

Peter Fowler named outstanding alumnus

Collins Hume Partner, Peter Fowler, was named SCU's School of Business & Tourism 2018 Alumnus of the Year last month.

Southern Cross University 'welcomed home' more than 50 global change makers to the highly anticipated Alumni of the Year Awards on Friday 28 September.

[Peter Fowler](#) was recognised for the difference he makes to the Northern Rivers business community, providing astute commercial business advice together with innovation and growth initiatives that help the region's businesses to thrive. Peter also spearheads a number of activities to fundraise and provide support to charity.

In his acceptance speech, Peter congratulated all Finalists and thanked his wife, Jess, his parents and the teaching staff at SCU.

"At 25, I was fortunate to be invited to become a Partner of Collins Hume. So when I returned to SCU 10 years later to complete my MBA, not only was I working full time, I was also a Senior Partner running a business and leading a team of nearly 30 people. Everyone thought I was crazy and perhaps I was! I certainly don't miss all the early mornings and late nights but I genuinely appreciate the amazing support I received. You went far and beyond the call of duty many times and I thank you for that."

Every year, Southern Cross University recognises the achievements of outstanding alumni through the Alumni of the Year Awards. Past recipients include leaders and innovators across a diverse range of disciplines.

Peter Fowler is now a specialist commercial adviser to business, for which has been awarded by the Australian accounting profession. He is not only across business accounting issues and their impact, but is recognised as a standout accountant, business adviser and financial adviser servicing clients locally, nationally and abroad.

"Collins Hume is now seen as a Family Wealth Office making sure that business owners and individuals have utmost confidence in our ability to deliver a range of services. I also strongly believe that knowledge is power and a good education can make a world of difference. This is why my wife and I, together with Collins Hume, are so passionate about helping those less fortunate," he added.

"We aim to build great relationships not only with our clients, but with our wider community, by staying at the forefront of business trends and helping to create a better world with knowledge, technical expertise, leadership and compassion."



Also in this edition:

- Managing your future business needs
- Footy tipping 2018 final results
- Updated cryptocurrency guidelines
- Welcome to four new team members
- Making the most of business growth opportunities
- Are your tax liabilities up to date?
- Mortgages & Lending ask why rent?
- Deductions you can claim by working from home
- Crowd Sourced Funding launched
- Taking all the tax advantages you can

Many happy returns!

Happy birthday this month to our new receptionist, Tamara. Spring is nature's way of saying 'let's party!' Wishing you a top day from all the Collins Hume team.

Managing your future business needs

Business owners, your wealth and well-being are inextricably linked to your business.

It is your source of income, your most important asset and, frequently, its sale will fund your retirement.

At Collins Hume, we want to support your goals so you can retire financially secure by providing you with independent and objective advice, tailored to meet your specific circumstances.

The key objective of our Board of Advice program is to support you and maximise your opportunities to achieve your future growth, improvement, succession and estate planning aspirations.

You retain complete control over your business. We provide advice and guidance; we do not make decisions. Instead, we support you as a business owner to improve the profit and value of your business with personalised support where you need it most.

Our Board of Advice program includes:

- Meeting with you at regular intervals that work for you, in a quiet place away from your business to minimise interruptions.
- Structuring formal agendas in advance of all meetings so you can prepare. Each meeting includes but is not limited to Financial Performance, Industry Performance and Key Priorities.
- Updating agreed strategies, actions plans and summary notes from each meeting and providing our support as and when required.
- Coordinating your team of experts if you require professional project advisory support.
- Revaluating your business with a complete a business value gap analysis on the 12-month anniversary date of our Board of Advice engagement.

Key outcomes

Our Board of Advice program empowers you to take control of your future by increasing profit, reducing risk and helping grow the value of your business.



By applying these principles, we help to make your business more profitable and valuable so you can enjoy your future life plans – personal, family and business.

If you rely on your business income for your livelihood, then our Board of Advice program will help you improve profits, work less and enjoy a better lifestyle. Read more [here](#) to start achieving financial security and independence.

Collins Hume NRL 2018 final results

Thanks to all 124 punters who took part this year's tipping comp and congratulations to our winners:

- 1st. Mopster - \$150 cash and \$100 donation to The Salvation Army
- 2nd. Hot Dot - \$100 cash
- 3rd. Chookman - \$50 cash donated to 10 underprivileged kids for water for life
- Lyndall Onslow - Knockout Comp Winner \$100 cash and \$100 donated to drought-affected farmers

Thanks again for playing and we hope to see you all next year! Thanks also to Jamie for keeping us tipping for another year!

Cryptocurrency guidelines updated

The Australian Tax Office (ATO) has updated their guidelines on the tax treatment of cryptocurrencies, following community consultation in 2018.

The updated guidelines help you learn more about the tax implications of cryptocurrency, including the practical issues of exchanging one cryptocurrency for another and associated record-keeping requirements.

If you have purchased, traded or profited from the sale of cryptocurrency, you may have tax related obligations of which they are unaware.

Tax treatment of cryptocurrencies

The term cryptocurrency is generally used to describe a digital asset in which encryption techniques are used to regulate the generation of additional units and verify transactions on a blockchain. Cryptocurrency generally operates independently of a central bank, central authority or government.

The creation, trade and use of cryptocurrency is rapidly evolving. This information is the ATO's current view of the income tax implications of common transactions involving cryptocurrency. Any reference to 'cryptocurrency' in this guidance refers to Bitcoin, or other crypto or digital currencies that have the same characteristics as Bitcoin.

If you are involved in acquiring or disposing of cryptocurrency, you need to be aware of the tax consequences. These vary depending on the nature of your circumstances.

Everybody involved in acquiring or disposing of cryptocurrency needs to keep records in relation to their cryptocurrency transactions.

If you have dealt with a foreign exchange and/or cryptocurrency there may also be taxation consequences for your transactions in the foreign country.

Transacting with cryptocurrency

A CGT event occurs when you dispose of your cryptocurrency. A disposal can occur when you:

- sell or gift cryptocurrency
- trade or exchange cryptocurrency (including the disposal of one cryptocurrency for another cryptocurrency)
- convert cryptocurrency to fiat currency like Australian dollars, or
- use cryptocurrency to obtain goods or services.



If you make a capital gain on the disposal of a cryptocurrency, some or all of the gain may be taxed. Certain capital gains or losses from disposing of a cryptocurrency that is a personal use asset are disregarded.

If the disposal is part of a business you carry on, the profits you make on disposal will be assessable as ordinary income and not as a capital gain.

While a digital wallet can contain different types of cryptocurrencies, each cryptocurrency is a separate CGT asset.

Further reading

- [Cryptocurrency use in business](#)
- [Record keeping](#)

The ATO will continue to monitor community feedback about the tax treatment of cryptocurrencies, and update taxpayers on new and emerging risks.

If you have any uncertainty around the tax treatment of using and disposing of cryptocurrency either personally or in your business, please contact Collins Hume on 02 6686 3000.

Welcome to four new team members!

Collins Hume is pleased to welcome **Kelly Crethar, Tim McOmish, Shannon McDonald and Brock Lindsay** to our team.

[Kelly Crethar](#) is a Ballina local who obtained her Bachelor of Business (Accounting & Business Law) from Southern Cross University (SCU) before embarking on a career in public practice and qualifying as a CPA. She is a Xero Certified Advisor as well as proficient across all Collins Hume's cloud accounting systems. Kelly loves spending time at the beach and getting her family into the outdoors.

Tim McOmish is a Chartered Accountant and Xero Certified Adviser who covers the broad spectrum of all areas of Australian tax. He has spent the entirety of his career working in public practice accounting, gaining experience in Xero, MYOB, QuickBooks, Reckon and BankLink. Tim is Ballina born and bred and based in our Ballina office. He gained his B Business (Accounting) at SCU.

Shannon McDonald is originally from Lennox Head and gained her Bachelor of Business (Accounting & Finance) at SCU. She is a Xero Certified Advisor and Champion of Xero Migration and Xero Payroll. Outside of work Shannon plays for the SCU Netty Rats in Lismore and is involved in Northern Rivers Dance Studio (NRDS).

[Brock Lindsay](#) also obtained his Bachelor of Business (Accounting) from SCU. He is a JP, Xero Certified Advisor and a long-time member of Alphadale Rural Fire Brigade. When time permits Brock dabbles in drawing and travel.

Partner, [Jamie Doyle](#), said the new additions to the team are in response to the growing economy, local business confidence and the expansion of our offices in Ballina and Byron Bay.

"As a local business we have been busy growing the team to better service our clients, increase our service capabilities and expand our offices with greater confidence," Jamie says. "Our business is growing along with our clients which is really pleasing to see."

"Making these strategic appointments is underpinned by the positive support we receive from our clients, business partners and the wider community. With clients all around Australia and internationally, we are a global business but, by embracing technology, we are delighted to be able to live and work in such amazing communities. We are delighted to be able offer first-class expertise with friendly local service."



Making the most of business growth opportunities?

Business owners are passionate about their businesses and, when we talk to our clients, they always have great ideas about how to grow their businesses.

The enthusiasm goes beyond owners. Surveys (with Australian small and medium business in Q1 2018) show more than half (53%) of business owners believe their team is engaged to grow their business.

But perhaps business owners are not making the most of their opportunities. Only 39% of those surveyed had made Growth Plans.

To make the best use of your team's enthusiasm, you need to have a plan. Planning is important because it helps you communicate your goals and balance your competing priorities. Most important of all, it allows you to measure progress.

We can help you take the next step and convert your growth ideas into a concrete plan, complete with measurable KPIs. Call us on 02 6686 3000 to find out how.

Are your tax liabilities up to date?

Many small businesses have previously treated the ATO as an overdraft or line of credit to fund their business when cash flow has been tight.

While this was never a great idea, it is now worse than ever to do this.

But why?

Firstly, until this year the ATO never reported your debt to the credit reporting agencies – [but they do now](#), meaning that your credit rating can be adversely impacted by not paying your tax (and this includes your GST payments).

Secondly, most lenders are now asking you to provide a report from the ATO showing that you have been paying your liabilities promptly – this report routinely goes back 12 months. So if you pay late it will impact on your ability to obtain a loan for at least 12 months unless you have a really good reason.

This does not mean that being late will exclude you from getting a loan. However, it may make your loan more expensive and exclude you from no doc and low doc [equipment loans](#). If you are in doubt give us a call on 02 6686 3000 to discuss your business lending needs and we can explore the options.

Why rent?

Did you know that with current interest rates (based on an interest rate of 3.75%) each \$100 per week in rent you pay may support a loan of about \$95,000?

So, if you're paying \$400 a week rent you may be able to support a loan of \$380,000.

If you think that you don't have enough deposit chat to us anyway. There may still be options using [lenders mortgage insurance](#) or family guarantees to get you into your new home.

Don't delay; there is a Better Way. For an outline of the options available, [email](#) or phone Collins Hume Lending Specialist David Seymour on 0418 785 747.

David Seymour is an Authorised Credit Rep No 477331 of Regional Finance Solutions Pty Ltd ABN 71163893945 Aust Credit License 484980.



Working from home What deductions can you claim?

The Australian Taxation Office is concerned about tax deductions individuals are claiming for a whole host of expenses. The latest on their 'hit list' is home office expenses.

If you don't have a dedicated work area but you do some work on the couch or at the dining room table, you can claim some of your expenses like the work-related portion of your phone and internet expenses and the decline in value of your computer. This of course assumes that your employer doesn't reimburse you for your phone and internet expenses and you purchased your computer for yourself.

If you have a dedicated work area, there are a few more expenses you can claim including some of the running costs of your home. If your home is your principal place of business, you might be able to claim a range of expenses related to the portion of your home set aside for your business

Give us a call on 02 6686 3000 to clarify your position or read the full detail in our [blog article](#).

Crowd Sourced Funding launched 19 October 2018

Crowd Sourced Funding Equity Raising for small proprietary companies is now available in Australia without requiring a proprietary company to convert to an unlisted public company.

The UK, Europe, USA, Canada and New Zealand have been allowing their private companies to utilise crowd source funding equity raising for around six years. Australia has now caught up.

This is great news for company directors and shareholders of small medium enterprises who would like to expand their businesses, achieve new heights and achieve their dreams.

Eligible companies will have group annual turnover of less than \$25 million and will have group assets valued at less than \$25 million and will not be listed on a stock exchange or a financial market anywhere in the world.

There is no stipulated age requirement to raise crowd sourced funding equity raising nor is there any specified industry classification to be able to utilise crowd sourced funding equity raising.

Eligible companies will be able to raise up to \$5 million during a twelve-month period from the public – if the public is prepared to support the company and its capital raising activities.

The first thing to identify will be whether your company is likely to fit one of the characteristics of companies that might be interested in trying to raise crowd sourced funding equity raising. We have identified eight characteristics including:

- A fast-growing ambitious business
- A business that wants to expand
- A company that wishes to acquire other businesses
- A company with a “big audacious idea” that could be successful but the directors need to ensure that a [Business Plan](#), [Budget](#) and [Cash Flow Forecast](#) is prepared for the audacious idea and that the deal stacks up
- The company may have large debts financed on other people’s assets. The benefactor may require the title deed back – the company could consider raising capital to pay out the loan, return the title deed and save interest payments and

any “tension” arising from utilising someone else’s asset to borrow funds for a business.

- The company may have a [succession](#) issue because the founder has reinvested all of the profits back into the business over the years with the very little been contributed to a superannuation fund. However, the strategy could be to encourage a child or other family member to take over the business but there are insufficient funds available to give the founder access to money.
- The company may have developed new products, processes or services but is unable to present itself as being able to raise capital as an ESIC because of the company’s age, expenditure or income. In this case raising capital as a crowd sourced funding company could be a solution.
- A company with a CEO who has an exciting vision and the determination to implement that vision.

There could be other key characteristics making companies attractive candidates to be able to raise crowd sourced funding equity raising. Most will require advice from an accountant familiar with all aspects of the crowd sourced funding equity raising process.

The opportunity to raise capital as a small proprietary company commenced on 19 October 2018. Call us on 02 6686 3000 to find out more.

Take all the tax advantages you can

For small business there is a range of concessions and [funding](#) you can access.

Many businesses simply don't realise the opportunities available to them.

A simple example is trading stock valuations.

Your trading stock is an asset that is recorded on your balance sheet. In most cases it should be tax neutral to you. The cost of purchasing stock is expensed in your profit and loss account and offset by the value of the stock asset, until you sell it.

While the amount of stock you are carrying will impact on your cash position, because you have your funds tied up in it, there is no direct impact on your profits or taxable income until you sell that stock.

However, if at 30 June some of your stock is worth less than its cost price, you have the option to value it at the lower figure and take the tax write off now, rather than wait until the stock is sold. This reduction in your stock value will produce a tax saving for you.

For tax purposes, there are a number of ways of valuing stock.

Once you have done your stocktake (assuming you need to do one), you can choose what method to apply depending on the stock and your circumstances. The different ways of valuing stock can produce different results. Most businesses chose to value trading stock at cost – but you have the option of valuing your stock at cost, market selling price, or replacement value.

For example, if you have stock that is about to become obsolete, valuing it at cost price for tax purposes is not going to help you. In this situation, you might be better off to value the stock at market selling price, particularly if it is a large quantity. The tax rules also allow you to use a value that is lower than cost, market selling price or replacement value if this is warranted because of obsolescence or other special circumstances as long as the value you elect is reasonable.

Take the example of vitamins with a use by date that only has a month or two left on it. Leading up to and once the vitamins reach their use by date they are unsaleable. In this case, you would estimate how much of the stock you are likely to sell prior to the use by date and at what price. Using previous sales as a guide, if you only expect to



sell 15% of the stock prior to the use by date, you would use the market value of this 15%. Other than when you sell your stock, your tax return gives you a once a year opportunity to adjust your stock values and realise any losses.

Another way businesses disadvantage themselves is not taking the Government concessions available to them. The R&D tax incentive and Export Market Development Grant are a classic case. In the case of R&D incentives, if you develop new technologies or products, you might be eligible for a 43.5% tax offset (if your business has a turnover under \$20 million). The Export Market Development Grant reimburses up to 50% of eligible export promotion expenses above \$5,000 provided that the total expenses are at least \$15,000.

Collins Hume partner with you to achieve greater business and lifestyle success as your trusted adviser. Call us in Ballina or Byron Bay on 02 6686 3000.