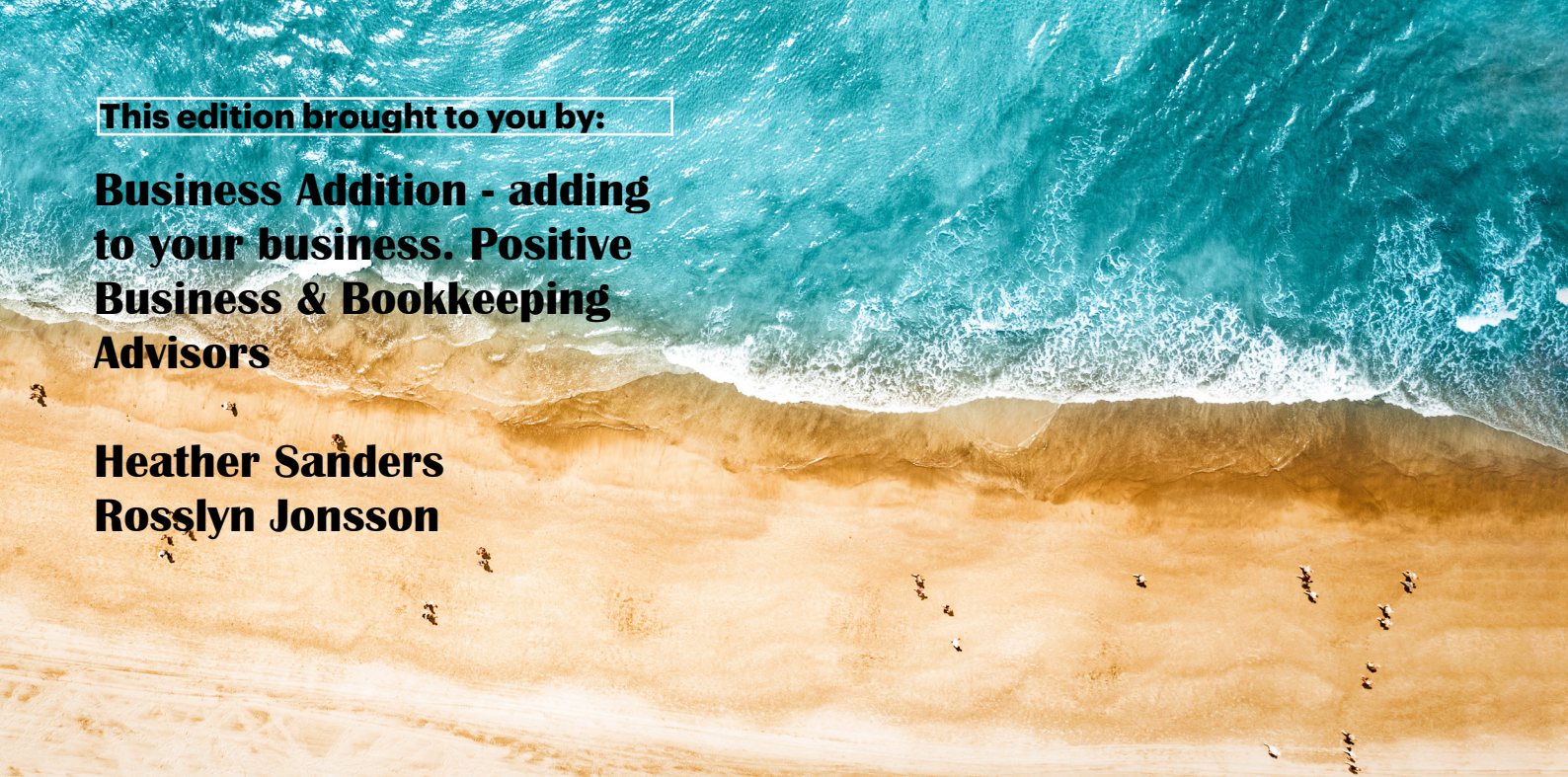




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Business Addition - adding to your business. Positive Business & Bookkeeping Advisors

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BUSINESS BULLETIN SUMMER 2024

With so much to stay on top of, as business owners it's vital to focus on the areas that can make a big impact. With a new calendar year approaching, it's a good time to take stock of the year that was and plan for the coming year. We've picked three critical topics for you to consider helping you plan for a successful 2025. Also, not forgetting that Santa is about to visit, we have included a list of tax-friendly ideas to reward your employees this festive season.

PLANNING FOR THE NEW YEAR: SETTING GOALS

As the calendar year winds down, it's the perfect time to assess where your business stands and set goals for the upcoming year. Here are some steps to ensure a productive start to the new year:

- **Review Financial Performance:** Take a close look at your profit and loss statement, cash flow and key financial metrics from the past year. Identify areas where you excelled and others where improvements are needed. Your bookkeeper can assist you with evaluating your financial position and making adjustments to your budget if needed.
- **Set Clear Goals:** Define your business objectives for the new year. Whether it's increasing revenue, launching a new product or expanding your team, setting measurable goals gives you direction and motivation. You may like to break down your goals

KEY DATES

21 DECEMBER

November monthly Activity Statements
due for lodgement and payment

21 JANUARY

December monthly Activity Statements
due for lodgement and payment

28 JANUARY

October - final day for December Quarter
Superannuation Guarantee contributions
to be received by super fund

28 FEBRUARY

Due date for quarterly (Oct-Dec) Activity
Statements

into quarterly milestones to track your progress and stay accountable.

- **Organise and Simplify Your Systems:** Streamlining processes can make your business more efficient and prepare you to handle growth. Evaluate your systems and tools to see if there are ways to simplify and automate tasks. Chat with your bookkeeper as to how they can assist.
- **Update and Reflect on Your Marketing Strategy:** The start of a new year is ideal for refreshing your marketing plan. Consider your target audience, review your social media and email strategies, and update your messaging if needed. You may consider enlisting the help of an expert, if this isn't your area of expertise.

CASH FLOW AND MANAGING ATO OBLIGATIONS

For small businesses, effective cash flow management is essential to maintaining stability and enabling growth. Small businesses often operate with tighter budgets, meaning that even minor cash flow disruptions can lead to financial strain. One key area that can impact cash flow is meeting ATO tax obligations, such as GST, PAYG withholding, and superannuation contributions. Failing to allocate funds for these obligations can lead to penalties, interest charges, and, in some cases, enforcement actions that could compromise the future operations of the business. As an example, the ATO is currently intensifying its focus on superannuation compliance, particularly timely and accurate contributions. It is critical for business owners to meet their obligations and thus avoid penalties and maintain employee trust.

An easy way to manage your ATO obligations is to make provision for ATO liabilities progressively and therefore not entangle ATO liabilities with the general capital of the business. A bank account to separate these funds can be an easy way to provide for these funds. By proactively setting aside funds for

ATO payments, small business owners not only avoid these potential financial and legal issues but also ensure they have the capital to keep their operations running smoothly. Planning ahead for tax commitments protects working capital, reduces financial stress, and allows business owners to focus on growth rather than scrambling for funds at tax time.



CYBERSECURITY: PROTECTING YOUR BUSINESS FROM THREATS

Cybersecurity is critical, especially with small businesses becoming prime targets for cyber attacks. A proactive approach to online security can protect your business from potential financial and reputational damage.

- **Strengthen Passwords and Use Two-Factor Authentication (2FA):** Weak passwords are one of the easiest ways for cybercriminals to access your accounts. Use strong, unique passwords and enable 2FA wherever possible. Using a password manager is a great way to securely manage complex passwords.
- **Educate Employees on Phishing:** Phishing attacks are common, and a single click can compromise your entire system. Educating employees is a crucial line of defence. Conducting regular cybersecurity training to ensure employees can recognise and avoid

phishing attempts is recommended.

- **Backup Data Regularly:** In the event of a ransomware attack or other data breach, having secure backups will help you recover quicker.
- **Incident Response Plan:** Having a planned response in the event of an attack can help you handle and mitigate the impact of any such attack. The plan can help you respond quickly and effectively and hopefully minimise any downtime.

TAX EFFECTIVE GIFT GIVING

As the festive season approaches, it may be a time where you would like to show your appreciation and thanks to your staff. If you would like to consider something other than the standard Christmas bonus, here are some Tax and Fringe Benefits Tax considerations:

Christmas Gifts Under \$300

- **Non-Cash Gifts:** Small gifts like hampers, gift cards, wine or movie tickets (under \$300 per employee) are typically considered “minor benefits.” If they are provided infrequently and are valued under \$300, they’re exempt from FBT and are tax deductible.

Christmas Party Exemptions

- **On-Site Christmas Parties:** Hosting a Christmas party on your business premises on a workday for employees may be exempt from FBT and Income Tax Deductible.
- **Keeping It Under \$300:** If your off-site Christmas party costs less than \$300 per employee, it may qualify as a minor benefit exemption and avoid FBT. Just ensure you consider all per-person costs, including food, drink, and entertainment. While the party is FBT free, it will be non-tax deductible.

Gift Vouchers

- Gift vouchers for local shops or online stores under \$300 can be a nice, tax-friendly alternative. Not only are they appreciated, but as minor benefits, they can be exempt from FBT as long as they meet the under-\$300 threshold and infrequency conditions.

Additional Leave or Early Finish

- **Non-Monetary Rewards:** Granting a half-day or extra day of leave around the holiday season can be a great way to reward employees without triggering FBT.

Superannuation Contributions

- **Extra Super Contributions:** Some employers offer an additional superannuation contribution for employees. This avoids FBT and can be a thoughtful long-term benefit for employees. However, consideration should be given to the employee’s personal circumstances, as additional superannuation is classified as “reportable employer super contributions” and impacts the employee’s earnings for things such as child support, family tax benefit, private health thresholds etc.

Work-Related Gifts

- **Professional Development or Office Equipment:** If you want to gift items like training courses, work-related tech, or ergonomic office equipment, these can be FBT-exempt as “otherwise deductible” work-related items if they benefit the employee’s job directly.

