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When It's Time To Sell Your Business...

It is forecast that 41% of Australian businesses will change hands in the next five years as most owners near retirement age. This would represent the largest shift in business ownership in Australia's history and could have serious consequences for business owners, particularly those relying on the sale proceeds to fund their retirement.



The likely flood of sales also has wider consequences for the Australian community and economy. Given small business employs around 40 per cent of all Australian workers, if a number of small businesses were to cease operation because they were unable to sell, Australia's economy could be directly affected. Struggling businesses may also fall into the hands of overseas buyers which could have an impact on prices and potentially the quality of goods or services.

Many baby boomer business owners will probably find themselves in a very competitive environment because the ageing population suggests there will be fewer buyers in the market. Not only that, the ongoing Global Financial Crisis (GFC) means financial institutions are carefully scrutinising loan applications which is limiting the pool of potential business buyers. Only those businesses with proven financial viability and profitability, together with strong asset backing, will be in the running for loan approvals.

Therefore it is important to think like a buyer. They are looking for things like growth opportunity, well-honed organisation and management systems, a quality management team, a diversified customer base, acceptable age and condition of plant and equipment and protected intellectual property. It's also incredibly important to structure the sale to minimise tax and if you're looking at a lower sale price than originally expected you must ensure you walk away with the most tax effective outcome.

Only those business owners who are truly prepared are going to achieve the best price. Planning greatly increases the likelihood that you will pass the greatest value (with the least potential liability) to your family and heirs, allow its successful continuation and protect the interests of your employees. It is important to note that planning for the effective transition of a business requires a substantial lead time and if you are contemplating selling the business to an outside party, the actual sale process can take months as the buyer undertakes a due diligence process and negotiates the price and various terms.

So, when should you start planning the sale? The simple answer is, it's never too early for a business owner to engage in advance planning to maximise the value of a business. Similarly, it is critically important that business owners develop and communicate a plan for the effective operation of the business in the event of the owner's sudden absence (due to death, disability or other emergency).

We are living in uncertain times with financial markets and the economy struggling to find some degree of stability. There is little any of us can do to control such global issues but the 'smart move' is to exercise control over the things we can control. For business owners, this means there is no time like the present for crafting a plan for the future, or revisiting an existing plan to ensure you are still on track.

If you need any help with your business succession plan please do not hesitate to contact our office.

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

Work Related Expenses - What Can You Claim?

Last year, according to the ATO approximately 7.3 million people claimed an average of \$2,008 for work-related expenses. The most common deductions for employees in 2009 included car, travel, uniform and self-education expenses.

The ATO pays particular attention to these claims, often identifying mistakes and sometimes finding claims that are false, not work-related or can't be substantiated through good record keeping or receipts. The ATO are targeting engineers, mechanics and teachers this year due to claim patterns that 'were often unsubstantiated by supporting documentation'. The ATO will write to approximately 200,000 employees this year outlining some common mistakes including:

- insufficient documentation to support motor vehicle and travel expense claims
- incorrectly claiming motor vehicle expenses where they travel from home to work more than once per day
- incorrectly claiming home office, mobile phone and internet expenses

For all employees there are some simple rules regarding your work-related expense claims including:

- You must have incurred the expense in the year you are claiming it
- The expense must be work-related and not of a private nature
- If the expense has been reimbursed by your employer it cannot be claimed
- Receiving an allowance from your employer does not automatically entitle you to a deduction
- If your work related claims total more than \$300 you need to keep written evidence

The ATO have also released its compliance program for 2010/11 and have made it clear that they will increase their use of data-matching projects to verify information provided by individual taxpayers in their tax returns. In particular, the ATO flagged interest in cross-referencing information relating to income received from employment, welfare, interest and dividends. This year, the ATO expects to data-match over 500 million transaction records reported to it by third parties.



Your Website Is Your Marketing Hub

In the current economic climate your marketing has to achieve more for less. Increasingly your website will be the first point of contact with potential new customers and what type of impression are you making? History tells us that businesses that make the right marketing moves now will emerge from the downturn in a stronger position. One of those 'right moves' is maintaining your marketing efforts and your website should be your marketing hub and attract more visitors, hold their attention and sell to them.



Remember, internet marketing is cheaper than other types of media so let's look at how you can expand and improve the effectiveness of your website.

- Search Engine Optimisation (SEO) – This is used to improve your listing position in search engines like Google. SEO is the art and science of developing page text, keywords, metatags and subject headings that will get your website listed higher in a search engine's results page. If you haven't already done so, then now is the time to invest in hiring a web developer to optimize your site using their knowledge and purpose built tools.
- Lock In Visitors - Keeping people on your website and getting them to return is a key strategy. Some proven methods include informative free reports such as e-booklets and newsletters they can subscribe to from your home page. This strategy also captures their contact details for future marketing campaigns.
- Landing pages should be visually attractive to visitors and introducing rich media such as video can provide a very powerful way of promoting products while a blog provides an informal way to update people on what's happening with the business and get feedback from visitors. Rework your marketing copy until every single webpage is a perfect sales letter because these improvements will mean better conversion and improved search engine rankings.

You'll know what's working and what needs working on by analysing your website statistics. Are the majority of visitors coming to just one page and then leaving? Are visitors starting a shopping cart but then abandoning it? The answers to these questions will help you and your website designer make the necessary changes to improve your website and increase your return on investment.

- Prominent Contact Details - Make it easy for visitors to contact you by listing your phone number and email address on every page. Sounds obvious but so many websites hide this information.

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