

Collins Hume win two more prestigious industry awards

Collins Hume represented the NSW Northern Rivers region by being named *SMSF Firm of the Year* at the inaugural 2017 SMSF & Accounting Awards held in Sydney earlier this month.

Collins Hume Partner [Peter Fowler](#) also received a second accolade as *SMSF & Accounting Professional of the Year – Regional*.

NSW's SMSF & Accounting Awards recognise individuals and businesses making their mark in SMSF and accounting advice by championing professionalism, quality advice and innovation. Upon accepting the SMSF Firm of the Year award for Collins Hume, Business Manager [David Keith](#) said he was lost for words.

"I'd like to dedicate this award to all of the Collins Hume team," David said. "It's through their collective hard work that we get to shine as a business. As accountants we realise we have the ability to change lives on a daily basis; not only with our clients and the advice we provide to help them improve their business and lives, but also through [our giving](#) to people around the world who are much less fortunate than us. It really is a privilege to have these opportunities to change lives."

Peter added, "Both awards reflect the great work our team does, especially in our SMSF division. It hasn't been easy with recent superannuation rule changes and ASIC licencing, but we have faced these challenges head on with success."

The judges commented on the exceptional quality of nominees this year and particularly remarked on the efforts firms and individuals are going to with innovation and client servicing standards.

"We recognise that awards programs aren't always the right fit for professionals who are concentrated on their locale, and we are pleased that we can acknowledge their contribution to the industry," said SMSF Adviser's head of partnerships, Terry Braithwaite. Congratulations to all finalists and winners for their outstanding achievements at the very first SMSF & Accounting awards."

The full list of winners can be accessed [here](#).



ASIC Trading Name changes in 2018

A trading name was a name used by an entity or person to trade under. A trading name is not a registered business name. The ATO collected trading names before 28 May 2012. They are currently displayed on the Australian Business Register (ABR).

Current situation

Since 28 May 2012, the ABR no longer collects nor updates trading names. Any existing trading names collected before this date will be displayed on [ABN Lookup](#) until 31 October 2018 after which they will be removed.

You are still able to maintain the details of your trading name with the ATO for tax purposes. However updates are not passed onto the ABR or ABN Lookup and will not be available to the public.

To continue using a trading name, [register it as a business name](#). Use ASIC's [Check business name availability search](#) to see if the name you want is available or phone us on 02 6686 3000 for further assistance.

Collins Hume's business planning guides Envirostyle start up

For a business that only started life this year, Envirostyle owner and tee shirt lover Michelle Harris has made a ton of headway.

"A lot of tee shirts are not very comfy or they're hot so I was looking for something sustainable and eco-friendly," says Michelle. "And then I had the idea to enlist the help of a friend and artist to create the designs."

What came back was a series of stunning, hand drawn images that capture the region.

"All our designs have a Byron Bay feel, from the lighthouse and kombi vans to turtles and whales splashed across organic cotton tees and recyclable greeting cards."

Michelle's business planning is guided by Collins Hume. Not long after starting Envirostyle, she attended a Better Business Workshop with other local business owners.

Michelle says it was the right time to focus and work ON her business.

"The one-on-one session was absolutely awesome," says Michelle. "I received my own [business plan](#) done up in a beautiful folder outlining my specific business improvement strategies, recommendations from [Peter Fowler](#) along with accountability initiatives."

"Suddenly I knew what to do with the business having worked out my 'why', my core values, targets, goals and strategies during the workshop."

"I follow the plan to make sure I have direction on things like target market, getting the messaging right and the value of helping the environment."

"I wasn't going to allow it to be a matter of creating a website and hoping for the best," says Michelle. "Thanks to Collins Hume I have a plan and I work on everything in it."

Michelle makes sure giving is also factored in; she is a lifetime partner of [B1G1](#) and for every product sold she donates to one of their projects. It keeps her mindful of the bigger picture and guides her research when sourcing earth friendly products. The range is already expanding to stainless steel straws and biodegradable toddler feeding sets.

Whilst her own bookkeeping prowess keeps day-to-day [cash flow](#) and the finances in check, Michelle does lean on Collins Hume each end of financial year, "[David](#) and Peter are very helpful. It's good to have them involved – the team is awesome and it's a great business to work with. They are business-centric and knowledgeable on so many things, yet caring and passionate about helping businesses. It's a very genuine approach."

Michelle has ticked some big milestones in a short time, but she has Collins Hume's support throughout. With her business about to experience its first Christmas, Michelle recommends ordering by 15 December to guarantee delivery. Visit the Envirostyle [website](#) to order or Follow on [Facebook](#) or [Instagram](#).



Welcome to Lismore lass Lyndall

From July, new Collins Hume Exec Assistant Lyndall Onslow has been kept under wraps (not on purpose) so her Strategist welcome is long overdue. Born in Lismore and a Kadina High alumna, Lyndall is no blow in, although she did make a break north over the border and got up to secret QLD business for five years!

When the trappings of Brissie life became passé, Lyndall did what many of us do and resettled in one of the best places on earth. Since the noughties she has worked in professional services (jargon for accounting and legal) and got her Business Admin Cert 4 and Cert 4 Frontline Management under her belt.

At Collins Hume Lyndall is exec assisting [Peter](#), [Jamie](#) and [Ian](#) and anyone else who throws something her way... including a netball which she plays very well in her leisure time!



New legislation restricts access to the reduced company tax rate

Legislation restricting access to the small business company tax rate reduction entered Parliament last month.

The changes specifically preclude companies with passive investments such as rental property income from qualifying for the small business entity tax rate of 27.5%.

For the 2017 income year a company could access the reduced company tax rate if it was carrying on a business and it had an aggregated turnover of less than \$10 million. The changes replace the 'carrying on a business test' with a 'passive income test' from the 2018 income year onwards. Under the new rules, to access the reduced company tax rate, 80% or less of the entity's assessable income must be passive in nature.

The passive income test is not simple.

Where a company is receiving income from trusts or partnerships, you need to trace through to determine the nature of the income that was derived by that trust or partnership, and this might need to be done on multiple levels. For example, Trust 1 might distribute income to Trust 2, which then distributes income to a company. Whether dividends are treated as passive income will depend on the shareholding percentage involved.

These changes mean that companies that only hold rental properties will not qualify for the lower tax rate, even if the rental activities amount to a business under general principles. However, a company that receives distributions from a related trust could still qualify for the lower rate if 20% or more of its income is attributable to trading profits (directly or indirectly through the trust).

Under the proposed new rules, it will no longer be necessary to determine whether the company carries on a business in its own right under ordinary principles to determine its tax rate. The removal of the [carrying on a business test](#) should eliminate some of the uncertainty that is currently faced when trying to determine the tax rate that applies to many private companies. However, this would still be relevant in determining whether a company can access other concessions that are available to small business entities.

Changes will also be made to the maximum franking percentage rules. To determine



a company's maximum franking rate for a particular income year, you need to look at the tax rate that would apply in the current year if the following assumptions are made:

- The company's aggregated turnover in the current year is the same as in the previous year;
- The company's assessable income in the current year is the same as in the previous year; and
- The company's passive income in the current year is the same as in the previous year.

There have been a lot of changes to the company tax rules and who and what they apply to. This development should finally provide some much needed certainty around which companies can qualify for the lower corporate tax rate and the flow-on impact that this has on franking rates for dividends paid by companies.

Nuptials and a November birthday! Best wishes to Collins Hume Accountant Charlotte who gets hitched to Mitch, and to Admin Assistant Val celebrating her birthday this month!

Cleaners and couriers latest black economy target

The detail of the Government's crackdown on cleaning and courier companies was revealed late last month.

From 1 July 2018, the taxable payments reporting system will extend beyond the building industry to cleaning and courier businesses. This means that these businesses will need to report payments they make to contractors (individual and total for the year) to the ATO. By 'payment' the ATO means any form of consideration including non-cash benefits and constructive payments.

The building industry has had this form of "enhanced reporting" since 2012-13. The result was an additional \$2.3 billion in income tax and GST liabilities collected through voluntary reporting in the first year alone.

What is a cleaning and courier service?

The terms 'cleaning service' and 'courier service' take their ordinary meaning.

Courier services include activities where items or goods are collected from, and/or delivered to, any place in Australia using a variety of methods including by truck, car, station wagon, van, ute, motorcycle, motorised scooter, bicycle or other non-powered means of transport, or on foot. Freight services, blood and blood product couriers, and passenger transport are not affected.

A cleaning service is any service where a structure, vehicle, place, surface, machinery or equipment has been subject to a process in which dirt or similar material has been removed from it. This includes office cleaning, road sweeping or street cleaning, swimming pool cleaning, park and facilities cleaning, or cleaning for certain types of cultural or sporting events.

Mixed business that supply services including courier or cleaning services will also be affected.

What you need to do

The first annual report for affected cleaning and courier companies is due by 29 August 2019 for the 2018-19 year. The types of information reported to the ATO about contractors include:



- ABN (where known)
- Name
- Address
- Total paid to the contractor (including GST) for the financial year, and
- Total GST included in the gross amount that was paid

If an invoice you receive from a contractor includes both labour and materials, whether itemised or combined, you will need to report the total amount of the payment.

If your business is likely to be affected by the new requirements and you currently do not have systems in place that allow you to readily access the information required by the ATO, it's important to start your planning now by calling Collins Hume on 02 6686 3000.

How small subsidiaries are being caught by new multinational tax crackdown

Entities with a global parent or that are part of a large group of companies are being caught in the multinational tax crackdown regardless of their size in Australia.

From 1 July 2016, many smaller entities connected to a larger parent or group are now only grappling with the changes prior to the lodgement of the 2016-17 tax returns.

A series of laws targeting multinationals came into effect from 1 July 2016 to ensure that tax is paid on economic activity in Australia. But it's not just entities with revenues of \$1bn or more that are affected. Subsidiaries may be caught by the new rules if they:

- Have a large global parent with annual global income of A\$1bn or more, or
- Form part of a group of entities consolidated for accounting purposes where the global parent entity has an annual global income of A\$1bn or more.

This includes Australian headquartered entities (with or without foreign operations) and local operations of foreign head-quartered multinationals.

Australian entities (or a foreign entity with a permanent establishment) that meet these criteria are considered significant global entities (SGE). A SGE has additional reporting requirements if:

- It is not required to lodge general-purpose financial statements with ASIC. Many wholly or partially owned foreign entities rely on the reporting exemption from ASIC.
- A corporate tax entity a company, corporate limited partnership or public trading trust.
- An Australian resident or a foreign resident operating an Australian permanent establishment (PE), at the end of the income year.

The additional reporting requirements are to ensure that profits and economic gains from activities in Australia are not diverted.

If the Australian entity does not already lodge general purpose financial statements with ASIC, where for example the entity might be exempt, then these financial statements need to be lodged with the ATO prior to the entity's tax return being lodged.



So, you could run a local subsidiary of a multinational that might be generating very little income and still be subject to the same reporting requirements as billion dollar companies.

Being classified as an SGE has broader implications than just the additional paperwork. The administrative penalties that apply to SGEs for entering into a scheme to reduce the amount of tax payable in Australia, failing to lodge tax returns and the accompanying financial statements, and failing to lodge on time, all attract much more significant penalties than if the entity was not an SGE.

Taxation can be a major cost to your business. We work in partnership with you to minimise your tax and help you achieve your key objectives. Call us on 02 6686 3000 if the new laws are likely to affect your business.

Borrowers tips to buying your first home

Preparation and factors to consider before deciding to buy.

What savings do you currently have?

Most lenders will want to see that you are able to save consistently and usually require your last six months savings history prior to considering you for a loan.

If you are able to afford the repayments some lenders will loan you up to 95% of the property purchase price. This may even allow you to add mortgage insurance costs to the loan as well meaning you may be able to borrow up to 97% of the property value. However, even in this situation, the lender will require you to have at least 5% of the property value in genuine savings as well as enough money available to cover the other costs of purchasing a property. Sit down with your mortgage professional to ensure you know which options are available to you.

What current debts do you have?

The amount of current debt you have will affect how much you can borrow. You may want to consider reducing your current debts prior to purchasing your first home.

Owning your own home should be enjoyable, not a burden.

Consider what concessions you are prepared to make to own your own home. Think about how repayments will affect your current lifestyle and whether borrowing to your maximum capacity will prevent you from doing things you enjoy. You may wish to consider borrowing a smaller amount with which you are completely comfortable.

Talk with a mortgage professional about how much you feel comfortable in repaying each month prior to making decisions about your loan amount, rather than just borrowing the maximum that you can. If you are planning a family in the near future also consider how you will manage your repayments on just one salary.

How much can you borrow?

How much you can borrow depends on several factors including your income, the deposit required, eligibility for First Home Owners Grant and other loan repayments and commitments. How comfortable are you financially to repay the proposed loan? It is imperative that you do not overstretch yourself by [budgeting](#) to understand how much you have left over to repay a loan comfortably. Also factor in interest rate movements as these will affect your repayment amount.

[Email](#) or phone Collins Hume's Mortgage Specialist David Seymour on 0418 785 747 to get the ball rolling or to initially find out what your options are.

ASIC penalties 'cost of doing business'

The Australian Securities and Investment Commission (ASIC) is set to increase penalties for corporate and financial sector misconduct to deter the fines being seen as the cost of doing business.

The impact of the proposed changes would be to expand the range of civil penalty provisions and to increase maximum civil penalty amounts in the Corporations Act 2001 and National Consumer Credit Protection Act 2009 (Credit Act) for:

- individuals, 2,500 penalty units (\$525,000); and
- corporations, the greater of: 12,500 penalty units (\$2.625M), or three times the benefit gained (or loss avoided) or 10% annual turnover

This would mean increases from \$200,000 (individuals) and \$1M (corporations) in the Corporations Act and 2,000 penalty units (\$420,000) for individuals and 10,000 penalty units (\$2.1M) for corporations in the Credit Act.

ASIC is also seeking to expand its powers to enable it to remove benefits illegally obtained or losses avoided.

Maximum terms of imprisonment would also be increased for a range of offences to the highest maximum penalty available; 10 years imprisonment and substantial fines.

What Is Equity Crowdfunding? – Enable Funding – enablefunding.com

Equity Crowdfunding is a new way to connect companies and investors through an integrated online digital portal/site.

Unlisted companies, start-ups and small businesses can access equity crowdfunding sites to raise capital from large groups of investors (the crowd) via online equity crowdfunding platforms, such as Enable Funding.

In exchange for capital, investors receive shares or equity in the business. If the business succeeds, the value of those shares rises, and vice versa.

Enable Funding is solving two main problems:

1. First, it reduces capital raising obstacles of private companies. A long-standing challenge in Australia is the lack of capital raising options for Early-Stage Companies because of Australia's small venture capital and angel investing sectors.
2. The second problem is investor access to unlisted companies. This form of investing has been the preserve of professional investors and high net worth individuals with contacts in this area. Through equity crowdfunding, anyone can now invest in this sector of the market.

If you would like more information about raising capital as a Crowd-Sourced Funding or Early Stage Innovation Company, please contact Collins Hume on 02 6686 3000.

Give the 'Reason Why'

"How can I sell more product?" is the eternal question.

To open minds, wallets and have prospects eagerly buy, the most persuasive words are simply "Reason Why".

Whether you spread your message digitally or in print, you must explain the "Reason Why" your product is much better by giving good reasons for these three questions – Why you? Why true? Why now?

If you want to sell like a superstar, boldly state your reasons: First, the reason yours is best. Second, a reason to believe and, third, a reason to act right now. Give these and you will receive more sales than you can imagine, gold and riches on high.

The world showers you with treasure when you give the "reason why". Take a hard look at your most critical marketing material, especially any that is underperforming. Ask if

you are giving reasons why in each of these three areas:

- Compelling reason(s) why your product is superior to other solutions your prospects might choose, including doing nothing.
- Compelling reason(s) to believe that what you say is true.
- Compelling reason(s) to seize the opportunity today.

When you examine the most successful examples of salesmanship in print, you'll almost always find these three reasons – "why", in full force, which is why they are so profitable.

Export Market Development Grant

If you wish to lodge an Export Market Development Grant for the year ended 30 June 2017, the application must be lodged by 30 November 2017. If you need assistance preparing your application, please contact us urgently.

Business Prompts Early Stage Innovation Company

If your company is under three years old and you have developed a new product, process or service, then it is probably worth your while talking to us to determine whether your company would qualify as an [Early Stage Innovation Company](#).