The BUSINESS ACCELERATOR MAGAZINE

LINDA McGOWAN Pty Ltd
Strategies & Solutions for Business

September 2018

Thinking Of Starting A Business?

Finance before fun!

Starting a business can be exhilarating but also exhausting.

The start-up phase has a number of moving parts and you need to work your way through various rules and regulations. While the right business structure is important, you also need the right accounting software program, adequate and appropriate insurances plus a brand that appeals to your target market. You also need to dot the i's and cross the t's on your contracts and property lease. Don't forget your marketing plan including your website and social media channels.

There's a lot to cover!

Enthusiastic entrepreneurs are usually in a hurry to convert their idea into income, but they can sometimes put the cart before the horse. Before you pull the trigger on your business idea you need to make sure the business is financially viable. If it doesn't pass the financial test, then all the other things don't matter. For that reason, your cash flow budget and business plan should be high on your list of priorities.

Cash is King

In business, failing to plan is planning to fail so you need to prepare a cash flow budget for your first year of trading. Consider preparing figures based on your best and worst-case sales scenarios. It's not easy to project your revenue when you haven't opened your doors, but you can't afford to wait for more certainty regarding your sales projections and costs. Remember, a positive cash flow is a necessity if your business is to succeed and positive cash flow just doesn't happen, it needs to be planned.

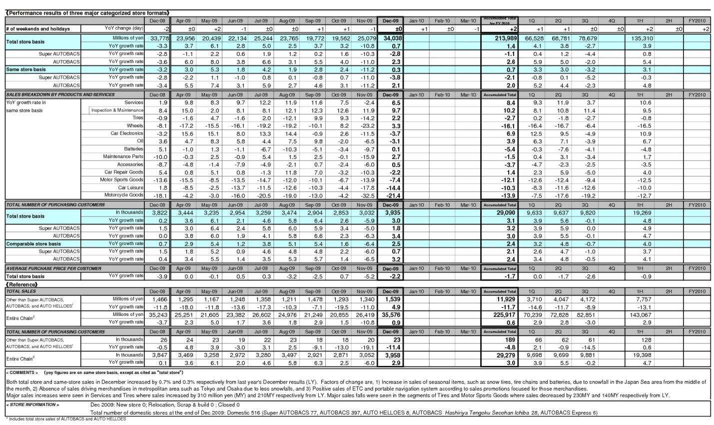
Any new business owner that fails to accurately forecast their cash flow for the first 12 months could find themselves on a collision course. Without realistic cash flow projections, management cannot identify future cash shortages and a bank won't look favourably on a request for additional funding in the early stages of operation. When preparing your cash flow budget, you need to make a number of assumptions regarding the financial performance of the business and these assumptions must be supported by research, available data plus known facts such as rent and forward contracts.

The information in your cash flow budget is designed to:

- forecast your likely cash position at the end of each month
- identify any fluctuations that may lead to potential cash shortages
- plan for your taxation payments
- plan for any major capital expenditure, and
- provide prospective lenders with key financial information

Of course, positive cash flow alone is not enough. The business must be returning a profit and the long-term trend for both must be positive. All too often we hear of profitable businesses that collapse due to insufficient cash flow. As accountants we can do some financial modelling for you and produce cash flows based on different price points and scenarios.

Preparing a cash flow forecast starts with projecting your sales. You'll need to make assumptions on pricing plus you'll need to factor in things like the seasonality of your business and the state of the economy. From a cash flow point of view, you need to think about how quickly you'll get paid after invoicing your customers. Ask yourself, if you expect to be paid in 30 days what would happen to your cash flow if that blew out to 90 days? Would you need to borrow more from the bank at that point? Extending your overdraft or sourcing extra loans after a few months of trading would set off alarm bells at the bank.



《Performance results of three major categorized store formats》

		Dec-08	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Accumulated Total for FY 2010	1Q	2Q	3Q	4Q	1H	2H	FY2010
# of weekends and holidays	YoY change (day)	-2	±0	+2	-1	±0	±0	+1	+1	-1	±0	+1	±0	-1	+2	+1	+1	±0	±0	+2	±0	+2
Total store basis	Millions of yen	33,778	23,956	20,439	22,134	25,244	23,765	19,772	19,562	25,079	34,038				213,989	66,528	68,781	78,679		135,310		
	YoY growth rate	-3.3	3.7	6.1	2.8	5.0	2.5	3.7	3.2	-10.8	0.7				1.4	4.1	3.8	-2.7		3.9		
Super AUTOBACS	YoY growth rate	-2.8	-1.1	2.2	0.6	1.9	1.2	0.2	1.6	-10.3	-2.8				-1.1	0.4	1.2	-4.4		0.8		
AUTOBACS	YoY growth rate	-3.6	6.0	8.0	3.8	6.6	3.1	5.5	4.0	-11.0	2.3				2.6	5.9	5.0	-2.0		5.4		
Same store basis	YoY growth rate	-3.2	3.0	5.3	1.8	4.2	1.9	2.8	2.4	-11.2	0.3				0.7	3.3	3.0	-3.2		3.1		
Super AUTOBACS	YoY growth rate	-2.8	-2.2	1.1	-1.0	0.8	0.1	-0.8	0.7	-11.0	-3.8				-2.1	-0.8	0.1	-5.2		-0.3		
AUTOBACS	YoY growth rate	-3.4	5.5	7.4	3.1	5.9	2.7	4.6	3.1	-11.2	2.1				2.0	5.2	4.4	-2.3		4.8		
SALES BREAKDOWN BY PRODUCTS AND SERVICES		Dec-08	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Accumulated Total	1Q	2Q	3Q	4Q	1H	2H	FY2010
YoY growth rate in same store basis	Services	1.9	9.8	8.3	9.7	12.2	11.9	11.6	7.5	-2.4	6.5				8.4	9.3	11.9	3.7		10.6		
	Inspection & Maintenance	8.4	15.0	2.0	8.1	8.1	12.1	12.3	12.6	11.9	9.7				10.2	8.1	10.8	11.4		9.5		
	Tires	-0.9	-1.6	4.7	-1.6	2.0	-12.1	9.9	9.3	-14.2	2.2				-2.7	0.2	-1.8	-2.7		-0.8		
	Wheels	-8.1	-17.2	-15.5	-16.1	-19.2	-19.2	-10.1	8.2	-23.2	3.3				-16.1	-16.4	-16.7	-6.4		-16.5		
	Car Electronics	-3.2	15.6	15.1	8.0	13.3	14.4	-0.9	2.6	-11.5	-3.7				6.9	12.5	9.5	-4.9		10.9		
	Oil	3.6	4.7	8.3	5.8	4.4	7.5	9.8	-2.0	-6.5	-3.1				3.9	6.3	7.1	-3.9		6.7		
	Batteries	5.1	-1.0	1.3	-1.1	-6.7	-10.3	-5.1	-3.4	-9.7	0.1				-5.4	-0.3	-7.6	-4.1		-4.8		
	Maintenance Parts	-10.0	-0.3	2.5	-0.9	5.4	1.5	2.5	-0.1	-15.9	2.7				-1.5	0.4	3.1	-3.4		1.7		
	Accessories	-8.7	-4.8	-1.4	-7.9	-4.9	-2.1	0.7	-2.4	-6.0	0.5				-3.7	-4.7	-2.3	-2.5		-3.5		
	Car Repair Goods	5.4	0.8	5.1	0.8	-1.3	11.8	7.0	-3.2	-10.3	-2.2				1.4	2.3	5.9	-5.0		4.0		
	Motor Sports Goods	-13.6	-15.5	-8.5	-13.5	-14.7	-12.0	-10.1	-6.7	-13.9	-7.4				-12.1	-12.6	-12.4	-9.4		-12.5		
	Car Leisure	1.8	-8.5	-2.5	-13.7	-11.5	-12.6	-10.3	-4.4	-17.8	-14.4				-10.3	-8.3	-11.6	-12.6		-10.0		
	Motorcycle Goods	-18.1	-4.2	-3.0	-16.0	-20.5	-19.0	-13.0	-4.2	-32.5	-21.4				-13.9	-7.5	-17.6	-19.2		-12.7		
TOTAL NUMBER OF PURCHASING CUSTOMERS		Dec-08	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Accumulated Total	1Q	2Q	3Q	4Q	1H	2H	FY2010
Total store basis	In thousands	3,822	3,444	3,235	2,954	3,259	3,474	2,904	2,853	3,032	3,935				29,090	9,633	9,637	9,820		19,269		
	YoY growth rate	0.2	3.6	6.1	2.1	4.6	5.8	6.4	2.6	-5.9	3.0				3.1	3.9	5.6	-0.1		4.8		
Super AUTOBACS	YoY growth rate	1.5	3.0	6.4	2.4	5.8	6.0	5.9	3.4	-5.0	1.8				3.2	3.9	5.9	0.0		4.9		
AUTOBACS	YoY growth rate	0.0	3.8	6.0	1.9	4.1	5.8	6.6	2.3	-6.3	3.4				3.0	3.9	5.5	-0.1		4.7		
Comparable store basis	YoY growth rate	0.7	2.9	5.4	1.2	3.8	5.1	5.4	1.6	-6.4	2.5				2.4	3.2	4.8	-0.7		4.0		
Super AUTOBACS	YoY growth rate	1.5	1.8	5.2	0.9	4.6	4.8	4.8	2.2	-6.0	0.7				2.1	2.6	4.7	-1.0		3.7		
AUTOBACS	YoY growth rate	0.4	3.4	5.5	1.4	3.5	5.3	5.7	1.4	-6.5	3.2				2.4	3.4	4.8	-0.5		4.1		
AVERAGE PURCHASE PRICE PER CUSTOMER		Dec-08	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Accumulated Total	1Q	2Q	3Q	4Q	1H	2H	FY2010
Total store basis	YoY growth rate	-3.9	0.0	-0.1	0.5	0.3	-3.2	-2.5	0.7	-5.2	-2.2				-1.7	0.0	-1.7	-2.6		-0.9		

《Reference》

TOTAL SALES		Dec-08	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Accumulated Total	1Q	2Q	3Q	4Q	1H	2H	FY2010
Other than Super AUTOBACS, AUTOBACS, and AUTO HELLOES[1]	Millions of yen	1,466	1,295	1,167	1,248	1,358	1,211	1,478	1,293	1,340	1,539				11,929	3,710	4,047	4,172		7,757		
	YoY growth rate	-11.8	-18.0	-11.8	-13.6	-17.3	-10.3	-7.1	-19.5	-11.0	4.9				-11.7	-14.6	-11.7	-8.9		-13.1		
Entire Chain[2]	Millions of yen	35,243	25,251	21,605	23,382	26,602	24,976	21,249	20,855	26,419	35,576				225,917	70,239	72,828	82,851		143,067		
	YoY growth rate	-3.7	2.3	5.0	1.7	3.6	1.8	2.9	1.5	-10.8	0.9				0.6	2.9	2.8	-3.0		2.9		
TOTAL NUMBER OF PURCHASING CUSTOMERS		Dec-08	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Accumulated Total	1Q	2Q	3Q	4Q	1H	2H	FY2010
Other than Super AUTOBACS, AUTOBACS, and AUTO HELLOES[1]	In thousands	26	24	23	19	22	23	18	18	20	23				189	66	62	61		128		
	YoY growth rate	-0.5	4.8	3.9	-3.0	3.1	2.5	-9.1	-13.0	-19.1	-11.4				-4.8	2.1	-0.9	-14.5		0.6		
Entire Chain[2]	In thousands	3,847	3,469	3,258	2,972	3,280	3,497	2,921	2,871	3,052	3,958				29,279	9,698	9,699	9,881		19,398		
	YoY growth rate	0.1	3.6	6.1	2.0	4.6	5.8	6.3	2.5	-6.0	2.9				3.0	3.9	5.5	-0.2		4.7		

< COMMENTS > (yoy figures are on same store basis, except as cited as "total store")

Both total store and same-store sales in December increased by 0.7% and 0.3% respectively from last year's December results (LY). Factors of change are, 1) Increase in sales of seasonal items, such as snow tires, tire chains and batteries, due to snowfall in the Japan Sea area from the middle of the month, 2) Absence of sales driving merchandises in metropolitan area such as Tokyo and Osaka due to less snowfalls, and 3) Positive sales of ETC and portable navigation system according to sales promotions focused for those merchandises.
Major sales increases were seen in Services and Tires where sales increased by 310 million yen (MY) and 210MY respectively from LY. Major sales falls were seen in the segments of Tires and Motor Sports Goods where sales decreased by 230MY and 140MY respectively from LY.

< STORE INFORMATION > Dec 2009: New store 0; Relocation, Scrap & build 0 ; Closed 0
Total number of domestic stores at the end of Dec 2009: Domestic 516 (Super AUTOBACS 77, AUTOBACS 397, AUTO HELLOES 8, AUTOBACS *Hashiriya Tengoku Secohan Ichiba* 28, AUTOBACS Express 6)

* Includes total store sales of AUTOBACS and AUTO HELLOES

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Thinking Of Starting A Business?

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Once you are comfortable with the revenue projections it's time to focus on the costs. You need to dissect your start-up costs into categories like the office or shop fit out, equipment, IT expenses, professional fees, marketing costs, website production and furniture. You then need to look at your fixed costs like monthly rent, insurances, rates and internet. Finally, look at the costs that vary based on your sales including wages and material inputs. Cash flow projections can be a jigsaw to put together, but you are the most qualified person to make all the sales and pricing assumptions. You've researched the market in your industry, know your competitor's prices and have developed your points of difference.

Business Plan

The main reason most entrepreneurs produce a business plan is to raise finance from a bank. As you would expect, a lender will want to know all about you and your proposed venture and the business plan provides all this information in a logical and structured format. It allows potential investors to evaluate your 'pitch' and make an informed investment decision. However, your business plan should do more than just satisfy your investors. It should prove the financial viability of your business and provide an overview of where you plan to take the business and how you intend to get there. It can be expressed as a series of objectives and then detail the strategies, tools and people who are going to make it happen.

If you are contemplating starting a business, the planning phase can be a period of great anxiety due to a combination of excitement, uncertainty and financial risk. Over the years we have mentored hundreds of business owners through the start-up phase and built a reputation as business start-up specialists. Along the way we have put together a range of tools, templates and checklists to help you get your business off to a flying start.

For example, you can download a free copy of our New Business Starter Kit from our website that contains dedicated chapters on business structures, registrations, insurances, software, marketing, cash flow and legal matters. It also has a valuable 82-point checklist to guide you through the start-up process. Finally, you don't need to reinvent the wheel because the resources section of our website gives you access to a range of tools including a business plan and cash flow budget template. If you're thinking of starting a business, contact us today.

Franchisee Gets Massive Fine for Poor Record-Keeping

A former Caltex franchisee and its Director were both fined for poor record-keeping and inadequate pay slips. The franchisee was fined $80,190 and the Director was fined an additional $16,038 by Australia's Fair Work Ombudsman.

The penalties related to serious breaches of the watchdog's record-keeping laws. The store was investigated over allegations the franchisee had underpaid six international workers, but on investigation, the documents provided to the Ombudsman did not accurately reflect the wage rates the company had paid to the employees. The workplace watchdog then requested further information from the company's accountant, superannuation fund and bank which did not match up with the information originally provided to the Ombudsman and the company was then taken to court over alleged falsification of records. The Federal Circuit Court Justice Alexander Street found them guilty in June 2018.

A lack of consistent records available to the Ombudsman meant the regulator was unable to determine if allegations that workers at the franchise were being paid just $12 an hour were correct. The Fair Work Ombudsman said in a statement that if the same breaches occurred today, the penalties could be significantly higher thanks to legislation that was passed in September 2017 aimed at protecting vulnerable workers. The changes to the Fair Work Act significantly increased penalties, up to 10 times, for failing to keep records and introduced a reverse onus of proof on employers who fail to meet record-keeping or payslip obligations.

The Fair Work Ombudsman, Natalie James said, "Financial penalties for failing to keep records and issue pay slips have significantly increased and any unscrupulous employer that frustrates a Fair Work Ombudsman time-and-wages investigation by using false records can now face prosecution in criminal court". Clearly this case reinforces the importance of record-keeping and the focus the courts and Fair Work Ombudsman place on payroll record keeping. It also highlights the fact that if you don't have your records in order, the risk is increased substantially with the new legislation.

If you have any concerns about the level of wages you are paying your staff or need some assistance with your record keeping, contact us today.

DEATH and TAXES

Benjamin Franklin once said, “In this world nothing can be said to be certain, except death and taxes.”

While everyone is happy to talk about paying too much tax, death is a very sensitive topic. The loss of a loved one can be traumatic but the grief can be compounded if they die without a will. Aretha Franklin, the Queen of Soul, recently died after a long battle with pancreatic cancer and reportedly left behind no will for her estate, which is estimated to be worth $108 million. Other legendary performers like Prince and James Brown also died without leaving behind a will. Brown’s estate is still unsettled 11 years after his death.

The topic of estate planning and the administration of an estate is very important, so let’s explore some important aspects of the administrative process.

After a person dies and the funeral arrangements are complete, the focus will eventually turn to financial matters including tax and superannuation. Typically, an executor will be appointed who will be responsible for administering the estate of the deceased person and the administration process usually starts with obtaining probate. This is a document issued by the court that confirms that the person whose affairs are being administered are in fact deceased and therefore cannot hold bank accounts, shares or property and that the executor appointed in the will is legally entitled to wind up the affairs of the estate.

One of the important steps is to lodge a final tax return on behalf of the deceased that the Australian Taxation Office (ATO) refer to as a ‘date of death tax return’. The ATO insists that this must be lodged on a paper return, but otherwise all the other normal assessment conditions apply including individual income tax thresholds, tax rates, withholding conditions and lodgement requirements. The date of death tax return will be the last document that requires the deceased’s individual tax file number (TFN) and upon completion, this TFN will not be used again.

There are a few other differences when completing this final tax return. Firstly, the executor will need to print the words “Deceased Estate” on the top of the first page of the return, sign the tax return on behalf of the deceased and show the name of the taxpayer as “The legal representative of <person’s name>, deceased”. Also, at the question, “Will you need to lodge an Australian tax return in the future?”, answer the word “No” or put an ‘X’ in the box.

Assessable income earned or derived and deductible expenses incurred, up to the date of death, should be included in the tax return. Any income earned and deductible expenses incurred after the date of death (for example from investments) will need to be dealt with in the deceased estate’s Trust Tax Return — not in the final return of the individual. The treatment of capital gains or losses would be dealt with in a similar way and if the deceased person had accumulated losses, these can be offset against income in the final tax return (capital losses may be offset against capital gains) but can’t be carried forward into the deceased estate. Ordinary losses, as well as capital losses, that can’t be offset in this final tax return will lapse.

The ATO will usually send the notice of assessment to the executor, which should show any refund owing or any tax liability. As such, the executor may need to withhold amounts from the assets or income of the deceased estate to pay this tax liability.

As a guide, below is a checklist of items you may need to address through the process. Of course, if the deceased person also carried on a business, further advice should be sought and we recommend you talk to us if a deceased estate trust return has to be completed.

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DEATH and TAXES

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1 Did The Deceased Person Have A Will?

If yes, establish who the executor or administrator is of the will. If no, contact the public trustee in your state or territory to determine if they will act on behalf of the deceased person. If so, they will take the action required.

2 Has Probate Been Obtained By The Executor?

If not, you may need to provide further information if you wish to establish authority to deal with the tax affairs of the deceased person.

3 Officially Notify The Ato Of The Person's Death

Complete the 'Notification of a Deceased Person' form that officially notifies the ATO of the person's death and it can be used to establish authority to deal with their tax affairs. You will need to provide the death certificate and supporting documents required at an Australia Post outlet for an interview, or certified copies to the ATO by mail. The ATO may also attempt to match individual records to Births, Deaths and Marriages data.

4 Do You Need To Lodge A Final Individual Tax Return?

Refer to information in this article and make sure there are no outstanding tax returns for prior years. If Yes, this return should cover the period from the previous July 1 to the date of death. If No, complete a 'Non-lodgment advice form' and send it to the ATO. On the form, where it asks for "Reason for not lodging a tax return" write "Deceased" and the date of death.

5 Obtain A Tax File Number (TFN) For The Deceased Estate

As a deceased estate is considered a trust, a 'TFN application for a deceased estate' form will be required.

6 Lodge The Deceased Estate Tax Return(s)

A trust tax return will need to be completed and lodged. Each financial year will require another such return to be lodged until the deceased estate has been fully administered and no longer has a tax liability.

If you have any queries regarding the taxation issues regarding a deceased estate, please don't hesitate to contact our office.

What's on the ATO's Hit List this Year?

The Australian Taxation Office (ATO) are casting a wider net this year with deductions for home office expenses, phone, internet and work-related expenses all on the radar.

They have also indicated that cryptocurrency ownership and earnings from the sharing economy like Uber, Go Catch and Airbnb are hot spots. If you generate income from other car-sharing groups like CarNextDoor, Carhood and DriveMyCar rentals you are on notice. The services have picked up in popularity in recent times as a way for Australians to earn a bit of extra cash on the side. However, it's that extra cash the ATO is keeping its eyes on.

Kath Anderson, the ATO's Assistant Commissioner says, "By its very nature, car-sharing is heavily dependent on electronic funds transfer, which leaves an obvious digital footprint. No matter how little you earn through car-sharing, it is important to include it in your tax return. It's no different to anyone else renting out an asset, like a house or a car park. You must declare the income and you cannot avoid tax by calling it a hobby".

The ATO claim they have, "sophisticated systems that allow us to match data from banks, financial institutions and online exchanges" to get a clear picture of taxpayers' situations. Chris Jordan, the ATO Commissioner has warned Australians several times over the past year that the Tax office looks at more than just a tax return in order to evaluate claims including using social media to monitor displays of wealth.

Work-related expenses are a primary target this year including home office claims and motor vehicle claims. The ATO states in its home office expense guide that in general, workers cannot claim deductions for mortgage repayments, council rates and home insurance. Taxpayers working from home can claim a deduction for work furniture, heating and cooling, computers and equipment contained in a home office.

Tax deductions are available for the percentage of home phone and internet costs used for work, but the ATO reminds taxpayers they must be able to show itemised evidence of their claims. For example, when claiming a percentage of your telephone bill, you must be able to show "itemised phone accounts from which you can identify work-related calls, or other records". The Tax Office is wary of taxpayers claiming the entire amount of an expense even though a small percentage was work related (e.g. mobile phone).

The ATO stated, "We are seeing quite a few examples of people trying to claim the whole expense, including the private portion. Like some who incorrectly claim their entire phone and internet bundle, and others who claim an overseas study trip even though they had a holiday as part of the trip".

Chris Jordan has also stated that undeclared business income, wrongly-claimed non-business expenses and unpaid superannuation guarantee contributions are on the 2018 hit list. Businesses that operate on a 'cash only' basis also continue to be in the firing line.

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Law Changes Impacting Business Owners

As a business owner and employer there are a number of legislative changes that came into effect on July 1, 2018 that you should be aware of including:

Single Touch Payroll

How businesses report their payments to staff to the Australian Taxation Office changed on July 1, 2018. Single Touch Payroll (STP) became compulsory for employers with 20 or more employees which means employers will be reporting their employee's salaries and wages, pay-as-you-go withholding and superannuation information via their payroll software each time they make a payment to staff. From July 1, 2019 employers with 19 or fewer employees will need to comply with the Single Touch Payroll.

Superannuation

Employers should also be aware of a change regarding the Superannuation Guarantee Charge (SGC). Employer's SGC obligation for 2018/19 remains at 9.5 percent of the employee's ordinary time earnings and will apply to the increased base of $54,030 of the employee's quarterly earnings.

Also, the SGC amnesty that has been in place since May will continue until May 23, 2019. This means employers who voluntarily disclose their previously undeclared shortfalls in Superannuation Guarantee contributions during this period will not be liable for the administration component and penalties that may otherwise apply to late Superannuation Guarantee payments. In addition, they will also be able to claim a tax deduction for catch-up payments made in the 12-month period. The amnesty applies to shortfalls between July 1, 1992 and March 31, 2018.

Minimum Wage Increase

The national minimum wage increased by 3.5% from July 1, 2018. From that date, employees will be entitled to a minimum take-home weekly pay of $719.20, or $18.93 per hour. This represents a weekly increase of $24.30 for approximately 2.3 million Australians and modern award wages will also be increased by the same amount. The Fair Work Ombudsman is calling on all employers to check the new pay rates that will now apply to their business, which they can do via the Ombudsman's updated Pay and Conditions Tool located at https://calculate.fairwork.gov.au/

Penalty Rates

The second lot of changes to Sunday penalty rates for workers in the fast food, retail, pharmacy and hospitality sectors also commenced on July 1. Last year, penalty rates across those sectors dropped by 5% from the previous Sunday rates, but the cuts are larger in 2018/19. For example, Sunday loading rates for full-time and part-time workers covered by the Retail Industry Award will drop from 195% of the base hourly rate to 180% of the base hourly rate.

Unfair Dismissal Threshold

At the start of each new financial year, the high-income threshold for unfair dismissal claims also changes. From July 1, the threshold increased from $142,000 to $145,400.

If an employee's annual earnings exceed this threshold and they are not covered by a modern award or enterprise agreement, they will not be able to bring an unfair dismissal claim. If an employee's annual earnings exceed this threshold, you will be able to make a guarantee of annual earnings with him or her and preclude application of any modern award that would otherwise apply. The maximum amount the Fair Work Commission can order in compensation for an unfair dismissal case will also increase to $72,700 for dismissals occurring on or after July 1, 2018. This is an increase of $1,700 from last year.

Beware Just Claiming ‘**Standard Deductions**’ this Financial Year

The Tax Office’s Assistant Commissioner Kath Anderson has issued a warning to business owners and individuals against claiming “standard” deductions this year.

Anderson has said the Australian Taxation Office (ATO) is gearing up to contact over 1 million Australians about their 2018 tax claims in what will be the ATO’s “biggest ever” awareness campaign to educate taxpayers that they need to substantiate all their expense claims, irrespective of the amount of the expense.

The plan is to contact nearly 250,000 more taxpayers compared to the past financial year with the majority of incorrect claims centred on rental properties and work-related expenses.

There are many common misconceptions around ‘standard’ deductions and Anderson says the key for most claims is proving and showing the ATO how the money was spent, and how it relates to your work. “People think that they have an entitlement even though they have not spent the money. You have to have still spent the money. It has to be related to earning your income, and you have to be able to show us how you calculated the claim,” she said.

Car expenses are a classic example. The ATO allow individuals and businesses to claim a maximum of 5,000 kilometres per vehicle without documentary evidence of the kilometres travelled. This doesn’t mean business owners can just claim the 5,000 kilometres, there must be proof that the vehicle is used for business purposes and the basis of the calculation.

The Tax Office previously revealed some new areas would be under scrutiny this financial year including cryptocurrency transactions and earnings from the gig economy. Traditional expenses like claiming motor vehicle expenses and the purchase of uniforms remain under the microscope while common mistakes include claiming entire phone bills (including mobile) when only a portion is work-related or claiming heating and lighting bills for ‘home office’ expenses even though you might be sitting on the couch watching TV and using a computer. Another ‘standard’ expense claim that is often abused is claiming the maximum $150 for laundry costs even if they don’t have a work-specific uniform.

The ATO has strongly reinforced its compliance powers through its data-matching systems and they are also monitoring information that’s publicly available on social media channels. For example, they’re looking for inconsistencies in what people are reporting as their declared income in their tax returns (and unexplained wealth of small business owners), and what their social media accounts reveal about their lifestyle. A person with a low income but multiple photos on social media with boats and sports cars is like waving a red rag at a bull. The ATO have stated, “We only go looking when something doesn’t add up. We continue to support those who do the right thing, and identify and take action against those who choose not to”. ATO staff are only able to access “publicly available information”, with the ATO stating “there is a lot of information that can be viewed on social media sites without using a login”.

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Expand Your Customer Base With facebook Advertising

Though Facebook is now largely a paid advertising medium, it's still every marketer's dream. With access to about 15 million active users in Australia, the social media channel is rich with data which can get your business in front of very specific and often motivated prospective customers.

It sounds simple but mastering Facebook's targeted audience feature can be confusing as there are so many tools at your disposal. To get you started, let's look at 4 ways you can use Facebook to help you find more of your ideal type of new customers.

Before You Start – Who's Your Target?

Facebook audience insights can tell you a lot about your customers including their shopping behaviour, household income and location. Essentially you're buying data from Facebook when you invest in their advertising. With Facebook advertising, it's not so much about reaching the most people as it is reaching the right people. When it comes to targeting and reaching your audience with an engaging message, you need to have a clear picture of what types of people you are looking to put your message in front of. You can find the answers to these questions through data and research.

One of the best places to look to learn more about your audience is Facebook's Audience Insights.

Audience Insights gives you an opportunity to learn more about your specific audience by selecting the option of choosing "People Connected to your Page". Note, you need to have enough page likes to access information including the age and gender, relationship status, education level and job title (industries). In addition, you can access top categories which is what other type of pages your audience reacts to and what Facebook pages are likely to be relevant to your audience based on their previous likes. This information can be useful in terms of where to pitch the tone of your Facebook advertising and posts based on their industry or job title.

These insights can be used to craft very specific advertising messages based on location, interests, gender, job title, the device they use to browse with and just about any combination of criteria you can imagine.

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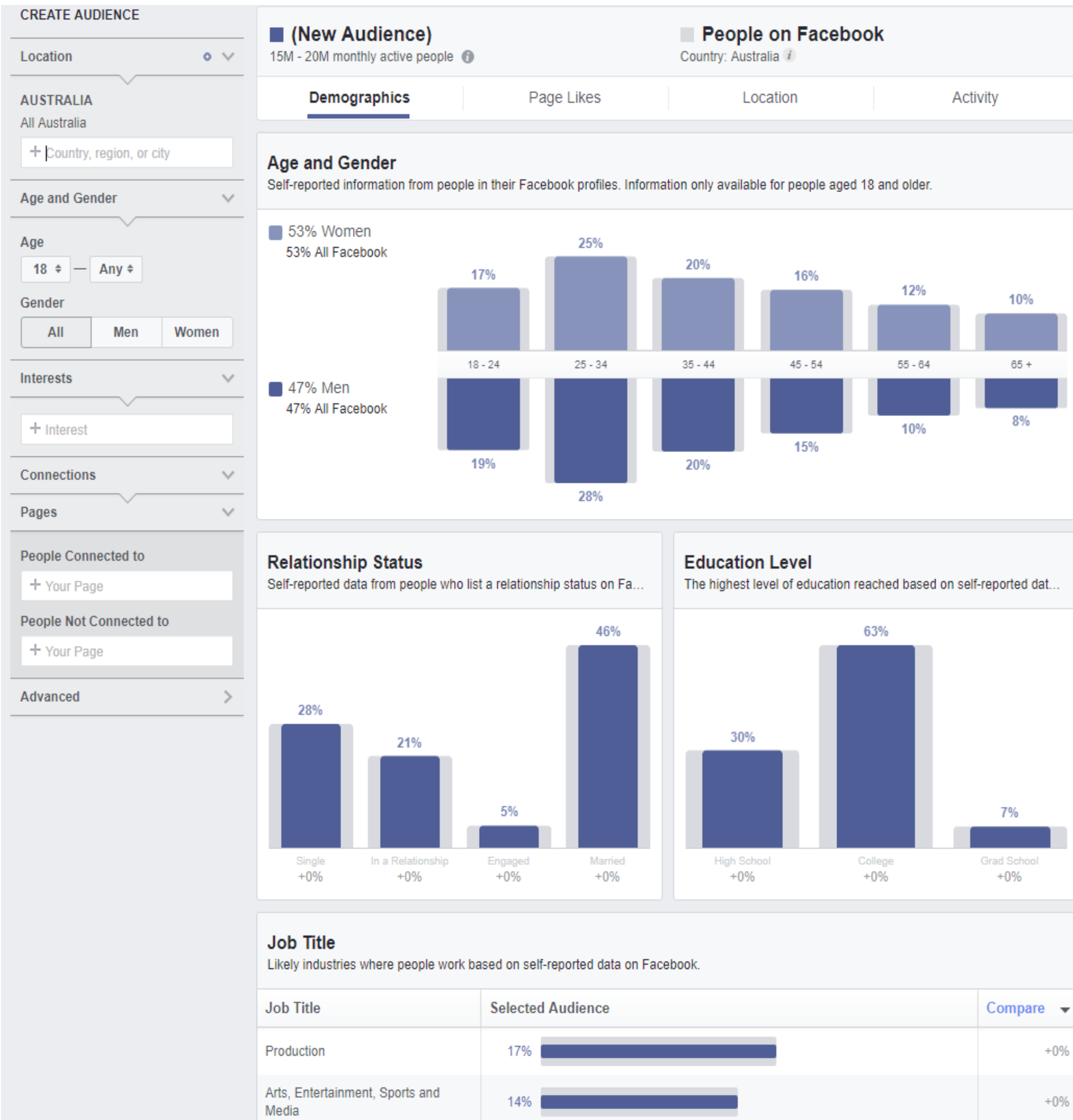

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1. Find People That Match Your Existing Customers (Look Alike Audience)

If you already have an existing customer base, Facebook can help you find people like your existing customers. This feature is called a 'Look Alike' audience. To create a look alike audience, you will need to upload a CSV file including email addresses and other data from at least 20 of your existing customers to Facebook. You could create Look Alike audiences of your newsletter subscribers, or people who visit specific pages on your website, or of your Fans. The options are endless. As long as you have created a Custom or Remarketing Audience in Facebook Ads, you can create a Look Alike Audience. Facebook's algorithms will then search for customers with similar interests and the browsing and buying behaviour of your existing customers.

Once you've decided which audience you want to replicate and expand on, you can make the audience larger or smaller (the smallest Audience most closely matching your source Audience, and the biggest Audience maximising reach rather than closely matching your source database).

2. Create New Audience Based on Similar Page Likes

Through the Audience Insight page, you can create a New Audience on just about any demographic. Start with what Country (City, down to a specific Suburb) you want to target, then Age and Gender, followed by other categories such as Interests, Education, Connections, Relationship Status, Language, Upcoming Life Events (e.g. birthdays), etc.

It will show you the potential reach of your new audience and you can save any number of combinations as separate audiences in your Ad Manager to be used depending on what advertising you want to undertake.

Facebook has a lot of data on its users, so much that they can determine how likely someone is likely to buy your product or fill in a contact form. Depending on your conversion goal, they will show your ad to people most likely to convert i.e. add to cart, view content, purchase. What this means is you can measure your return on your ad spend.

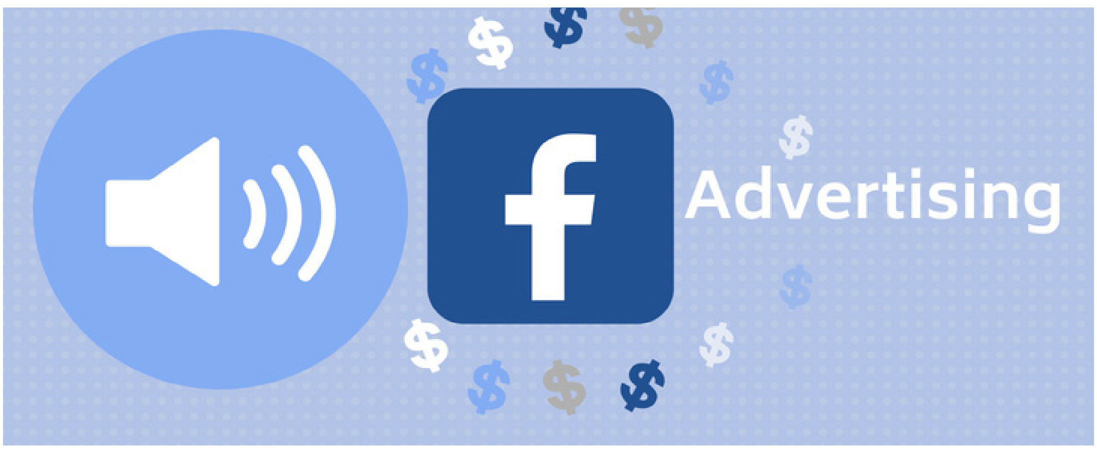
3. Convert Visitors Into Customers

Not everyone who visits your website will be a customer but their first interaction with your website doesn't need to be the last. A Remarketing Audience is a group of people who visit any page of your website that contains the remarketing pixel (a 'pixel' or 'tag' is a piece of code on your website, when loaded, links the person viewing your web page to the advertising account). You can create ads that are shown specifically to people who have visited any page of your website (all traffic) or who visit some pages of your website. For example, Bob the Builder could create an ad that targets the people who visited their website but didn't request a complimentary consultation.

4. Collect Leads Straight From The Platform (No Landing Pages)

If you are in the services industry, you probably rely on leads to sustain and grow your business. With Facebook lead generation ads you can collect leads straight from the social platform. The upside of Facebook lead generation ads is that it offers Facebook users the option to request a call or more information without clicking through to your website.

These four features only scratch the surface of the potential of a Facebook Ad campaign. There are also tools and data to measure the effectiveness (ROI) to monitor the results and then tweak future ad campaigns.



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