

BusinessPlus+ Newsletter



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Merry Christmas and Best Wishes for 2018!

Business Prompts

- Achieving the Early Stage Innovation Company status can assist companies to attract investors because the investors would then be eligible for a tax rebate based on the amount of their investment and potentially be eligible for the avoidance of capital gains tax when they sell those shares. If you are interested, please contact us for a discussion re-early-stage innovation companies.
- Companies aspiring to raise capital (of up to \$5M each 12 months) via Crowd Sourced Funding will require a Business Plan, Budgets and Cashflow Forecasts and a Business Valuation.

If you are interested in raising capital, please contact us.

- ASIC (Australian Securities and Investments Commission) is still processing applications submitted by businesses to be appointed as Intermediaries for the Crowd Sourced Funding Equity Raising Legislation. The current expectation is that the first group of Intermediaries will be appointed around Christmas time or early in the New Year. The Crowd Sourced Funding market will then be able to start!
- Great news for SMEs! Federal government departments have been instructed by the Prime Minister to pay bills owing to SMEs within 20 calendar days of the invoice date.
- Effective debtors' management will be enhanced if you calculate "Debtors' Days Outstanding" each month and then implement follow up processes.

Personal Property Securities Register

If you are a contractor subcontracting to a commercial organisation unfortunately you could suffer severe financial consequences if that customer has a liquidator or receiver appointed and you then receive a liquidator's claim for preferential payment – this relates to alleged preferential payments that you received in the 6-months prior to the liquidator's appointment.

If you have registered that customer on the Personal Property Securities Register you have significantly reduced the potential for a liquidator to be able to successfully proceed with a preferential payment claim against you.

If you would like to discuss with us the benefits of registering your customers on the Personal Property Securities Register, please do not hesitate to contact us.

Information To Guide You – Part 2

- One of the biggest potential problem areas the business operators should be paying close attention to is “risk management”. The monitoring of risk management is one of the biggest single differences between business operations, conducted by large companies, and small/medium enterprises.

There are risks in every business decision – some of which could be very expensive if they are not appropriately foreseen and strategies implemented to restrict the cost of any such risks actually occurring.

Risk management includes monitoring of:

- Appropriate insurance covers.
 - Registration, on the Personal Property Securities Register, of customers and businesses that are holding any of your assets.
 - People – are a big “risk area”. What would happen in your business if a key person was no longer available?
- Development of new intellectual property is another major risk area for many businesses. Have you implemented policies to protect the knowledge that you are paying for from the development of new technologies through the utilisation of confidentiality agreements, assignment of intellectual property agreements advice, from patent attorneys relative to the registration of new patents.

If you would like to discuss any of these issues with us, please do not hesitate to contact us.

Single Touch Payroll

Single touch payroll is the new system which is being implemented by the federal government to businesses which employ more than 20 people. Its purpose is to ensure that when you pay your staff, that information included in the pay slip is provided directly to the ATO, various government organisations and superannuation funds. The information will be the wages paid to the person, who it is paid too, how much tax is to be withheld, allowances paid, deductions accrued and also the amount of superannuation the employee is entitled to. This will be integrated directly into the payroll software which will process the data within the accounting software but also provide the payslip to your employee, the relevant information to the ATO and the superannuation fund to which the employee is a member.

Single touch payroll is being rolled out in two stages, with two types of employers who are “either in” and having to use it or those who “are out” and do not yet have to use it unless they choose to implement it. These are currently defined as an employer with 20 or more employees and they have to use it and those with 19 or less who do not have to use it unless they choose too. Single touch payroll comes into effect from 1st July 2018 for employers with 20 or more employees and may come in for those with 19 or less from 1st July 2019 if an amendment is passed by parliament.

Single touch payroll is software based, so each type of accounting software is going to have different processes to allow you to comply with Single Touch Payroll reporting. The providers of accounting software have been working with the ATO for several years to ensure everyone is compliant. We recommend that you contact your software provider to ensure you are compliant before the due date.

The purpose is to allow for real time salary, wage, tax and superannuation information to be provided to various governmental agencies and your employees who will get their payment summaries directly from their myGov account. This is to prevent tax debts, welfare overpayments and protect employee entitlements. Its purpose is to level the playing field by ensuring all businesses meet their obligations and part of a broader digital agenda to deliver efficiencies and improvements across the business and government sectors

This may initially create more work for businesses depending on how complex your payroll system is with most only requiring some additional information and the lodgement of a form to the ATO each pay cycle through the Standard Business Reporting System. It is anticipated that it will over time reduce the amount of work required as it will match up the information the employer provides, to the information the employee provides as well as to the Business Activity Statements which will then prefill through to the end user of each of these bits of information.

As with most new improvements introduced by the Australian Taxation Office, Single Touch Payroll is an evolution of the changes that the ATO has been implementing in recent years. Its purposes is to ensure the payroll that businesses report to the ATO, match up to the Business Activity Statements lodged and the payment summaries provided to employees, as well as providing greater transparency to employees and government agencies about a business’ compliance with the regulations required for running a business and employing staff. It is an additional burden on businesses which comply with the law in order to prevent those who do not comply from having an unfair advantage.

If you have any questions relative to the introduction of Single Touch Payroll, please contact us.

Personal Leave Rules

Personal leave incorporates sick leave and carer’s leave and is available to all employees. The entitlement is 10 days for a full time employee and a pro rata amount for a part-time employee e.g. if a part-time employee works for 40% of the full time hours, the part-time employee would be entitled to personal leave calculated at 40% of the full time employee entitlement i.e. 4 days.

Carer's Leave

Carer's leave is part of personal leave and can be taken as the entire personal leave entitlement, for the employee to look after a member of their family who is sick.

Under the Fair Work Australia rules, if the employee wishes to access carer's leave and there is no personal leave entitlement left, then the employee can take up to 2 days of unpaid carer's leave annually.

If the employee does not claim all of the personal leave to which they are entitled in a year, then the amount unclaimed rolls over until the next year.

No Cash Out

Whilst an employee can cash out part of annual leave and long service leave, no such provision exists for personal leave. This means that if the full amount of personal leave is not taken, it rolls over until the next year or to some future years so that, in the event of the employee being sick or injured, they may have a reasonable build up in the entitlement of personal leave available.

If an employee leaves a business' employment, the employer does not have to make any payment for the accumulated personal leave not taken by the employee unless there is specific provision within a registered Enterprise Agreement for a payout of unused personal leave to be made at the time that an employee finishes their employment with an employer.

No Leave Available

If an employee exhausts all of their personal leave and they require to take personal leave, they could take the leave from their annual leave entitlement or negotiate with the employer for leave without pay – but this is not an entitlement, the employee has to apply to the employer for the leave without pay and the employer has to agree to that.

Medical Certificates

The employer is entitled to request an employee to present a medical certificate pertaining to sick leave being claimed by the employee. The definition of medical practitioners authorised to issue medical certificates has been expanded by Fair Work Australia and now includes:

- Chiropractors - for pain and injury
- Dentists – for dental issues or oral surgery
- Pharmacists – where pain may prevent someone from performing their normal duties or medication may interfere with them performing their normal duties
- Physiotherapists – where an injury can prevent someone from performing their normal work role
- Psychologist – where a mental health conditions can prevent someone from performing their normal work role

If an employee wishes to take leave for the care of a family member then the employee should be able to produce a medical certificate that has been issued by an authorised practitioner relative to the family member for whom the employee is the primary carer.

If a medical practitioner is consistently seeing a patient, who is the employee, over a period of time, then the medical practitioner can back date the medical certificate for that employee. However, if the medical practitioner has only seen the employee for a particular instance, then the medical certificate can only relate to the date of that consultation.

Request for Additional Information – Medical Certificates

The employer may request some additional information from the medical practitioner in certain circumstances:

- Where the injury or illness may have implications in the Occupational Health & Safety areas for which the employer is responsible.
- Where the medical practitioner believes there should be a restriction on the work levels able to be performed by the employee.
- Where the employer has reasonable suspicions of fraudulent behaviour relative to the obtaining of medical certificates.

Whilst the employer can request further information, there is no requirement for the medical practitioner to provide any additional information, if they do not wish to do so.

If you have any questions relative to the rules pertaining to personal leave, it is suggested that you contact your people/employment advisers.

When To Use Equity Crowdfunding¹

Traditionally, founders of small businesses personally financed the initial growth, then sought "angel investment" from wealthy private investors as the business becomes established. Later as the business expands, funds can be sought from venture capital firms (professional investors) and corporate investors. Equity crowdfunding cuts across all aspects of the traditional fundraising process that companies had to comply with, providing new options for companies introducing new investors at various stages of development as required. In doing so, it helps innovative Australian companies raise capital faster, easier and cheaper – and take on global markets.

¹ Enable Funding

Equity crowdfunding already exceeds angel investing and in the United States of America is forecast to overtake venture capital funding by 2020. If you would like to talk to us about the potential to raise capital as a Crowd Sourced Funding Company or potential investment opportunities to invest in these types of companies, please contact us.

Director's Role In A Small Business – Part 4

Directors need to be aware of the specific areas of their responsibilities for which they can be personally liable. These responsibilities include:

- Insolvent trading.
- Australian Taxation Office payments for PAYG tax (deducted from employees' salaries and wages) and superannuation payments.
- Workplace Health & Safety Code breaches.
- Environmental issues.
- Fair Work Australia regulations.
- Workers' Compensation

Directors are also responsible for the implementation of proper controls relative to the performance of their duties relating to:

- Corporations Act
- State government Legislation for specific industries
- Declaration of interests before any matter is considered at a Board of Directors' meeting that the director has an interest in directly or indirectly.

If you would like to have a discussion with us relative to director's liabilities, please do not hesitate to contact us.

Selling With Purpose!²

As you know selling is about persuading people to do something they would not otherwise have done. If they were going to do it – they wouldn't need you. When you sell with purpose you don't allow rejections to stop you. You don't allow failure to define you. You don't allow the mundane to drain you and you don't allow fear to prevent you from making a difference.

A lot of people resonate with this message and it's helped them to sell with purpose, overcome their fear and challenges and benefits more people. So how do you make selling with purpose a reality?

You identify ways your product, service, ideas, vision can benefit others and make it your mission to share these benefits with others. You focus less on "what you do" and more on "why you do it" and allow this "why" to inspire and energise you to make a difference.

You don't chase success. Rather you decide to make a difference and success finds you. You don't focus on numbers. Use your numbers to measure progress – don't focus on them.

Instead, focus on your purpose because your numbers are just a by-product of how well you are living, sharing and selling your purpose. What is your purpose in selling?

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.

Contact us:

CMA Collins Melody

P: 03 9836 1533

F: 03 9836 3025

E: admin@colmel.com.au

W: <http://www.cmagroup.com.au>
259 Whitehorse Rd, Balwyn, VIC, 3103

² Trevor Marchant, Marchant Dallas