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The financial news your business needs.

Autumn 2016

BUSINESS Bulletin

Tax - FBT Checklist

31 March signals the end of the Fringe Benefits Tax (FBT) year. One of the major causes of FBT non-compliance is the failure of employers to identify benefits that have been provided throughout the year to employees and their associates (e.g. spouses). In identifying taxable or exempt benefits that have been provided, the best place to start is by reviewing your accounts and ledgers as well as employee staff packages and staff policies. Having done this, proceed to use the following non-exhaustive checklist to further ascertain whether benefits have been provided in which case an FBT liability may arise:

Motor Vehicle Expenses

- Have you reimbursed an employee's motor vehicle expenses during the year?
- Have you made available a company car to an employee? Note that even where the vehicle is a utility or other 'work-horse' vehicle, a residual fringe benefit may arise

Loans

- Have you provided a loan to an employee during the year or released them from a debt owing to you?

Housing

- Have you provided an employee with a right to use accommodation which they treat as their usual home?

Living Away From Home Allowance

- Have you paid an allowance to an employee to compensate them for the cost of expenses incurred because they are required to live away from their usual home for work purposes?

Travel and Entertainment

- Have you paid or reimbursed an employee for their travel expenses?
- Did you pay for or reimburse a taxi fare for an employee?
- Did you provide or reimburse an employee for the cost of meal entertainment or accommodation or travel in respect of that entertainment?



Reminder Dates

March 21
Due date for February monthly Activity Statements

April 21
Due date for March monthly Activity Statements

April 28
Due date for Superannuation Guarantee contributions

April 28
Due date for 3rd Quarter Activity Statements (if lodging by paper)

May 21
Due date for April monthly Activity Statements

May 26
Due date for 3rd Quarter Activity Statements (if using a BAS Agent or Tax Agent)

May 28
FBT annual return due for payment

May 28
Due date for Superannuation Guarantee Charge Statement if you failed to meet your 28 April contribution obligations on time

- Did you provide recreation (e.g. tickets to sporting events) or accommodation or travel in respect of that recreation, or hire or lease entertainment facilities for an employee's use?



Expense Payments

- Did you pay for or reimburse an employee for a private expense of theirs (e.g. school fees, home mortgage or rental expenses, health insurance premiums, gym membership etc.)?

Property

- Did you provide an employee with property (either in-house or external) e.g. goods, services etc.

TAKE HOME MESSAGE

If you answered yes to any of the above questions, a fringe benefit may have been provided. FBT exemptions and reductions in value may apply in some circumstances but often rely on your record keeping. You may wish to discuss the implications of this with your accountant as we now near the end of the FBT year.

Business - Granting Equity

A common way of gaining funding for your business (whether in start up mode or established) is to take on a business partner. This leads us to a discussion of the very slippery issue of equity.

Taking on a partner or granting equity to another person in your business is not a decision to be taken lightly. Equity can be forever. Once a person has equity, you will be forever sharing profits and/or ownership with them and forever reporting and accountable to them. You should think long and hard about who can offer genuine, long term strategic value to your business as opposed to who is merely providing money, performing a task, or filling a role. If it's the latter, they should not really be a candidate for equity. The key here is to reward value not time.

There are no "hard and fast rules", but here are some questions you should ask when considering whether someone is deserving of equity in your business:



- 1) Will they deliver long term value and be instrumental to the business' success?
- 2) Will they take the business to heights it couldn't otherwise get to?
- 3) Will they solve a crisis that threatens the business' survival?
- 4) Will they cause greater damage by doing their own thing?

Having decided that someone is deserving of equity, the style of equity they should receive is then a separate consideration again. There are a number of options which include:

- Full equity
- Dividend (profit) participation but not capital participation
- Phantom equity (in other words, a bonus scheme of sorts)
- Vesting equity (i.e. equity that vests gradually over time based on targets being met).



HR - Recent Developments

There are a couple of recent Human Resources (HR) developments that employers should be aware of:

Restart Incentive

There is now real financial incentive for businesses to employ mature age workers. Under the Restart programme, the Federal Government will provide your business with up to \$10 000 if you hire workers aged 50 and employ them for over for 12 months or more. Up to \$6 500 (GST inclusive) is payable if the employment is for at least 30 hours per week, over 12 months. A bonus of up to \$3,500 (GST inclusive) will be paid for employment which lasts the full 12 months, making it a total of up to \$10,000 (GST inclusive). As well as this financial benefit, mature aged workers bring with them a wealth of workplace and life experience, and are generally very reliable. To find out more about this initiative, visit the [Department of Employment website](#).

Mental Health Toolbox

Mental health is estimated to cost the Australian economy more than \$60 billion each year, and 12 million lost working days in reduced productivity. Put simply, it's in every employer's best interests to have mentally healthy workplaces and employees.

To this end, mental health awareness organisation *beyondblue* has just recently developed 'mental health in the workplace' toolbox talk training packages which provide all employers, across all industries, with free resources to equip business managers/team leaders with the skills to deliver mental health education for their staff. The package assists managers to encourage conversations about workplace mental health, reduce workplace stigma and support staff who may be experiencing a mental health condition. The training package covers the following three topics that managers can deliver to staff in 3 x 5 minute sessions:

1. About Anxiety and Depression
2. The Relationship Between the Workplace and Mental Health
3. Taking Action to Support Someone at Work

To secure your free training package, visit the [Heads Up website](#).

