

Tax Planning for 2016

It is the time of year to again start thinking about a year to date review of your business's financial performance.

There is nothing more frustrating than an unexpected tax liability!

To avoid this potential problem, we recommend that you undertake a planning process with us before the end of June.

Planning will alert you to how you will be situated for the end of the financial year.

To start the ball rolling, please contact us now.



**Income Tax Seminar
 Wednesday 13th April 2016**

Covering;

- Introduction and explanation of the current Australian tax framework for individuals & businesses.
- How to minimise your tax liability

Contact us today to book your seat.

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Pay your employees superannuation on time or you lose the tax deduction

Did you know?

As a business, if you do not pay your employee superannuation guarantee contributions by the quarterly cut-off date, you are now not able to claim a tax deduction for the superannuation amount!

Even just one day late means you are unable to claim a tax deduction! **Non tax deductible superannuation contributions affectively adds around 30% to the cost of your employee superannuation payments.**

Late payments also attract penalties and interest!

To avoid this, and in order to claim a full tax deduction for the payments, they must be paid and received by the superannuation fund by the quarterly cut-off dates below:

Quarter	Period	Payment cut-off date
1	1 July – 30 September	28 October
2	1 October – 31 December	28 January
3	1 January – 31 March	28 April
4	1 April – 30 June	28 July

Fuel Tax Credit rate increase from 1 February 2016

The ATO have announced an increase to the Fuel Tax Credit (FTC) rates from 1 February 2016.

Type of fuel	Rate for fuel acquired from 1 Feb – cents
Fuel used on the road (in heavy vehicle greater than 4.5 tonnes)	13.36
Fuel used for all other activities	39.5

Do you use PC Cashflow?

Cashflow Manager have recently warned us that all versions of PC Cashflow prior to version 7 (2007 release) will no longer be supported by them.

So what does this mean for you?

If you are using a version prior to version 7 and you experience issues, Cashflow Manager are unable to help you!

Cashflow Manager have also told us that other clients using the older versions of PC Cashflow have experienced the following issue:

Version 3 or 2004 just “stops working” and you are unable open your data file to salvage any information.

This means that if you are not taking regular backups of your data file, you have lost your information for good.

The good news?

If you have been taking regular backups of your file, Cashflow Manager are able to upgrade your backup file to a current version of PC Cashflow for a small fee.

If you are still using an older version, consider upgrading today!

For more information contact our office and ask for Brooke.

Odd but legitimate tax deductions

Artworks – The \$20,000 instant asset write off applies to artwork where it is displayed in the business premises not the owners living room.

If you work from home best to steer clear of this deduction claim. Added benefit is artwork tends to hold or appreciate in value so the right purchase could provide you with a deduction now and a profit in the future.

Xboxes, pool tables and ping pong tables - The Australian Tax Office recently confirmed that small businesses tax deductions can now include the cost of Xboxes, pool tables and ping-pong tables if used in the communal recreation area as employee entertainment.

Is your motor vehicle log book current?

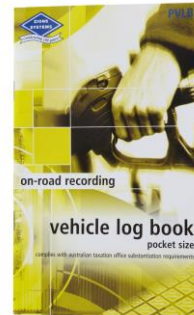
If you are using the log book method to claim motor vehicle costs, and you haven't done a log book in the last 5 years, we highly recommend you start a new log book before the end of the financial year.

Each log book is valid for 5 years, but if your vehicle usage has changed considerably it is time to think about starting a new log book.

If you are claiming motor vehicle expenses via the log book method, your log book is one of the first things the ATO would request if you were to be audited.

Remember – you need to record your motor vehicle usage in a log book for a minimum continuous period of 12 weeks.

Once you have logged the travel in this 12 week period we will use this to calculate your business use vs. personal use of your vehicle for tax deductibility.



Instant asset write-off for items under \$20,000 still available

Small businesses can immediately deduct the business portion of most assets if they cost less than \$20,000 and were purchased between 7:30pm on 12 May 2015 and 30 June 2017.

This deduction can be used for each asset that costs less than \$20,000, whether new or second-hand. The deduction is claimed through a tax return, in the year the asset was first used or installed ready for use.

WHERE TO FIND US

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8 reasons you need to know the value of your business

“I’m not planning on selling my business any time soon. So I don’t need to know what it is worth, right?”

Wrong.

If you value your business, you need to value your business. Every business owner should have an up-to-date business valuation — not just those preparing to sell.

Do you:

- own all or part of a business?
- intend to someday retire, sell or leave your business?
- think you might die one day, or become disabled?
- have key employees or business partners who you’re trying to motivate to be more efficient, productive or profitable?
- have creditors, predators, or soon-to-be ex-spouses who might someday want a piece of your business?

If you answered “Yes” to any of these questions, you should consider getting your business valued.

Here are eight reasons why you need to know what your business is worth:

1. **Planning to grow** – Provides the best benchmark to compare periodic growth
2. **Selling your business** – Gives you a regular market valuation of the business and outlines areas that can directly improve the value of the business.
3. **Attracting investment** – For any capital raising you’ll need a current business valuation to put to potential investors.
4. **Planning for expansion** – Can help get funding, highlight areas for improvement before growth so that the business grows at the right time.
5. **Approaching retirement** – Provides a sale value now, so you know what the gap is between current value and required value for your retirement nest egg.
6. **Implementing an exit strategy** – Every exit plan should align with the owners business and personal goals. The most successful exits from business take considerable planning.
7. **Future proofing** – Personal loss, divorce, legal disputes and even your death all require a current business valuation. Be prepared and have an appropriate plan of action for all scenarios.
8. **Insurance cover** - When taking out a buy/sell life insurance agreement, business partners should purchase life insurance policies on the lives of each co-owner. In the event of a co-owner’s death the other co-owners are paid a lump sum benefit, which is then paid to the deceased’s surviving family members. An up-to-date business valuation is vital for this agreement. Insurance companies will ask for it, as your families/estate will be paid according to your share of the business value upon your death.

Just like a medical check-up, business valuations should be conducted regularly as business value can fluctuate depending on market conditions, competition and financial performance.

Business valuations cost between \$1,000 and \$5,000, depending on the complexity of the business involved.

By working through the business valuation not only will you know the real value of your business, but also have a better understanding of its strengths and weaknesses. We can identify the key growth drivers, and help you implement simple but effective strategies that focus on increasing business value.

To get a business valuation report for your business, call us on (03) 5147 1525 or email admin@adamsaccounting.com.au