Get on top of leave

Nothing lowers morale more than forbidding leave at Christmas. Find a happy medium by giving leave on a 'first come, first serve' basis. Consider giving staff an option of working Christmas Eve or New Year's Eve to keep it fair and keep track of which staff members went on leave last year.

Adjust your opening times

Consider opening earlier and closing later to maximise your profits. If Christmas is your busy period, this is your chance to boost your profit margins for the year. It is also an opportunity to give some of your employees half days and boost their work-life balance.

Stock your inventory

When you have supplies or merchandise like branded shopping bags or business cards, place an order that is big enough to sustain you for the entire holiday season. If you run out of these supplies and there is a delay in production you could find yourself in a tight spot.

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Clearing out your documents for the new year

The holiday period is the perfect time to declutter your documents but avoid throwing out those essentials you need to keep.

Since different rules apply to different documents, the length of time a business needs to retain them depends on what the documents are. Holding on to your documents for seven years is a good starting point for most businesses.

The essential rules are as follows:

- Financial records must be kept for seven years after the transactions have been completed.
- Tax records must be kept for a minimum of five years.
- Employment records must be kept for seven years after termination.
- Documentation of assets must be kept for five years after they are sold.

There are circumstances where you must keep your documents for more than seven years or even indefinitely. Documents relating to intellectual property rights like trademarks and copyright must be retained for as long as the rights to the intellectual property exist. Trust deeds must be kept indefinitely. Documents relating to legal action must be held for the period of litigation or permanently.

When re-organising your documents also consider that:

- Essential documents must be kept in a safe and secure location to avoid any risk of losing them to fire or theft.
- Confidentiality and privacy obligations may exist. Consider your storage location, potential access to the documents and the agreement with any third party storage provider.

System overhauls for secure data

A breach in your security systems or failure to backup could jeopardise your business' productivity and profitability.

Every year you should take time to secure your data to prevent panic should your computer systems fail.

The effectiveness of backups rely on frequency and the type of technology used. For long-term solutions avoid using USB and external hard drives as they need to be regularly updated for new files, and can easily be lost or misused. Instead, consider switching to cloud storage. Cloud servers allow instant backups and sharing on multiple devices, and you only pay for what you use.

When you update your backups, also take stringent security measures to protect yourself against online threats. Viruses, worms and hackers are threats to your data. Conduct a security audit with an IT professional to understand the vulnerable parts of your IT infrastructure. You should encrypt sensitive data, limit employee access to certain files and download anti-virus systems to prevent a security breach.

Staff safety at Christmas parties

The Christmas party is a joyous event, but it is also a work-sponsored function, and you have a duty of care to provide to your staff on the night.

When it comes to planning your Christmas work party, it is important to take the necessary actions to prevent any situation where inappropriate conduct can occur. Being a work-related function, you are responsible for the safety and wellbeing of the guests in attendance. You can be held liable if a workplace claim arises from any inappropriate conduct occurring such as sexual harassment, drug use or derogatory comments.

Before the big night consider the following:

Email your staff

Communicate to your staff via an internal email that this is a professional work-related event. Remind your staff of their obligation to uphold your business' code of conduct and that normal disciplinary procedures will apply to those individuals who breach the code. Give them clear examples of acceptable and unacceptable behaviour during the celebrations.

Ensure the venue safety

When choosing where you will host your Christmas party, you must make sure the venue has adequate OH&S policies and evacuation plans in place. For instance, the venue must ensure safe service of alcohol and a clear exit signage in case of an emergency. Discuss with the venue provider about their relevant policies before purchasing the venue.

Nominate a supervisor

Whether it is you or a senior staff member, there should be a supervisor monitoring your employees during the party. In this way, the individual can identify and resolve any risks before they have the chance to escalate, such as restricting alcohol to an overly intoxicated employee and sending them home for the night.

Consider after-party risks

If you are supplying alcohol during the event, your employees may be intoxicated at the end of the night, so it is wise to pre-arrange travel arrangements from the Christmas party to ensure they travel home safely, such as a minibus or taxi. Make the start and end time of the Christmas party clear to all attendees and clarify that any 'after-party' events are not employer-endorsed.

Renewing your lease

Avoid leaving your business' future in the dark by understanding your rights when your lease is up for renewal.

A retail or commercial lease is a legally binding contract between a landlord and a tenant of a retail shop that allows the tenant to use the landlord's property in return for rental payments. The process of renewing or terminating your lease depends on your agreement with your landlord.

Renewing with an option

When you have an option, you can renew the lease on the same terms as the original. Note the deadline date for exercising your option to avoid losing it. If your contract says the rent shall be adjusted according to market rent you have the opportunity to share the cost with your landlord if you appoint an independent valuer to determine this price. You must be aware that a market rent valuation overrides the timeframe for exercising your options, which is why you must reply within 21 days of the market determination.

No option alternatives

Your landlord is not obliged to renew the lease if you do not have an option. Your landlord should write to you six months prior to tell you their intentions. At the expiry of the lease, you may stay in your property on a month-to-month basis if the landlord agrees. In this holding over period, the same legal obligations of the lease apply, and the landlord may terminate the lease with a written notice of 30 days.

Make good requirements

When your lease is terminated, and your business must vacate the premises, the make good provisions in the lease will require you to leave the property in the same condition. Clarify with your landlord on the standards of the make good provision to avoid a bond dispute.

Rewarding your employees at Christmas

The holiday season is an opportunity to reward your employees for their hard work throughout the year; however, it is important to be aware of the tax implications involved.

Whether you are considering throwing a work Christmas party, giving gifts or holiday bonuses, knowing the tax implications for each will guide you towards an option that can best benefit you and your staff.

Christmas parties

Employers plan a Christmas work party to boost morale and show appreciation for their staff's work. Avoid a fringe benefits tax (FBT) by ensuring the cost of the party is less than $300 per employee. If employees plan on bringing a spouse, the amount will be split between the employee and their associate. To minimise your tax bill, consider holding the party at staff headquarters during a working day. It is important to note the costs that are not FBT exempt, can be claimed as an income tax deduction and GST credit can be claimed on that portion.

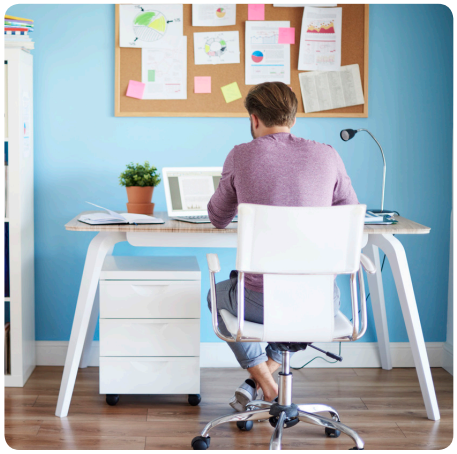
Gift giving

Non-entertainment gifts can qualify for FBT exemptions, tax deductions and GST credits, provided they meet the ATO's criteria. Non-entertainment gifts like beauty or skincare products, flowers, wine, gift vouchers or hampers under $300 are usually FBT exempt. When giving non-entertainment gifts exceeding the value of $2000 within an FBT year, employers should also know that some fringe benefits need to be included on payment summaries.

Holiday bonuses

Holiday bonuses are given to recognise an employee's performance. However, the tax implications involved may reduce the effectiveness of your reward. A holiday bonus is a one-off annual payment made in addition to an employee's salary. Holiday bonuses are taxed as a supplemented income. This means you are required to withhold a portion of the bonus as you would in pay events with commission. If you are looking for a tax-free or tax-deductible alternative, you might consider giving your employees gifts that cost under $300 instead.

If a holiday bonus remains the most appropriate option to reward your employees, there are several considerations you must make to remain compliant with the ATO. Elect the period that the bonus relates to. A bonus based one week during the December holiday rush will relate to one pay event. In this case, merge the bonus with the weekly income and withhold income according to the PAYG tables. A bonus pertaining to an employee's annual performance will relate to the year's pay events. You must split the bonus across the year's pay events and calculate the tax following the ATO guidelines.



The Government issues ban on ESST

From 4 October 2018, the Government has banned taxpayers from using electronic sales suppression tools (ESST) in all activities that relate to their Australian tax obligations.

The Government has banned businesses and individuals from producing, supplying, possessing, using an ESST, or knowingly assisting others to do so. An ESST can be used to misrepresent or under-report income through:

- Falsifying point of sale (POS) records.
- Altering transactions to lower the amount of a sale.
- Misrepresenting a sales record.
- Removing transactions from electronic record-keeping systems.

To determine if a tool can be considered an ESST, the ATO has outlined that a reasonable individual must consider that one of the principal functions of an ESST is to misrepresent transactions recorded on a POS system.

Examples of ESSTs include:

- A feature or modification, i.e., code or script that forms part of a POS system or software.
- Extra software installed into the otherwise-compliant software.
- An external device connected to a POS system.

Risks of work from home arrangements

Letting your employees work from home can boost productivity levels and job satisfaction, but it also opens your business up to new risks that must be covered by your insurance policy.

Many small businesses offer the option to work from home permanently or even a few days a week to attract quality employees to their team. However, in doing so, most employers fail to see their employees' homes are now an extension of their workplace and must comply with the same OH&S standards for insurance purposes.

Ensure your business is adequately covered by considering the following:

Your OH&S obligations

You have a duty of care to ensure your employees' homes comply with the same health and safety requirements set out in your workplace. For instance, their home must be equipped with a first aid kit, a working smoke alarm and proper ventilation. It is important to also check your employee has an ergonomic chair and a reasonable sized work surface.

Worker's compensation policy

Your liability for worker's compensation and future damages also extends to your employees who sustain a personal injury or psychological injury while working from home. The employees' entitlements will depend upon the state or territory in which they live.

Strategies for your business

Once you are aware of your obligations for those who work from home, it is vital you put strategies in place to protect your business and ensure the safety of your employees.

Insurance

Purchasing insurance is one way you can protect your business should an employee or customer injure themselves during business activities while working from home. Consider the following types of insurance:

- Public liability insurance for physical and psychological injuries of your employee or third party customers
- General property insurance will cover the business' property up to a certain value
- Cyber insurance policies will protect loss or damage of data

Work from home policy

Include a workplace health and safety checklist your employees should comply with when working from home. A code of conduct must also detail leave and absence reporting requirements, communication provisions for staff cooperation, contact availability, distinct working hours and a method for assessment of performance

Extra conditions for CGT concessions

Businesses are eligible for the small business capital gains tax (CGT) concessions, provided they satisfy several conditions that are common to all concessions.

However, the ATO has recently introduced additional conditions you must meet to be eligible when an asset is a share in a company or an interest in a trust.

Additional conditions are as follows:

- Immediately before the CGT event, CGT concession stakeholders in the company or trust must have a total small business participation percentage in the entity claiming the concession of at least 90 per cent . Otherwise, you must have been a CGT concession stakeholder in a company or trust.
- You must satisfy the maximum net asset value test or have carried on a business just before the CGT event.
- The company or trust must satisfy the maximum net asset value test or be a CGT small business entity for the income year.
- Your shares or interest must satisfy a modified active asset test.

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