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Single Touch Payroll

Single Touch Payroll (STP) commenced on July 1, 2018 for large employers (with 20 or more employees), however, from 1 July 2019 small employers (with less than 20 employees) are required to report details of employees' tax withholding and superannuation information to the Australian Tax Office (ATO) at the time they process their payroll using Single Touch Payroll (STP) software.

Single touch payroll is also called 'real-time payroll reporting' because it means every time a business pays their staff, all the salary information is sent to the ATO. This includes wages, deductions and superannuation information, eliminating the need for Pay-As-You-Go Withholding Activity Statements throughout the year.

Businesses still doing payroll manually will be forced to adopt a digital system over the next 12 months now that employers with fewer than 19 workers are caught under the Single Touch Payroll (STP) reporting regime. It has been described as the 'biggest compliance undertaking since the GST', with more than 700,000 employers technically required to become compliant with the new system by 1 July, 2019.

Employers may need to choose new payroll software if their current software does not offer Single Touch Payroll reporting and the ATO recommends employers speak with their registered Tax Agent or Accountant to establish which software product best suits their needs. The ATO requested software developers to build a low cost Single Touch Payroll solution at or below $10 per month for micro employers. A register of more than 30 suppliers of these low cost STP solutions is on the ATO's website and we understand the Tax Office has been discussing a possible digital banking solution with the major banks over the last 12 months.

Why STP?

Basically, it's a more efficient way to run the taxation system. In theory it also makes it harder to operate in the 'black economy' because the ATO has a better understanding of who is being paid what and when.

Single Touch Payroll is designed to streamline business reporting and help the ATO monitor whether employers are complying with their Superannuation Guarantee and PAYG Withholding obligations. By reporting through Single Touch Payroll, employers need not complete Pay-As-You-Go Withholding Activity Statements throughout the year and Payment Summaries will be available to employees through MyGov.

Implementing Single Touch Payroll and lodging reports may pose some concerns for business owners. The extension of STP reporting requirements to smaller employers raises the worry that they may not be aware of the changes and micro-employers (four or fewer staff) may not have digital payroll software or access to a reliable internet connection. To assist, the ATO will :

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The greatest compliment we receive from our clients is the referral of their friends, family and business colleagues. Thank you for your support and trust.

Single Touch Payroll (Continued)

- Offer Micro Employers (with 1 to 4 employees) help to transition to STP and other alternative options (for example, allowing those who rely on a registered Tax Agent or BAS Agent to report quarterly for the first two years, rather than each time their payroll is run);
- Allow small employers to start reporting any time from the 1 July 2019 to 30 September 2019 and granting deferrals to small employers who request additional time to start STP reporting;
- Not apply penalties for mistakes and missed or late reports for the first year; and
- Provide exemptions from STP reporting for employers experiencing hardship, or in areas with intermittent or no internet connection.

Finally, if you need any help with your payroll, withholding tax or superannuation obligations, please contact us today.

Is It Time for a Website Upgrade or Makeover?

Courtesy of the internet, the business landscape has changed. In the old bricks-and-mortar world, your business' shopfront could last for decades but in the digital and social era, you need to keep up with changing trends. Failure to adapt in the digital age could be the difference between boom and doom.

Your website is often the first touch point with a prospective new customer so it's important that it makes a good first impression and meets their needs. Your prospective customers now turn to Google, your website and social media for answers. They start their buying journey browsing websites and gathering information, so your website is your silent salesperson, working 24/7, 365 days of the year. As such, your website is probably your most important marketing tool and for maximum productivity you need to perform some routine maintenance.

Your website will always be a work in progress because Google and the other search engines crave fresh content. Remember, there's always a competitor looking to leap frog you in the search engine page rankings for that key word or key term in your industry. With your website, if you think build it and they will come, think again. Your competitors are writing more blogs, adding videos, producing webinars and getting more Google Reviews to maintain or claim their page 1 ranking. Why? Research suggests the first page of Google captures 71% of search traffic clicks. If you're not on page 1 you're not in the 'game'.

When assessing if your website needs a makeover or rebuild you simply need to ask one question: Is your website contributing to your business growth?

Time to Update Your Website?

Let's look at some of the warning signs that your business' website might need an update, refresh or even rebuild.

1. It's Not You Anymore

Businesses evolve and change. New products and new services are added to the mix. Does your website really reflect who you are and what you do? Are the graphics and images up to date? I recently visited another accountant's website and the owner was wearing a cardigan and the photo was out of the 1990's. The visual appearance is the first impression people get of your website and you need to look modern and fresh.

If your website is a dog's breakfast, then it needs a refresh. More white space and clean images will help but most

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importantly, does your content tell your prospects that you can solve their problems? You need to use plain English and tell your visitors what they need to know. Spell out your products and services and educate them so they make an informed buying decision. Give them the answers to their questions and make sure you include 'calls to action' so they can take the next step and contact you.

2. Responsive to Mobile Devices

The majority of your visitors are probably accessing your site from a mobile phone or tablet. As such, your website needs to be responsive to these devices and re-shape so it can be easily viewed. You put a lot of effort into attracting visitors to your website, so you don't want to lose them simply because your site doesn't adapt to the view on a mobile device. Check out your site right now on your mobile phone and if it isn't responsive, it's time for an overhaul and quickly.

3. Loading Time

Your website should take less than 2 seconds to load. If not, your visitor will move on and probably find one of your competitors. Prospects are impatient and want instant results. You must deliver a great customer experience and slow loading times are a customer killer. It tells the customer you are out of date and there could be a number of reasons why it is crawling, including the location of the server, large image files, bulky code, embedded flash or an outdated content management system (CMS). The good news is they can all be fixed relatively easily by a webmaster. There are also plenty of tools on the web that check your website's loading time.

4. High Bounce Rate & Low Session Times

Your 'bounce rate' is the percentage of visitors who leave your site without navigating beyond a single page. High bounce rates indicate your visitors haven't found what they're looking for or there's no call to action to tell them what to do next. That might be contact us, buy now, subscribe to our newsletter, book your free consultation, download a demo or get your free sample.

Session time is how long people stay engaged on your website. That comes back to your content providing the answers to their questions and encouraging visitors to click through to other pages on your site. You'll also find the session time is a Google ranking factor, so it is important.

5. Content is King & Videos are Queen

Most content has a use by date. It's easy to leave stale content on your site but products and services change so you need to update your content to reflect those changes. Relevant and interesting content that engages with your target market is the mission.

If you're looking for customers in the 18 to 34 age group, you can't ignore video content. Following on from the previous point, video is a proven method of keeping people on your site for longer periods and video marketing has become an important part of lead generation and SEO.

Video testimonials from satisfied customers can build trust and videos give your business a human face. They can be more effective than written text at presenting information and according to a study by Animoto, 73% of customers are more likely to make a purchase after watching a video that explains a product or service. Your videos can provide step-by-step instructions for solving common problems, you can do demonstrations and even use SEO tactics to increase your video's visibility by entering common search terms as video tags.

In Summary

This year security should be a top priority for your website and could be yet another reason for an update. An updated web design can increase conversions and new content should always be a priority. In any case, your website will always be a work in progress and a regular review of your website should be on the agenda.

How to Reduce Your Business Risk

Running your own business can be rewarding. You get to follow your passion, choose who you work with and there is potential for higher financial returns. Being a business owner sounds irresistible with the flexibility, independence and freedom, however, there is a catch. There are risks and pressure.

Apart from the financial risk of running your own business there are side effects including long hours, isolation and the boundaries between work and family life become blurred. This cocktail of issues can impact on your mental health. As accountants, our client brief includes helping you reduce risk and there are several strategies to consider that can help reduce risk in your business.

FAILING TO PLAN IS PLANNING TO FAIL

Before you launch your business, you need to put together a business plan. This should be your blueprint for the future of the business and include an analysis of the current market, your competitors and document your marketing plan. You also need to crunch the numbers and produce a forecast profit and loss for your first year of trading to make sure the business is viable. If it doesn't pass the financial test it's back to the drawing board to rework your pricing, marketing, suppliers or product offering.

You also need a cash flow budget which requires you to make assumptions about your prices, projected sales and costs. While it's never easy to forecast your future sales with a high degree of accuracy, you need to consider putting several budgets together that incorporate your best- and worst-case scenarios. Given a lack of cash is the number one reason behind business failures in this country, your cash flow budget is critical because it will help identify if you're likely to need finance, how much you'll need and when you'll need the injection of funds. In business, forewarned is forearmed and if you need to apply to the bank for finance you need to do it well in advance of your funds drying up.

BUSINESS STRUCTURE

Your business structure can reduce risk by providing asset protection in the event the business turns sour. If you operate as a sole trader or partnership, you are personally liable for the debts of the business and your personal assets can be used to recover the debts of the business.

By contrast, a company structure is a separate legal entity that can sue and be sued. It can potentially protect your personal assets from the activities of the business. However, as a company director you are still exposed in the event you offer a personal guarantee to secure a bank loan. As such, you could be personally liable for the repayment of a business loan in the event the business can't service the debt. Also, as a company director, you may also face personal liability for company debts if the business is declared bankrupt or incurs losses caused by a breach of director duties.

Whenever we provide advice on business structures we always take into consideration tax minimisation, asset protection, the likely admission of new partners in the future and entitlement to discount capital gains tax concessions. As a consequence, the choice of business structure is often a compromise based on the relative importance of each of these issues. We urge you to consult with us before you make this significant decision.

ASSET OWNERSHIP

As a director of a company, to reduce risk, it may be prudent to not own key assets in your own name. For example, ownership of your principal place of residence and other significant personal assets can be owned by those not associated with the business including your spouse.

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How to Reduce Your Business Risk (Continued)

INSURANCES

Without the right insurances your business could be at risk. All the time and money you invested into your business could be lost due to a single event like a fire, storm or burglary.

Insuring against risks that could have a significant impact on your business is an essential part of running a business. While insurance can seem like another cost in a long line of expenses, if your business is uninsured (or under-insured) you may never recover from a natural disaster, burglary, act of vandalism, fire or storm.

You need to address your specific business insurance needs and expect the unexpected. It's also important to make sure your insurance coverage doesn't fall behind as your business grows or diversifies. The size and nature of your business will generally determine the type of insurance coverage you need and some insurances you might need include:

- Public liability insurance to cover customers, clients and visitors
- Cover for building and contents, equipment, stock, furnishings and fixtures
- Professional indemnity insurance if your business is in a service industry - cover is usually purchased by professionals such as IT consultants, surveyors, accountants, solicitors etc. This cover will protect your legal liability to third parties arising from your (or your employees) professional negligence/wrongful advice.
- Product insurance if your business is in a manufacturing industry
- Motor vehicle insurance if your vehicle is used for business purposes
- Personal injury and/or income protection, particularly if WorkCover is not applicable to your business

QUALITY RECORD KEEPING

Given a lot of business failures are due to poor management, up to date, accurate records are important because they let you make informed business decisions. In business you'll have to make snap buying and selling decisions and if you don't have current data you are not in control. As they say, knowledge is power.

Modern software can provide an incredible amount of data about your business' performance, your suppliers and your customers. As mentioned, poor cash flow is the biggest business killer and you need to know your debtors and the number of days they are outstanding because a slowdown in payment could lead to a cash-flow crunch. Similarly, you need to carefully monitor your accounts payable.

Good record keeping ensures that your financials and tax returns are prepared on cue and lodged with the Tax Office and other interested parties like your bank if you have finance in place. Not only that, with financials at your fingertips, together with your accountant you can do some tax planning that could save you money and defer your tax liability. Business intelligence software can also give you access to data to help you identify trends that may create risks and opportunities in your market.

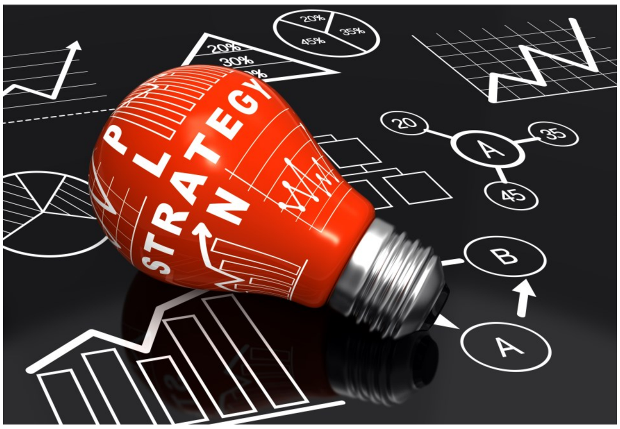
SUMMARY

Implementing standard operating procedures in your business can eliminate potential sources of risk and product risk can be managed by introducing quality assurance programs. Conservative financial management can also reduce risk while backing up your electronic data reduces the risk of losing your data files. Of course, appointing competent staff can also reduce business risk and instituting a succession plan can protect the future of the business.

Clearly, risk is part of running a business, however, there are a number of strategies that can help reduce risk. Every industry and business is different but the items listed above serve as a useful checklist. If you're looking to start a business we'll help you every step of the way.

Marketing Your New Business

It's exciting when you have that light bulb moment, that flash of brilliance and idea for your new business. It's hard not to get carried away with the excitement but turning your idea into a business necessitates research, risk, passion and planning.



Make no mistake, the risks are real. The statistics tell us that more than half of small businesses in Australia close within their first three years of operation. The reasons for failure are many and varied and include low revenue and borrowing capabilities, cashflow problems, some businesses grew too quickly, a lack of knowledge, increased competition, poor systems and inadequate record keeping. A lack of marketing can also bring a business to its knees.

There are very few shortcuts to success in business and there are numerous issues you need to address before you can open your doors. We often say starting a business is like building a house - you need to work off a plan and build on solid foundations. In a business sense these foundations include the right business structure, brand, accounting software as well as adequate and appropriate insurances. Most importantly, you need to have a marketing plan.

Let's face it, without marketing, nobody will know your business exists.

Don't Be Scared, Be Prepared

Starting a business can be a daunting task and our advice is, don't be scared, be prepared.

Start-up entrepreneurs typically invest a huge amount of time and money in their new venture with research and development, professional advice, a shop or office fit-out as well as equipment and stock. It can be a massive financial and emotional investment, however, all that work could amount to nothing if you don't get your marketing right. In the digital and social age, your marketing could be the difference between boom, doom and gloom.

When you finally open the doors of your business, don't expect a queue of customers unless you have the right marketing tactics in place. If you think the moment your website goes live you'll be inundated with orders, think again. With websites, it's not a case of 'build it and they will come' because Google can take 3 or more months to index your content. This means you could be invisible on internet for months after launching your business.

A lot of business owners (and not just start-up owners) rely on 'hope and pray marketing' but if you want an extremely successful business you MUST have a predictable system for attracting your ideal type of customer. That requires you to map out your marketing plan.

Your Marketing Plan

Your marketing plan should outline all the marketing strategies and tactics you plan to implement over a set period of time (usually the next 12 months). It includes your marketing objectives, the action steps you plan to take and the associated costs of implementation. Like your business plan, it's not a static document because you need to update it as your business grows, as consumer behaviour changes and as new marketing trends emerge.

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Marketing Your New Business (Continued)

Your marketing plan should define your_target market_and your ideal customer**.** Where do they hangout? Will online tactics like social media, SEO and search, Pay Per Click, guest blogging, videos and webinars be more effective than offline tactics like print advertising, TV, direct mail, trade shows, conferences, networking and cold calling? With so many marketing options available your plan should outline your marketing mix together with a budget that details how much you will spend on each tactic.

The Marketing Essentials

Your marketing machine contains a number of moving parts and we have identified the following essential engine components for a start-up business:

Your business branding is a lot more than just a logo or trademark. Your packaging, typography, personality, customer service, pricing and product quality all form part of your brand. Your reputation is part of your brand and the objective is to make your business stand out from the crowd.

While they are the cornerstone of your brand, there's a lot more to your brand than just a business name, logo and slogan. Let's explore each of these components starting with your **BUSINESS NAME** or trading name. The idea is to make it memorable because the first thing a customer notices is your business name. Before you select a business name, make sure it's a good fit for your start-up as well as a good fit for the future and ask yourself this question - Will it still work if your business grows?

The right business name is important because:

- Your stationery, business cards and marketing all carry the name
- Legal Agreements and Contracts are in the business name
- You will probably use your business name as your domain name (website)

Before you register your business name, make sure the website domain name is available and register it. The business name will also form part of any trademark design that could be important if you ever want to franchise the business.

Your **LOGO** appears everywhere and it's the visual face of your business. It is part of your identity and business DNA and it should be memorable and unique. Your choice of colours in your brand says something about your business. For example, blue means trustworthy and dependable (ideal for banks and accountants) while green represents growth, peace and health (suitable for financial planners and medical businesses). A good logo can make a huge impact while a plain or amateurish logo can reflect poorly on the business.

Your **SLOGAN** or tag line is a key phrase or set of words that communicates the essence of your brand. It should strike a chord with your potential customers and communicate who you are, what type of product or service you sell or what benefit you offer your customers.

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Marketing Your New Business (Continued)

Slogans are short and catchy phrases designed to stick in the minds of your customers and they can bring a brand to life. Often the logo 'talks' to the slogan and when creating your slogan or tag line we suggest:

- Limit the slogan to 4 or 5 words
- Make it catchy and memorable
- Tell your customers what you stand for or deliver

Of course, there's other components to your marketing when starting a business including a website (see other article in this edition) and social media that we will address in future editions of this newsletter.

ATO Releases Further Guidelines for 'Downsizer Contributions'

Individuals approaching retirement age may be considering downsizing their family home to top up their retirement nest egg. Effective from the 1st July 2018 a new superannuation contribution category was introduced for individuals wishing to contribute part or all of the proceeds of the sale of their family home to superannuation.

Where the contract of sale is dated on or after 1st July 2018, the new measure allows older Australians to make a 'downsizer contribution' to superannuation as long as: -

- They are over 65 years old
- The contribution is from the proceeds of selling their home (owned by themselves or their spouse 10 years or more prior to the sale) and the contract exchanged on or after July 1 2018
- The contribution is made within 90 days of settlement
- The home is in Australia and is not a caravan, houseboat or mobile home
- The superannuation fund must receive a "Downsizer Contribution Into Super" form before or at the time of making the downsizer contribution
- Only one downsizer contribution can be made (i.e. no previous downsizer contribution from the sale of another home) but it can be made in instalments within the 90 day limit
- The proceeds of the sale of the home are exempt or partially exempt from Capital Gains Tax (CGT) under the main residence exemption

Eligible Contributions can be made up to a maximum of $300,000 and forms part of the member's tax-free component held in the fund. The contribution is exempt from the Total Superannuation Balance limit of $1.6 million, but it still counts towards the Transfer Balance Cap (i.e. the limit on transferring funds from accumulation phase into the retirement phase).

Each spouse is eligible to make this downsizer contribution. This means that a couple selling their home for $500,000 could either contribute $250,000 each or split into $300,000 and $200,000. Both parties need not be named on the title if all other eligibility requirements are met.

Downsizer contributions are not tax deductible and will be taken into account for age pension eligibility. As this is a complex area we advise you to seek our advice prior to making any decision regarding suitability of making a 'downsizer contribution'. Further information is also available on the ATO website.