

## Still challenges galore in 2015!

### There are certainly a lot of challenges for 2015

Two years ago, the [Digital disruption – short-fuse, big bang?](#) report was published predicting that six different industry groups – retail; ICT and media; business and professional services; arts and recreation; finance and real estate – would encounter 24% to 43% of revenue disruption over time.

“Disruption” doesn’t mean that revenue is gone. However, there needs to be new strategies, developed by each affected industry, on how to respond to changing market conditions.

This month the Reserve Bank of Australia lowered the official interest rate to 2.25%, the lowest for many years. This is not a decision to assist borrowers; instead it is a reflection of the poor performance of the Australian economy.

Continuous “disputes” in the government doesn’t help business confidence. The recent State election results in Queensland and Victoria highlight that electorates are becoming tougher to please. Uncertainty caused by the turbulence adds pressure to running any business.

Whilst the lower Australian dollar is welcome news for exporters to China, continuing uncertainty relative to the growth within the Chinese market will cause ongoing concerns in Australia.

Currency movements have been very good for exporters. However, this means higher prices for businesses that require imports for their business operations.

The economic forecasts for 2015 focus around the following:

- GDP growth – 3.2%
- Activity growth – 1.8% (this is down due to a lack of confidence and a reduction in resource prices, mainly because of less activity in China)
- CPI growth – approximately 2.7% (slipping back a little)
- Budget deficit - \$35billion (not the decrease the government was planning)
- Interest rates will probably remain at around 2.25% for some time (a great opportunity to lock in these rates)
- Exchange rates – will probably settle at approximately 77cents US to an Australian dollar

### What now for your business?

The key to survival and growth this year is constant monitoring and adjustment. The environment we started with on 1 July 2014 is already quite different. Keep an eye on top line growth as much as the growth of your bottom line. Focus on increasing your market, not just cost cutting to make the numbers look right.

Importers should look at the price impact of the fluctuating currency on profit margins. Do you need to put up your prices or are there other strategies to mitigate the impact? Understand that anything that impacts margins will have a magnified impact on net profit.

And exporters must consider pricing. Can you hold your price and maintain margins or should you move your price to attract volume? Reviewing price, volume and margin is critical when currency is volatile.

If your business has debt, do your housekeeping to ensure you are getting the best available deal. Financiers are hungry for business right now so if you have not had your debt mix reviewed in a while, now is the time.

[Cash flow management](#) continues to be crucial and includes monitoring debtors, work in progress, stock and capital expenditure.

Talk with us about preparing your [budgets](#) and cash flow forecasts, or updating your [business plan](#) for 2015 on 02 6686 3000.

## Capital Gains Tax (CGT) Update

Planning to [sell your business](#)? Then CGT is a major issue.

The Australian Tax Legislation includes some generous CGT concessions. However, they are also complex.

1. **The first test relates to income.** If your business income is less than \$2million per annum, irrespective of the value of assets owned by the business, then CGT would probably be able to be avoided on the sale of your business.
2. **The second area relates to the value of assets.** Your assets can include net assets of family members in your overall calculation. The value of assets is determined at a particular time ie what the assets are worth at that time. Some assets are not included in the assets test. The calculation is made on net assets and, therefore, all liabilities should be brought to account in the calculation of the net asset value. If the net market asset value doesn't exceed \$6million then, most probably, CGT is not payable so you can access the small business CGT concession to reduce or eliminate any capital gains. The net market value of assets includes all of your business assets but excludes your family home, superannuation and personal use assets. Personal use assets could include a holiday home if you're not renting it out.

If you're [selling a business](#), you can include in liabilities the commission for the sale of the business and any other expenses that are necessary to enable the sale of the business. It's important to consider all of the liabilities you have to ensure they're all included in this calculation.

### CGT concessions are very attractive.

However, there are traps and we recommend that, prior to finalising any business arrangements relative to the calculation of capital gains tax concessions for small business, [contact us](#) for a discussion on your individual position on 02 6686 3000.

## 6 months free Xero Beautiful accounting software.

Convert your business accounting system to [Xero](#) with Collins Hume and get 6

months of your Xero subscription for free! Call [Jamie Doyle](#) today at Collins Hume on 02 6686 3000. Hurry – offer ends 31 March 2015.



## What now for your [superannuation](#)?

### Positive reform of excess contributions tax currently before Parliament.

If passed, the amendments will enable individuals the option of withdrawing contributions in excess of the non-concessional contributions cap and 85% of the earnings. If you choose this option, no excess contributions tax will be payable and any related earnings will be taxed at your marginal tax rate. That's quite a difference to the current system that can apply a tax of up to 93%. And, the changes apply retrospectively to excess contributions from the 2013/2014 financial year.

For those with SMSFs, make sure your fund is acting within the rules. There is too much money tied up in SMSFs for the Tax Commissioner to take a gentle approach to non-compliance. Key issues include borrowings, unlawful interactions with related parties, overseas members and maintaining the residency of your fund, and ensuring that where pensions are being paid they meet the maximum and minimum requirements. Plus, if your SMSF auditor has flagged issues with you, act to correct these.

There is talk of changes to the way super is taxed and how and what funds can invest in, but there is no point reacting to these recommendations until there is more certainty about reform. Call us on 02 6686 3000 to discuss your [super](#) in finer detail.

## Tony has been a businessman and entrepreneur most of his working life

A passionate property investor, Tony Born enjoys connecting with positive, motivated, like-minded people.

Which is why, when his previous accountant made some serious errors on his tax return 5-6 years ago, he promptly did a Google search and found Collins Hume.

From his first meeting with [Shane Bartrim](#) he was impressed.

"I was quite distraught when my previous accountant did a half-hearted job with my tax return, resulting in a costly outcome," says Tony. "There were lots of problems and I had a sense they didn't seem interested in me as a client. I did a search, found Collins Hume and Shane fixed the errors on my tax return."

"My business is complex, so I need a good team of experts around me. I can say wholeheartedly I now have that, thanks to Shane."

Tony runs two businesses in real estate sales and as a mortgage broker, offering his services to property investors. He travels extensively and both businesses are managed electronically so he has very specific needs when it comes to an accounting service.

Because of his somewhat unique situation, all tax meetings with Collins Hume are conducted via Skype, phone and email. Collins Hume's secure client portal, [Nimbus](#), ensures Tony has the correct tax information at various times throughout the year.

"I am always looking to expand my own property portfolio as well as for others, so I need to focus on my business and opportunities as they arise."

"Collins Hume look after both my [business and personal tax](#) – I would rather have Shane take care of all of that so that my time is freed up to concentrate on building my business."

"Shane knows the nuances of tax with respect to property investment. If I ever get in touch to discuss investment property matters, the tax implications, structuring or troubleshooting on my property investment analysis reports, Shane knows his stuff."

"He is also very professional, diplomatic and has a great attitude. Wherever I am in the world I know that my tax is in good hands with Collins Hume."

Tony Born helps people to build wealth and set up for a good retirement through the acquisition of quality property. Find out more at [www.TonyBorn.com.au](http://www.TonyBorn.com.au).



## Signing PDFs online Secure Digital Document Signatures (DDS) now available in our [Nimbus](#) secure client portal.

We're delighted to now offer the simplicity, convenience and security of signing financial and other PDF documents online.

It means you no longer have to waste time, paper and ink unnecessarily printing out documents, signing them, then scanning them back into an electronic format again before uploading them back to us.

It also means you can sign your documents on a smart phone or iPad so you don't even have to be in your office.

It is an elegant and simple solution to signing documents online.

If you would like to know more about Collins Hume's [Nimbus secure client portal](#) or DDS then [contact us](#) on 02 6686 3000.

The screenshot shows a web interface for 'My Details'. It has tabs for 'Contact', 'Login', 'My Id', and 'Invites'. Below the tabs is a profile picture of a woman and a large signature field containing the word 'Signature' in cursive. Underneath the signature field are input fields for 'Reference Document: Drivers licence', 'Pin: \*\*\*\*\*', and 'Confirm Pin: \*\*\*\*\*'. At the bottom, there is a checkbox for 'I give my consent for Nimbus Technology to store this data and agree to terms & conditions of usage.' and two buttons: 'Clear All' and 'Terms & Conditions'.

## Aqsa's accounting dream becoming reality

### Aqsa Munir's professional life is filled with lots and lots of learning.

Being Collins Hume's newest graduate accountant, this is no mean feat. Aqsa is open to experiencing as much as she can as she works her way toward her Chartered Accountant qualification.

"I have always wanted to work as an accountant in public practice," says Aqsa. "Hopefully one day I'll become a tax and auditing specialist."

Setting study abroad in her sights from an early age, Aqsa used her place at Lahore School of Economics as a springboard to complete her Bachelor of Business in accounting at RMIT in Melbourne.

After being chosen as a university candidate for placement in ANZ's mentoring program, Aqsa made her way to the Northern Rivers to take up her post with Collins Hume.

"Ballina is a beautiful place and Collins Hume has a great, down to earth culture," says Aqsa. "More than anything, people are more helpful here which is something I've noticed coming from large cities."

Being a graduate accountant, Aqsa is currently working on 'a bit of everything' when it comes to tax and BAS. She is also proficient in using MYOB and BankLink and is, again, a mentee of [Shane Bartrim](#) and [Tony Wang](#).

"Shane and Tony are amazing; they give me time to learn and are great mentors. The Chartered Accountant training program is massive and Collins Hume offers me proper opportunities to maximise my learning."

"I really feel fortunate to work with Tony as my mentor, being a Chartered Accountant himself. His knowledge is vast and he's very supportive. And Shane really helped me to make sense of the legislation of the Master Tax Guide."

"I'm in a really good place and have so much support. Collins Hume is an amazing workplace – everything is organised and they invest in their people. Whilst I am preparing for the workload that comes with the next tax season, they never stop me from asking questions now."

Outside of study and work, Aqsa is actively involved in suicide prevention as a trainer with [R U OK?](#) Their annual R U OK? Day is a major event on her calendar. She also retains strong ties with RMIT as a Student Learning Advisor Mentor where she can give back to up-and-coming undergraduates.

"Collins Hume take care of their team; as a graduate they have really given me time to settle into a routine. They are more like a family with my colleagues like friends."



## Politics and taxes

### The last Federal Budget contained a series of severe cuts.

Some passed Parliament and became law, while others are pending the outcome of negotiations with minor parties, and others died a slow death. Keeping track of what is now law is difficult. Here's our quick summary:

- Carbon Tax abolished.
- Mining Tax abolished along with the associated business initiatives such as the loss carry back rules, accelerated depreciation for motor vehicles and the instant asset write off.
- Superannuation guarantee (SG) rephased as part of the mining tax repeal. The SG rate will remain at 9.5% until 1 July 2021.
- School kids bonus was to be abolished as part of the mining tax repeal but is now means tested until 31 December 2016, before being abolished.
- 2% debt tax applies from 1 July 2014 until 30 June 2017 to those with annual taxable incomes over \$180,000. In line with the debt tax, FBT rates also increase from 47% to 49% from 1 April 2015 until 31 March 2017.
- Biannual indexing of fuel excise - introduced by stealth as a tariff proposal.

#### Ballina

97 Tamar Street  
PO Box 731  
Ballina NSW 2478

#### Byron Bay

Shop 7B The Bay Centre  
6 Lawson Street  
Byron Bay NSW 2481

P (02) 6686 3000  
F (02) 6686 7854  
E [mail@collinshume.com.au](mailto:mail@collinshume.com.au)



Collins Hume  
is a CPA business

Liability limited by a scheme approved  
under Professional Standards Legislation.



Tax agent  
36307002

## Collins Hume's community counts!

**In business, being part of a community raises our everyday work practise into a thriving, nourishing give and take relationship.**

It is actively shown in the butcher that gives sausages for the local football club fundraising BBQ or the accountancy firm providing pro bono accounting services and advice to the local surf lifesaving club.

It shines in the doctor who rolls up her sleeves for tuckshop duties and the busy public relations firm that provides free marketing support at local small business network meetings.

There are of course the benefits of tax deductibility of sponsorships to local organisations and donations to charities, but that is not the main reason they do it.

They do it to support the local community, strengthen networks and build a web of services for those who can't always access those levels of support.

### They do it because communities count.

Collins Hume takes our social responsibility very seriously and is proud to be part of our local community. Business Manager [David Keith](#) said, "Over the years, we have provided pro bono services and contributed tens of thousands of dollars to a number of [diverse local causes, charities and foundations](#). In 2011 we were granted 'Certified Giver' status by the Buy1Give1 Board of Directors and to date have positively impacted over 1 million lives around the world by supporting worthy charities through [B1G1](#)."

The B1G1 motto is that every small business, every person and every project impacts lives for good. It is a movement created by businesses that are giving back to impactful projects worldwide and changing lives in totally unique ways and a great way to be part of community giving.

For businesses, charitable giving has added benefits: it provides networking and marketing opportunities while also increasing the business's presence in the community. If a business also encourages employees to participate, workplace morale improves as each person feels as though they are making a difference in the community. While performing charitable work can seem as though it is a completely selfless act, the behaviour may actually be good for the health and wellbeing of those performing the act. So get your team involved and support the community that supports your business.



## What now for you?

**The impact of Government policy is likely to be the biggest issue for many individuals.**

But at this stage, it is unclear how and when the Government will seek to recoup the deficit. That leaves the regulators to try and plug the hole.

A key target is individuals with overseas sourced income – if this is you, you need to be absolutely certain about what income is taxable in Australia.

But what the Government and regulators are likely to do to us is nothing compared to what we're doing to ourselves. Figures released by the RBA in mid-January show that credit card debt is sitting at \$50.5bn with \$33bn of that accruing interest. Having credit card debt is never a good idea. It's a short-term lending option, not a long term one. Use 2015 to get rid of it!

*The material and contents provided in this publication are informative in nature only. It is not intended to be advice and you should not act specifically on the basis of this information alone. If expert assistance is required, professional advice should be obtained by calling Collins Hume on 02 6686 3000.*

## Industry skills fund launched

### Government expects 200,000 training places and training support services to be offered over four-year period.

The fund primarily targets small/medium enterprises, which plan to upskill and reskill their workforces to better position themselves for growth opportunities.

Assistance is available as follows:

- Skills Advice – help with identifying skills, opportunities and maximising training outcomes.
- Training Grant – for businesses that are looking to improve the skills of their workforce, for an identified growth opportunity.

Businesses may access one or both of these categories, depending on business needs, eligibility and merit.

The government has identified priority industries for these grants as follows:

- Food and Agribusiness
- Mining Equipment Technology and Services
- Medical Technologies and Pharmaceuticals
- Oil, Gas and Energy Resources
- Advanced Manufacturing
- Enabling technology and service industries that support one or more of the priority areas listed above

Applicants within the priority sectors will be fast-tracked through a streamlined assessment process. **Applicants that don't fall within the priority sectors are still able to apply.** However, they will need to clearly show in their application that they have significant growth potential and are preparing to reposition themselves to take advantage of economic opportunities.

**Skills Advice** will be available from experienced advisors, employed by the government, who would make recommendations on the type of training that is appropriate for the business.

**Training Grant** helps applicants with the cost of training that is approved by the Industry Skills Fund. Each applicant's contribution would depend on how many Full-Time Equivalent (FTE) employees the applicant has.

The applicant would be required to contribute as follows:

- Micro-Businesses (0-4 FTE employees) – 25%
- Small Businesses (5-19 FTE employees) – 34%
- Medium Businesses (20-199 FTE employees) – 50%
- Large Businesses (200+ FTE employees) – 75%

Applicants must:

- be a company or a trust that has a trustee that is a company;
- have an Australian Business Number (ABN) and be registered for GST; and
- have operated in Australia and have filed Business Activity Statements, showing ongoing trading, for at least three consecutive years.

Eligible learners under the grant will include new and/or existing employed workers that:

- have not previously completed the training course;
- are permanent residents of Australia or a New Zealand passport holder who has worked in Australia for at least six months;
- are of legal working age; and
- satisfy the training program/licencing pre-requisites.

If you require further information on the Industry Skills Fund, please contact us on 02 6686 3000.