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Aston Ryan Malcolm's Insights Series 11.0 Year End Planning





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Asset Planning and Protection Strategies





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Business Ownership

- Sole Director Company
- Shareholder/Unit holder agreements
- Director to transfer interest in home





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Balance Sheet review

- Accumulated profits - dividends to be declared or paid
- Owners loans to the business supported by Debenture
- Working capital ratio
- Business and assets in different entities
- Backup of business information and IP offsite



Business Finance

- Review of banking facilities
- Are facilities adequate for future needs?
- Are facilities at current market rates?
- Review securities and guarantees on borrowings





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Cash Flow

- Cash flow – where are we now?
- Cash flow for next 12 months
- Useful when applying for finance





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Terms and Conditions of Trading

- Documents relationship with clients
- Provision of terms to all new clients
- Personal guarantees on debts
- Right to recover goods





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Labour Force

- Current employment environment
- Staff morale and employee retention
- Key staff retention strategies
- Signed Employment Agreements
- Position Descriptions





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Insurance Review

- Adequate and appropriate cover
- Business Interruption Insurance
- Buy/Sell Insurance
- Director Liability Insurance





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WorkCover

- Current requirements for WorkCover for subcontractors





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Personal Insurances

- Income Protection, Life insurance and Trauma cover
- Cover for spouse
- Review of premiums and cover





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Planning tips for 2012

- Documented Business Plan
- Systems and procedures
- Organisation Chart
- Financial reporting
- Discussion forum



Year End Tax Planning

- Superannuation contributions
- Maximum amounts and payment dates
- Bad debt write off and requirements
- Trading stock and value
- Timing of debtors and creditors





Presentation on:

Debt Recovery

Presented by:

Michael Nugent – Director Business Development



What makes for **Effective Debt Recovery**

- There are a number of outstanding companies available to help in debt recovery.
- Therefore, what is the question to ask?

“What makes one company more effective in debt recovery over all the others?”



How do I do this?

- Due Diligence
- Trial and Error
- Company personnel
- Points of difference
- Trust
- *“You need the best company out there to deliver results for you in increasing your collectability ratio and cash into the business”.*



What to look for?

- Debt recovery rate offered
- Your reputation vs their reputation
- Payment options
 - Fixed fee
 - Commission only
 - Joining fee
- Collection methods used
 - Legal, overbearing, ruthless, negotiation
- Review more than one company



Success or Failure?

- Benchmark
- No fixed contract
- SLA
- Legal indemnity
- Effectiveness
- Do as they promise
- Cost effective
- Time effective
- Regular feedback



Thank You

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Superannuation Contributions

Tips and Traps before 30 June





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Contributions

- **Limits**
 - **\$25,000**
 - **\$50,000 if over 50 and superannuation balance is less than \$500,000.**
 - **Un-indexed figure.**
 - **Timing issue, when is the \$500,000 calculated?**



Contributions

- **Timing of contributions**
- **ATO take a cash approach**
- **Budget announcement**
- **Employers must record on every employee pay packet information regarding the amount of superannuation actually paid into an employee's superannuation fund.**



Excess contributions tax

- **Penalties**
 - **Concessional**
 - **31.5% (payable by the fund or the individual) + 15% contributions tax by fund**
 - **Non-concessional**
 - **46.5% (must be paid by the fund)**
- **Potentially 93% tax on contributions.**



Excess contributions tax

- **Budget announcement**
 - **Timing difficulty, hard to administer.**
 - **1 off, only for breaches of \$10,000 or less**
 - **Future dated, doesn't help current or previous years.**
 - **Refunded to the member, member pays tax at their personal marginal tax rates.**



Director Penalty Notice

- **Budget announcement**
 - **SGC is part of director penalty notice from July 2011.**
 - **Contractor / employee problem escalated.**
 - **Going forward superannuation should be possibly the most important obligation employers pay.**





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Questions?





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Summary of 2011 Federal Budget





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PAYG Tax Instalments

- Income tax instalments paid under PAYG in 2011/12 set at 4%
- Previously 8%





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Motor Vehicle Depreciation

- Immediate deduction of \$5,000 for small businesses
- 15% of remainder for the first year
- 30% in subsequent years
- Depreciation on all other assets (except buildings) at 30%





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Low Income Tax Offset

- **No longer available to minors on unearned income - dividends, interest, rent and trust distributions**
- **Designed to discourage income splitting**
- **The first \$416 of unearned income tax free now, not \$3,333**
- **Income earned by minors from work still eligible for full benefit of Low Income Tax Offset**



Fringe Benefits Tax (FBT)

- **Single statutory rate of 20% for motor vehicles**
- **Previously, different FBT statutory rates applied depending on the amount of travel**
- **The incentive to drive more kilometres to achieve lower FBT is now removed**





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Company Loss Recoupment Rules

- Easier for companies to satisfy the continuity of ownership test to recoup losses of previous years
- “Designated infrastructure projects” are exempt
- Ownership does not need to be traced through Superannuation Funds
- Modified rules for widely held entities - interposed entity demergers





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GST Instalment System

- **Extension of current GST instalment system to allow access for small business in a net refund position**
- **Refunds or liability due to the taxpayer will be reconciled in their annual GST return**





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Company Payments to Contractors in Building and Construction Industry

- **Businesses to report on payments made to contractors annually - name and ABN**
- **ATO to undertake data matching, review of contractor tax liabilities and targeted audits**
- **Commercial cleaning industry flagged for compulsory reporting industry**





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Questions?

