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YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWS ARCHIVES](#) > [OCTOBER 2014 NEWSLETTER](#)

## October Newsletter

Mark Trovato Chartered Accountants would like to extend an invitation for you to join us for a free Seminar on 6th November. All are welcome, but please be sure to register your interest as seats are filling up fast.

### 2014 SEMINAR SERIES

#### FREE SEMINAR

PRESENTED BY MARK TROVATO

#### YOUTH ALLOWANCE

How to gain eligibility if Parents have a combined taxable income above \$150K threshold

#### FIFO WORKERS or RELOCATED FOR WORK

How to save significant personal tax via use of FBT exempt packaging benefits.

(especially if you relocated to Busselton/Dunsborough Region)

#### SUPER FUND BORROWING UPDATE

Real life case studies on tax benefits obtained via financing investment property using your superannuation.

**Venue - The Goose, Busselton**

**Thursday, 6th November 2014**

**at 6:00pm to 7.30pm**

To Register your interest, please [click here...](#)

*\*For any Perth residents, please feel free to register your interest by clicking the above link, and we can look at scheduling a Perth seminar soon.*

If you have recently registered your interest via our previous email invitation, we look forward to seeing you there. We will be in contact with further details closer to the event.

## Featured Articles This Month

[Changes To Managing Activity Statements](#)

[Personal Property Securities Act - How Does It Affect Small Businesses?](#)

[Government Grants For SMEs](#)

[Debtors' Days Outstanding Calculations Are Important For Control](#)

[Purchasing A Business](#)

[Characteristics Of A Well Run Business - Part 11](#)

[Characteristics Of A Well Run Business - Part 12](#)

[Instant Asset Write-off And Simplified Depreciation](#)

[Eligibility For Net Medical Expenses Tax Offset](#)

[Tax Update](#)

For any other enquiries, please find our contact details below.

**Contact Us....**

Kind Regards

The Team  
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Chartered Accountants

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If you have any interest in converting to XERO please contact Mark or Alison for further information.



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YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [OCTOBER 2014](#) > [CHANGES TO MANAGING ACTIVITY STATEMENTS](#)

## Paper Activity Statements To Stop For Electronic Lodgers

From 1 July 2014, if you or your registered agent lodges your activity statement via an electronic channel we'll stop sending paper activity statements. Instead, your next activity statements will become available in an electronic channel.

### If you lodge your own activity statements

This change is in line with what already occurs if an activity statement is lodged via the Business Portal, Standard Business Reporting (SBR) and electronic commerce interface (ECI) with **one key difference** – currently if we do not have your email address, we do not stop the paper activity statement issuing.

From 1 July we will stop sending the paper to all electronic lodgers regardless of whether we have an email address.

### Activity statement notification – portal, SBR or ECI

Where you lodge via the Business Portal, SBR or ECI and we have a valid email address recorded against your activity statement role, we will send an email to the nominated address advising that the next activity statement is available online.

Where the email address is not recorded or is incorrect, we will not send an email notification.

### If you lodge via a registered agent

If you use a registered agent to lodge your activity statement they may lodge it via an electronic channel. We encourage you to discuss this change with your agent the next time you make contact to determine how to manage your activity statement obligations in the future.

### Activity statement notification

Where a registered agent lodges your activity statement electronically on your behalf, the electronic channel that they use will determine if you can receive an email notification. You may need to discuss this with your agent the next time you make contact.

### Access your activity statement

If a registered agent manages the lodgment of your activity statement, you may still want to access your activity statement. You can do this by getting access to the Business Portal. The Business Portal allows you to:

- view activity statements
- view business tax account details
- access online tools and calculators
- view payment options
- obtain an electronic funds transfer (EFT) code
- obtain a payment slip.

#### Note

By accessing the Business Portal your registered agent can still act on your behalf in relation to your tax affairs.

If you have any concerns regarding the delivery of your Business Activity Statements, please contact our office [reception@marktrovato.com.au](mailto:reception@marktrovato.com.au)

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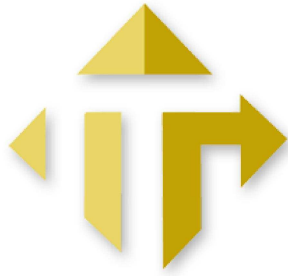
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YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [OCTOBER 2014](#) > [PERSONAL PROPERTIES SECURITIES ACT - HOW DOES IT AFFECT SMALL BUSINESSES?](#)

## Personal Property Securities Act – How Does It Affect Small Businesses?

The following 'newsflash' clearly identifies the issues confronting small businesses on the Personal Property Securities Act (PPSA): Millions of dollars have already been lost by businesses, both small and large, caused by:

- ignorance of the PPSA; and
- not registering on the Personal Property Securities Register (PPSR)

As a small business operator, what does this mean to you?

The PPSA represents significant changes to Australian commercial law. In fact, some people have claimed that this is the most far-reaching business legislation introduced in Australia in the last 200 years.

Undoubtedly, the biggest change is that 'title is no longer king'. The fact that a business paid for an asset does not mean the business is able to retrieve that asset at any time, unless the business has taken steps to adequately protect its position on the PPSR.

Whilst there is no doubt that the title 'personal property' is misleading, PPSA definitely covers a wide range of business assets. Under the legislation, 'personal property' is described as "all forms of property other than real estate".

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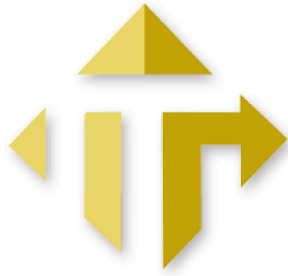
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YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [OCTOBER 2014](#) > [GOVERNMENT GRANTS FOR SMES](#)

## Government Grants For SMEs

### Entrepreneurs' Infrastructure Program – Phase One Commences

The Australian government has announced the commencement of the Entrepreneurs' Infrastructure Program, which will be released in three phases:

- First Phase – Business Evaluation and Business Growth Grant, which is now fully operational.
- Second Phase – Research Connections Program commences in September 2014.
- Third Phase – Commercialising Ideas commences in November 2014.

### Business Evaluation and Business Growth Grant

The Business Evaluation and Business Growth Grant will be available for businesses operating in the following industries:

- Defence
- Energy, Water and Waste Management
- Freight and Logistics
- Infrastructure-related Construction
- Information and Communication Technology (ICT)
- Manufacturing or Manufacturing-related Services
- Medical and Pharmaceutical
- Professional Services
- Resources Technology
- Creative Industries
- Tourism (some sectors)

The program is also available to businesses operating in remote Australia, who meet the remote Australia turnover requirements, which is a minimum of \$750,000.

The turnover requirements for creative industries and tourism sector is \$1million per annum. Each of the other industries require a minimum turnover of \$1.5million. In every industry, category and remote Australian businesses, the maximum turnover is \$100million.

For businesses located in remote Australia, applications will be accepted from businesses with an Australian Business Number (ABN) or an Australian Company Number (ACN). For all other industry applicants, the applicant must have an ACN.

The applying business must have operated for three consecutive years.

In the first instance, the applicant will be given a business evaluation by a business advisor employed by the Department of Industry. Following that evaluation, the Department of Industry may issue an invitation to the business to participate in the Business Growth Grant.

The Business Growth Grant offers a grant of up to \$20,000, excluding GST, on a 50% grant basis. To apply for the Business Growth Grant, the business:

- must have received a business evaluation report in the previous six months;
- must be planning to implement one or more of the eligible recommendations identified in the business evaluation report;
- must be solvent; and
- must be able to pay its share of the cost.

The work that can be undertaken is virtually any activity, which will improve the business performance of the applicant.

If you are interested in being considered for the business evaluation process, please don't hesitate to contact us.

1/9/23, 1:19 PM

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YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [OCTOBER 2014](#) > [DEBTORS' DAYS OUTSTANDING CALCULATIONS ARE IMPORTANT FOR CONTROL](#)

## Debtors' Days Outstanding Calculations Are Important For Control

- Do you regularly calculate your effective debtors' days outstanding?
- Do you know how to calculate debtors' days outstanding?

We can supply you with a form to assist you with the calculations, so you can calculate debtors' days outstanding at the end of each month.

Dun & Bradstreet has indicated that the national debtors' days outstanding figure is currently at 54 days. An internal procedure can be established, which will help you identify major debtors. You then need to have discussions with these debtors, to ensure you're going to receive a substantial amount of money from them during the forthcoming period of time. If this procedure is carried out regularly, it will assist in reducing the debtors' days outstanding.

If you would like to have a discussion with us relative to the management of your debtors' system, please don't hesitate to contact us.



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YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [OCTOBER 2014](#) > [PURCHASING A BUSINESS](#)

## Purchasing A Business

If you're contemplating starting a new business in this current environment, you need to ensure you've done your homework first.

- Research the business and the market you're trying to serve.
- Have a closer look at the competitors to the type of business that you will be operating.
- Have you thought about all of the aspects of commencing a business?
- Does it suit your lifestyle? Does it suit your family's lifestyle?
- Have a meeting with your accountant and commercial solicitor to ensure the business entity has been set up appropriately.
- If you're buying a business, you will need expert professional advice to ensure you're acquiring everything you're paying for, especially intellectual property and trademarks.
- Prepare a business plan and a budget and cashflow forecast. Discuss these forecasts with your accountant to ensure that everything has been thought of, especially:
  - deposits you may have to pay on rented premises;
  - bonds that have to be placed with various organisations; and
  - upfront cash payments you might be forced to pay for the first few months of trading.
- It's also important to think through how you're going to differentiate your business from other businesses operating in the marketplace. This can include the development of a unique website and embarking on a regular social media campaign to promote your business.
- Try to become an 'expert' by offering free advice via blog articles.
- Talk to your commercial solicitor about the various laws which will apply to the type of business you're going to buy or commence. Ignorance of the law is no excuse, so you will need to make sure that you are aware of the laws which will apply to your business operation.
- Before you buy the business, have a good look around as to what's happening in the business community. You can achieve this by going to Chamber of Commerce meetings and other industry/business meetings to ascertain the general feel for what is happening.

To be successful in business, it's very important that you set up a team from the very beginning. You may not be big enough to employ the team on a full-time basis, but you could enter into part-time arrangements for ongoing commercial legal advice, accounting advice, etc. This could be offered as a Chief Financial Officer (CFO) service, sales/selling advice, marketing advice, information technology advice, etc.

If you are contemplating starting a business, we would be happy to conduct a complete overview on the strategies to adopt, to establish your business operations. Please contact us for a discussion.



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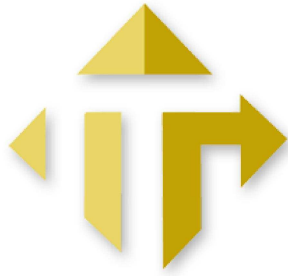
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YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [OCTOBER 2014](#) > [CHARACTERISTICS OF A WELL RUN BUSINESS - PART 11](#)

## Characteristics Of A Well Run Business – Part 11

### Do You Have Sufficient Capital?

To run a successful business, you need to have a supply of capital. This could be your own money, money lent to you by family and friends, or money you've negotiated to borrow from a bank. Banks are reluctant to lend to a start-up business, unless the business operators have some 'hurt money' in the deal. For starting a business or expanding a business, business operators need to prepare a well-thought out budget and cashflow forecasts, to determine whether they have contributed or borrowed sufficient capital, to ensure the future viability of the business.

If you would like to have a discussion with us in relation to the adequacy of the capital base of your business, please don't hesitate to contact us.



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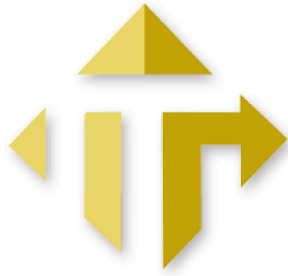
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## Characteristics Of A Well Run Business – Part 12

Well-run businesses have systems in place to ensure ongoing advice is received from selected professional advisors, including:

- Regular meetings (eg monthly or quarterly) with your professional accountant to analyse in-depth current trading figures, cash position, emerging taxation liability and Personal Property Securities Register exposure due diligence review.

Some businesses successfully retain their accountant as a Chief Financial Officer (CFO) on an ongoing basis for broader business operational and survival matters, not just the preparation of an annual tax return.

- Commercial solicitors can assist by conducting an annual legal review of the business, particularly relating to laws and regulations that apply to this particular business, review of Retention of Title Agreements, Terms of Trade Agreements and other advice relating to the Personal Property Securities Act and registrations on the Personal Property Securities Register (PPSR).
- It's a good idea to have quarterly or half-yearly meetings with your banker or financier, to keep your banker or financier informed of ongoing developments within the business. At these review meetings, current financial accounts, including debtors' aged analysis and updated budgets and cashflow forecasts, could be part of the information that is submitted to the banker or financier.



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YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [OCTOBER 2014](#) > [INSTANT ASSET WRITE-OFF AND SIMPLIFIED DEPRECIATION](#)

## Instant Asset Write-Off And Simplified Depreciation

On **5 September 2014**, the Minerals Resource Rent Tax Repeal and Other Measures Act 2014 received Royal Assent. The repeal of the provision allowing small businesses to instantly write-off certain assets is one of the other related measures.

The changes to this related measure will apply from 1 January 2014 for most taxpayers.

For the 2012-13 income year small businesses had been able to write-off depreciating assets costing less than \$6,500 in the income year in which they start to use the asset, or have it installed ready for use.

They can also depreciate most other assets in the general small business pool at a rate of 15% in the first year and 30% thereafter.

From the 1 January 2014, the threshold will change and only assets costing less than \$1,000 (acquired and installed ready for use after 31 December 2013) will be eligible for immediate write-off. Assets costing \$1,000 or more will need to be depreciated in the general small business pool. Assets costing less than \$6,500, acquired and installed ready for use by the small business between 1 July 2013 and 31 December 2013, will still be eligible to be immediately written-off.

*(This is unusual for governments to apply tax law changes retrospectively. It only became law on 5 September, over 9 months after it is effected !!)*



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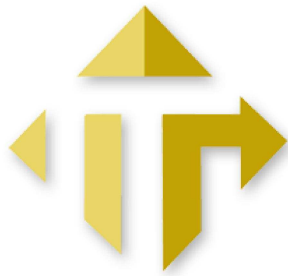
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## Eligibility For Net Medical Expenses Tax Offset

The net medical expenses tax offset (NMETO) is being phased out. To be eligible for the NMETO for 2014–15, you must have received an amount of the tax offset in both of your 2012–13 and 2013–14 income tax assessments.

Note: The eligibility rule for the NMETO does not apply to taxpayers with out-of-pocket medical expenses relating to disability aids, attendant care and aged care.

These expenses can continue to be claimed until 30 June 2019



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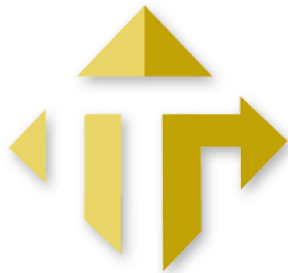
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## Tax Update

Some aspects of the government's budget have passed through the Senate and are now law, such as:

- For high income earners, the top marginal tax rate, which now includes the 'deficit repair levy', is 49%.
- The government has undertaken to review the imposition of the 'deficit repair levy' on 30 June 2017.
- From 1 April 2015, the fringe benefit tax will increase to 49%.
- Superannuation contribution rate for 2014/15 is 9.5%.



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