

Murray Goulburn C Class Preference Shares

Murray Goulburn are offering a voluntary “buy-back” of C Class Preference Shares.

If you wish to participate in the buy-back your C Class preference shares will be bought back for \$1.25 per share.

The buy-back will be paid as a unfranked dividend as to 25 cents per share and sale of share for \$1 per share.

Your acceptance form for the buy-back must be received by Murray Goulburn by 5pm on Monday 12th January. You will be notified no later than 28th January whether and how many of your shares have been brought back.

If you choose not to participate in the buy-back, your C Class preference shares will remain on issue on their current terms at a value of \$1 with no guarantee of future dividends.

You will only be able to sell your C Class shares through a Murray Goulburn facilitated process at \$1 per share. Under this process, all sales are subject to approval by the Murray Goulburn Board, which the Board can withhold at its absolute discretion.

Capital restructure

In addition Murray Goulburn is **considering** undertaking a capital restructure which would list units on the ASX pursuant to an initial public offering (IPO).

If the capital restructure goes ahead it is **proposed** that all C Class preference shares that were not brought back will be converted to ordinary non-voting shares.

The proposed conversion ratio will provide the C Class shareholder with the same total share value after the float as they had before the float if they had taken up the buy-back offer. Example

Buy back price \$1.25

IPO price say \$3 X no C Class pref sh's \$100,000

Equals 41,667 ord. non vote shares worth \$3 = \$125,000.

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Lodgement date for December 2014 quarter BAS

Don't forget that the ATO give you an additional extension to lodge your October – December 2014 BAS.

Due date for lodgement and payment is 3rd March 2015.



Struggling with your bookkeeping?

Many clients find it difficult to find the time to maintain their records as well as run their business.

We have the answer for you!

Adams Accounting can provide record keeping solutions so that you can use your precious time to operate your business. We have multiple options which include coming to your premises and processing transactions on site.

Please phone Brooke at our office for more information and to discuss your options.



Do we have your current email address?

Over the past few months we have embarked on adopting methods to speed up our provision of documents to our clients by emailing many of the documents that we would usually post.

To help us do this, please provide us with your current email address or let us know if it has changed.

ATO Changing Debt Collection Approach

Over the GFC period the ATO took quite a lenient approach to collecting both Income Tax & GST debts.

Towards the end of the Labour Governments period in office this started to change and has now turned full circle. The ATO are now issuing garnishee notices to business clients in order to collect debts owing to them.

The process the ATO go through:

- Send out overdue notices
- Make telephone contact with the taxpayer
- Offer terms payment option over a period
- Should the taxpayer not adhere to the terms payments conditions a Garnishee notice can be issued

What is a Garnishee Notice?

The ATO send a notice to your bank to advise them that you owe the ATO an amount and advise the bank that they are required to pay this amount to the ATO from any funds the taxpayer has in the bank. If the full amount can't be paid then the ATO require the bank to pay 30% of the available funds in the bank to the ATO. This action by the ATO can have a significant effect on a business and its cash flow position.

What do I do to avoid this situation?

If you get into the situation of owing the ATO and you can't pay the full amount when it is due you need to:

- Keep ATO informed of your situation and immediately contact them to make a payment arrangement with them (they will charge you interest at around 9.5%)
- Make all terms payments on time (essential)
- If you cannot make a terms payment on time, immediately contact the ATO and advise them when you will make the payment.

Other Garnishee Notices

The ATO can also issue a garnishee to your major customers to have income payments diverted to them by the bank or customer when income is received.

Why do business' get into the situation of not being able to pay their tax obligations?

There can be many reasons but usually it will be because of the following types of issues:

- Slow cash flow into the business (debtors not paying you on time)
- Under capitalisation when the business started (didn't have enough funds to start the business and get through the first year)
- Business owner drawing too many funds from the business for private living
- The margin the business makes on its sales is too low for the sales made
- Bad debts - where someone owes your business & doesn't end up being able to pay

If your business is experiencing ATO debt payment problems then the questions the business owner needs to be asking themselves is:

- Is my business viable?
- Do I have the necessary skills to operate all facets of the business?
- What do I need to do to get out of this problem?

In relation to these questions Adams Accounting can help you.

We can perform an analysis of your business and help you set some rules and an action plan to stick to that will assist you in avoiding cash flow shortfalls. We can also help you deal with the ATO.

Contact our office today to discuss further if you find yourself in this position.



Are you self-employed and plan on claiming a tax deduction for superannuation contributions?

You are able to claim a tax deduction for contributions that you make to your superannuation fund, but only if you are self-employed.

To be able to claim a deduction you need to do a couple of things.

First, you need to complete a 'notice of intent to claim a deduction for personal super contributions' form from your superannuation fund. The notice simply states the amount you wish to claim as a tax deduction and confirms you haven't lodged an earlier notice regarding the same contribution.

Second, you must lodge the deduction notice with your superannuation fund **before you lodge your personal tax return.**

Once the superannuation fund is satisfied that your deduction notice is valid, they must formally acknowledge its receipt. This acknowledgement will be in writing and should be provided to us at tax time.

We cannot lodge your Income Tax Return until a copy of the acknowledgement letter has been provided to us.

If you are unsure of the amount to claim as a tax deduction, we can complete the form for you whilst preparing your Income Tax Return, in order to receive the maximum deduction based on your circumstances.



WHERE TO FIND US

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NIL Activity Statements

Have you registered for GST but not started trading? If you have not earned any income or paid any expenses for a period but are registered for GST, you will still need to lodge a Business Activity Statement (BAS) as NIL.

Failure to lodge an activity statement, even one with zero obligations, may delay processing and result in penalties.

If you need to lodge a NIL BAS, let us know and we can assist with lodging this for you.

Capital Gains Tax (CGT) small business concessions

The CGT small business concessions can reduce the CGT liability for small business owners upon the sale of their business or business assets. There are four concessions available to small businesses:

1. The 15 year ownership rule

If you qualify, the business can disregard the capital gain from the sale of an asset if:

- The asset has been owned for 15 years or more; and
- The owner is 55 years or over and retiring, or is permanently disabled at the time of the sale.

2. The 50% reduction for the sale of active assets

This test requires the CGT asset to be an active asset for:

- 7 ½ years if owned for more than 15 years; or
- Half the period of ownership if owned for less than 15 years

If a small business satisfies the active asset test, it can reduce its capital gain by 50%.

3. Retirement exemption

This concession allows you to disregard a capital gain from a CGT event up to a lifetime limit of \$500,000 if the capital proceeds are used in connection with retirement.

4. Rollover concession

This concession allows you to defer all or part of a capital gain if it happens in relation to a small business asset. Having made this election, you must then go on to acquire a replacement asset within two years of the original asset sale, or make a capital improvement to an existing asset and meet certain conditions.

Important!

Before you/as soon as you make the decision to sell your business you need to involve Adams Accounting in assisting with the sale process. We will help you minimise your Income Tax & Capital Gains Tax liability.

Record keeping on the 'cloud'

Bookkeeping and record keeping alike take a lot of time, effort and patience. That's time, effort and patience invested into maintaining your business instead of growing it.

Thankfully with today's new age range of accounting software you can now safely prepare your records online. This means your records are available to you on your phone, tablet, laptop, desktop and the reception computer in Cairns so you can complete your bank reconciliation & BAS on time. It also means all your bank account & some credit card data can be sucked into the software slicing hours off your data entry & bank reconciliation process.

The common question in regards to cloud accounting packages is; which one is right for my business? Unfortunately there is no straight answer for this as every business & user is different. Ultimately what you as the owner are looking for out of your software will direct you. If you're simply looking for a cashbook each of the packages below covers your needs. However some owners will be looking for greater reporting capabilities and inventory tracking functionality.

Cloud accounting in Australia has 4 main contenders for on-line supremacy, with a 5th to come in the New Year;

1. Reckon
2. Xero
3. Saasu
4. MYOB
5. Cashflow Manager (releasing product in 2015)

We believe the Reckon & Xero packages are streaks ahead of Saasu & MYOB. Through simple functionality differences and some bad connectivity issues working with these products leaves 2 recommendations.

Both Reckon & Xero offer multiple plan options covering from the subcontractor tradie through to 20 employee business. For us, the Reckon products are number 1 for small business accounting, and that's based on 2 key differences;

1. Xero is the equivalent to Reckon One, however Reckon One provides greater subscription flexibility. Xero has 4 plan offerings that increase based on transactions per month, employees & foreign currency use. 'Reckon One' allows the user to only pay for what they use, with no lock in to any part of the subscription allowing for upgrade, downgrade or other add-ons to the original selections.
2. Reckon Hosted is the Reckon Accounts package moved online. For me the winning factor is Reckon's inventory management and job tracking functionality. Xero has a far inferior system for inventory reporting and is limited to a list of items sold or purchased without tracking stock on hand or to a further extent gross profit on sale of particular items for a period.

What can you take out of all of this?

1. Decide what you want from your software; simple cashbook or more?
2. Use the free trials that all products offer; yes it takes time but well worth your while to find out which product functionality suits you best
3. Consult your accountant for further advice
4. Engage your accountant to set up your subscription to ensure all business and taxation settings, prior year trial balance and chart of accounts are set up properly

All of this seeming too hard?

Adams Accounting offers bookkeeping services for cloud and desktop based accounting software. All services can be completed on or offsite from;

- General bookkeeping maintenance including data entry and account reconciliations
- GST and PAYG withholding recording
- BAS preparation and lodgement
- Payroll maintenance including wages processing, WorkCover declarations and payroll tax; and
- Software setup
- Payment of accounts.

At rates on par with other local bookkeepers you can have your records maintained by the person who will ultimately complete your BAS, year-end accounts & tax return. Contact us today for a free quote and to discuss further.