

BusinessPlus+ Newsletter



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Issue – March 2019

Single Touch Payroll – In Summary

We have attached a diagram explaining the Single Touch Payroll process that will also now apply to SME business's employing less than 20 workers, effective from 1 July 2019, to help you understand how it all works in overview.

If you would like to discuss with us the most cost effective options that are available for the selection of a suitable Single Touch Payroll system for your business, please do not hesitate to contact us.

Customer Experiences: The Sustainable Competitive Edge

In the business world everyone is always looking for that extra something – the product or technology that will give them that competitive edge. But no matter what is found, sooner or later the competition catches up and once again you are looking for that next thing.

Ultimately, the most sustainable competitive advantage is your people. Yes, you have to have a quality product or service at a competitive price, but those are just table stakes to be in the game.

No matter what your industry sector – law, financial, retail, restaurant or supply, it's the experiences people have with you that make the big difference as to whether or not they will use you.

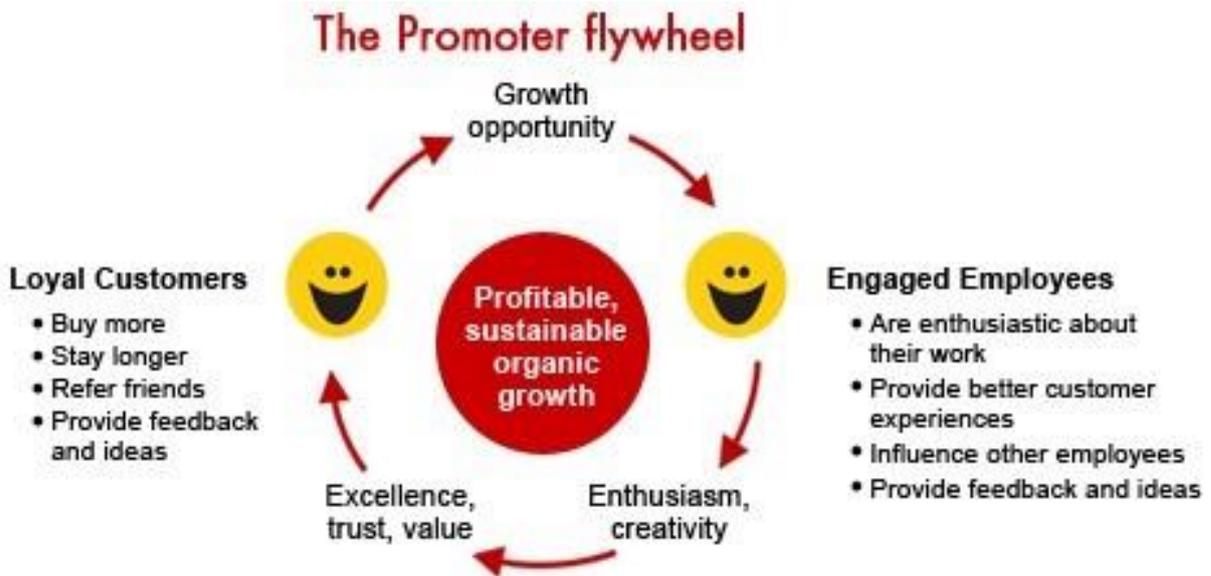
People like dealing with people they like and (this is important) especially with those that also add value.

You can be the nicest account manager but if you are not also adding value to your customer's business, they will buy from the other nice person who does both.

Here are six ways Business Owners can make it happen:

1. **Alignment** – Staff members aligned through a customer-centric culture.
2. **Leaders leading** – The owner operators lead the way, with team leaders side by side 'walking the talk' collectively as one.
3. **High performing teams** – Teams operating at a high level and collaborating to make great things happen. Structured weekly meetings (brief) are held to support this.
4. **Bring it to life: Storytelling** – Great customer experience stories were often shared internally so people can better understand what great experiences look like and see it isn't that hard.
5. **Empowerment** – People were encouraged to bring their personality to the experience and are empowered to make decisions on the spot and not worry about having to get management approval to do something for a customer that adds value to their interaction with the business.

6. **Focus** – Constantly keeping the culture alive to keep everyone mindful of their purpose.



Key Benefits in Return:

- Loyal customers: **Harvard Business Review estimates that getting a new customer is five to twenty-five times more expensive than retaining an existing one;**
- Engaged staff;
- Mobile marketers – also known as word of mouth;
- New customers;
- Increased sales and profit;

Conclusion:

The Business Owner(s) must **seek to create and unify around a constancy of purpose throughout their enterprise** – that is always striving towards improvement of products and service, with the aim to become even more competitive, stay in business and to provide jobs that are rewarding and very satisfying.

The outcome of having a unity of purpose, is to share a core business focus that provides an unwavering clarity of why the organisation exists, where it is going and how it will get there, thus enabling the enterprise's team to align their actions, as well as to innovate, adapt and take considered risks with greater confidence.

New Tax Assistance for SBE's: Small Business Concierge Service

The Office of the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) assists small businesses (*generally those with annual turnover of less than \$10M*) to resolve disputes.

The Small Business Concierge Service (Concierge Service) helps small businesses decide if an application to the Administrative Appeals Tribunal (AAT) for review of an Australian Taxation Office (ATO) decision is an appropriate pathway to resolution. **This new service commenced on 1 March 2019.**

The Concierge Service will guide and support the small business through the AAT process.

The Small Business Concierge Service process

The Concierge Assistance Team comprises small business specialists and case managers who respond to requests for assistance from small business taxpayers who have received a negative decision from the ATO.

The small business specialists and case managers will provide:

- information on the AAT procedures for reviewing a decision
- access to legal advice before and after an application is lodged with the AAT
- access to support including a reduced AAT application fee and fast tracked processing
- on-going support and assistance until a decision is reached.

Legal Assistance

The Concierge Service will provide access to a one hour consultation with an experienced small business tax lawyer for unrepresented small business taxpayers, to review the facts and provide advice on the viability of the appeal. **The ASBFEO case manager will help the small business to compile the relevant documents to maximise the benefit of the one hour legal consultation. A co-payment of \$100 is required from the small business taxpayer at the time of the consultation and the balance of the cost will be paid by the ASBFEO.**

If the small business taxpayer wants to lodge an Application for Review of the ATO decision with the AAT following the legal consultation, the ASBFEO case manager will help with the application and any other relevant forms or submissions. The ASBFEO cannot give tax or legal advice to the small business taxpayer; they are solely there to assist and support the appeal process.

After lodging the Application for Review with the AAT, the small business taxpayer may benefit from a second hour of advice from an experienced small business tax lawyer. The cost for the second consultation will be paid by the ASBFEO. The second consultation may be taken at any time after the appeal has been lodged.

For further information call 1300 650 460 or email info@asbfeo.gov.au or speak to your CBSW tax contact.

Key Factors for a Successful Business

A client asked us recently “what are the key factors for a successful business”? We think the following are some of the important factors to take into consideration:

- Think about “scaling up” your business from the very beginning of the business, no matter how small the business. This means implementing systems, regular meetings, adopting business strategies, thinking about the future, thinking about your exit strategy.
- Appoint a mentor – someone who understands business who you can talk to.
- Appoint a board of advice and then, as you grow, a board of directors.
- Determine a meeting schedule relating to your team, advisors and board of directors or board of advice members.
- Your team – you will need a schedule relating to daily, weekly, monthly meetings.
- Establish a system that will determine a weekly profit/loss estimate for your business.
- Undertake a risk management review and establish risk management procedures relating to:
 - insurance policies
 - Personal Property Securities Register Registrations
 - protection of intellectual property owned by the business
- Know your customers – their demographics, preferences.
- Allocate key responsibilities to your team members or external advisors so that you have an “executive team” you can discuss issues with daily/weekly including:
 - operations
 - purchasing
 - marketing
 - selling
 - chief financial officer/company secretary
 - legal
- Establish a debtors' system that facilitates the prompt preparation of tax invoices, debtors' statements and registrations on the Personal Property Securities Register (if necessary).
- Establish a system for the recording of the business' investment in inventory and the determination of inventory management information.
- Establish a system for the recording of work in progress, in particular the identification of any jobs that are not being invoiced regularly.

- Establish a monthly reporting process to include:
 - detailed financial accounts prepared on an individual operation basis
 - operational reports prepared by the manager or person in charge of each operational unit
 - comparisons to budget
 - strategies for the next month
- A schedule of management team meetings to be held on, at least, a monthly basis.
- A schedule of board of directors or board of advice meetings to be held monthly or on some other basis that ensures that there are at least 6 meetings per annum.

Please do not hesitate to contact any of the team in our firm for a discussion on the development of strategies for the operations of a successful business. Lyall Bear is our specialist business advisory consultant and can assist you.

Grants and Assistance Update

Natural Disaster Grants

The Australian government has made some changes to the quantum of grants available and the conditions relating to those grants following the recent floods in Townsville and Northwest Queensland.

There has also been significant loss of property from bushfires and other natural disasters in Victoria, Tasmania, South Australia, Western Australia, Queensland and New South Wales over the last few months.

Australian government grants and other assistance is available for farmers and small business operators if you have been affected by a natural disaster. If you require assistance relating to the preparation of a disaster grant application for submission to the government, please do not hesitate to contact us.

Accelerating Commercialisation Grant

The Accelerating Commercialisation Grant is part of the Entrepreneurs' Program delivered by the Australian government. If you have developed a new product process or service and have now realised that it is going to cost a lot of money – possibly more than what you have at your disposal – to get your invention into the market.

This is what the Accelerating Commercialisation Grant was developed for. It costs a lot of money to successfully commercialise a new product, process or service. The grant is available in various amounts up to a maximum of \$1 million and is supplied on a 50% basis.

Early Stage Innovation Company

We know that finding your 50% can be a challenge and would be happy to talk to you about this. The Australian government realised the difficulties that many people have in raising their share of the funding and for this reason created the Early Stage Innovation Company Capital Raising Process which incorporates some attractive benefits for investors. In this way the government is happy that investors will look more favourably at a company which has developed new technology if there are some inducements offered by the government.

The inducements that are available to the investors include:

- 20% tax offset based on the amount of the investment made by the investor, up to a maximum of \$10,000 tax offset for a retail investor (the maximum investment per company is limited to \$50,000) and for a sophisticated investor the maximum tax offset is \$200,000 calculated at 20% of the investment to a maximum investment of \$1 million (but the actual investment for a sophisticated investor can be higher).
- Investors can also be eligible to benefit from a capital gains tax exemption on their investment in an Early Stage Innovation Company, if they hold their shares for longer than 12 months and less than 10 years.

If you would like to have discussions with us relating to the Accelerating Commercialisation Grant and Early Stage Innovation Company Capital Raising, please do not hesitate to contact Lyall Bear at our office.

By Jordan Lowry, Managing Director, Blackstone Business Group

Over a number of years and hundreds of interactions with Australian employers, it has become ever apparent to me that the majority of employers in Australia are "reactive" rather than "proactive." It is quite a common practice for employers and managers to mentally take note of an employee's mistakes and performance issues but, instead of saying anything to the employee in question, they keep it to themselves.

Eventually, the employer reaches their boiling point and wants to take immediate action against the employee. It is usually at this point that the employer approaches their HR manager or their HR provider to make this happen. Unfortunately, this is where we have to let the employer know that without a body of evidence and an established due process, the required disciplinary process can be rather drawn out and is far from something that can be actioned "straight away".

So, what can be done as an employer to ensure you are always ahead of these issues?

There is a great example that I share with employers that I learned whilst doing leadership training with the Australian Defence Force.

When setting up for an operation, the Air Force follow the principles of the acronym P.B.E.D.

P.B.E.D. stands for Plan, Brief, Execute and Debrief.

At the "Planning" stage they make sure that they have the right personnel and assets allocated to the mission. For example, if a mission requires four F18 Hornet jets to complete the mission, they will already have a plan in place to complete the original mission with three jets so that, in the event that something unplanned happens such as the loss of a jet, the mission can still go ahead without having to go back to the base and re-plan the mission. The same is true when it comes to our business plan or strategy. Make sure that you have the right assets and personnel allocated to your vision and strategy.

Remember to also always allow for contingencies. Prepare for the unexpected.

Following the "Planning" stage the Air Force then enters the "Brief" stage. **It is at this stage that everyone is briefed on the role that they will play and the purpose that they will serve** in the coming days or months. It is imperative that each person truly understands their role in the success of the mission. Each person plays a key part in the operation.

It is also very important to not only brief team members on their role but to make sure that they understand what their mission is. For example, prior to the operation, all involved are quizzed by various parties about the role that they will be playing to make sure that they understand what is expected of them.

The same is true in the workplace. We must make sure that all team members truly understand the role that they play in the success of the business. Highlight the value that they bring but also stress the importance of each team member achieving the targets and KPIs set out for them.

The "Execution" step is quite straight forward. This is when we put into practice everything from the "Planning" and "Briefing" stages. Regular communication is integral to keeping the execution of the mission on track.

Following the "Execution" stage, we enter the "Debrief" stage. Now, this is the stage that relates to the overall theme of this article. **The "Debrief" stage is what allows us to be "Proactive" rather than "Reactive".** Following a mission, the Air Force gathers all personnel involved in the mission together for a debrief to look back on the mission and to identify what worked, what didn't go to plan and how they can improve this on the next mission.

Whether an employer, director or manager, ask yourself, when was the last time that you debriefed your staff? When was the last time you sat down and went over the results of the last quarter?

Implementing a debrief, appraisal or check-in process on a regular basis (I recommend each quarter) is a valuable tool in any business. It allows you the opportunity to have a regular touch point with your employees. This neutral platform allows both parties to provide feedback on what is working, what isn't and then allows you to establish a plan moving forward. It also allows you the opportunity to address performance issues and offer support and assistance to the employee.

Thinking about going into Business?

Your chances of success will be considerably enhanced:

- If you know something about the industry.
- If you don't know something about the industry you undertake some studies/attend a course/or get some paid or unpaid employment in this industry.
- If you have undertaken some research as to where you will obtain supplies for your business and preferably you would have made some contact with the suppliers to get an indication as to what products they will be able to supply and on what terms and conditions.
- If you have made enquiries as to whether you require a license or a special qualification to be able to operate in this industry.
- Business people should be conscious of envisaging "scaling up" of the business from the very beginning, no matter how small:
 - "Start up" with 1 to 5 team members.
 - "Grow up" with 6 to 15 team members – would now be an established business – key requirement building a good team.
 - "Scale up" with 16 to 250 members – the business will definitely need "scalable systems" so that the business could operate without the day-to-day involvement of the owner/CEO. The biggest challenge will be keeping your team aligned and growing.

We wish you well if you have decided that you want to be a business person. If applicable, please make an appointment to have a discussion with us on either services or tools we can provide you to assist you on your business journey.

Disclaimer:

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Providing you
professional
direction



1. Employer pays employees



Employer

pays their employees using their Business Management Software (their payroll solution).



Payslip

A payslip is generated.

+



Bank

The bank file is transferred.



Employee

receives payment of their salary or wages.

*

Employees' tax and super information is sent to the ATO through *Standard Business Reporting 2 (SBR2)* – a standard way of reporting information.

2. ATO receives information

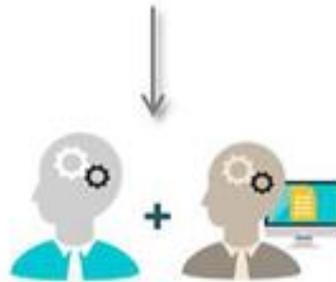


Information received includes

- Salary or wages information
- Tax withheld
- Super guarantee amounts
- Ordinary time earnings.



When the ATO receives the information, it is matched to the right employer / employee account.



Employer and tax practitioner

Two labels on the Business Activity Statement (BAS) are prefilled (W1 and W2).

3. Information available online



Employer

- ✓ Can see their PAYG withholding liability through the portals.
- ✓ Can pay their PAYG withholding liability more regularly.
- ✓ Will not have to provide employees with end-of-year payment summary.



Employee

- ✓ Can use myGov to log into ATO online services and view their tax and super information.
- ✓ This information will be pre-filled into their tax returns and lodged through myTax, or a tax practitioner.
- ✓ End-of-year payment summary will be available online through myGov.



Tax practitioner

- ✓ Prefilled income tax returns will be available through SBR2 and the Practitioner Lodgement Service (PLS).