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## Personal Property Securities Register

The Personal Property Securities Register (PPSR) is where details of security interests in personal property can be registered and searched.

Transitional arrangements have been in place for the last two years since commencement of the PPSR on 30 January 2012. The transitional provisions were designed to assist with the changeover and provide protection for security interests that existed prior to the commencement of the PPSR.

The transitional arrangements for the PPSR expired on 31 January 2014.

Suppliers of personal property who failed to register their security interest during the transition period may lose their priority in the event of their customer's insolvency. From 1 February 2014, security interests 'perfected' on the PPSR will take priority over all unregistered interests, including non-registered transitional security interests.

For further information and to access a range of tailored fact sheets visit AFSF or speak to us.

The legislation applies to common asset protection strategies where plant equipment and the like are owned by one entity of the group but used by others within the group. Unless the items are registered they would be vulnerable in the event of insolvency of the entity using the plant.

## Privacy law reform changes come into effect.

Changes to the *Privacy Amendment Act 2012* (Cwlth) commence on 12 March 2014. These changes establish 13 Australian Privacy Principles (APPs), which replace the existing National Privacy Principles. These principles identify the information that must be contained in an organisation's privacy policy, including:

- \* How, what, why and for what purpose the business collects and holds personal information

- \* Whether the entity is likely to disclose personal information to overseas recipients
- \* If the entity is likely to disclose personal information to overseas recipients, the countries in which such recipients are likely to be located, if it is practicable to specify those countries in the policy.

Personal information is defined as information that identifies or could reasonably identify an individual. That might include a person's name, address and date of birth, but it can also include bank account details, photos and videos.

The business's privacy policy must be available free of charge and in an appropriate form and include information about how an individual can complain about a breach. It must also outline how the business will deal with any complaints.

For cloud data stored outside Australia – on computer servers outside Australia – the country where the cloud service provider's servers are located will need to be disclosed to clients.

For more information go to: [http://www.oaic.gov.au/images/documents/privacy/privacy-guides/comparison\\_guide\\_APP\\_NPP.pdf](http://www.oaic.gov.au/images/documents/privacy/privacy-guides/comparison_guide_APP_NPP.pdf)

## Prompt payment protocol

Late trade payments are more and more commonplace in business. Many small business clients dealing with large business customers have complained how difficult it can be dealing with, and getting payments from them.

In 2013 the government took submissions from businesses of all sizes to develop a new protocol to tackle the issue.

The 'Prompt payment protocol' aims to address delays in trade payments between businesses, particularly late pay-



ments to small businesses. Payment delays are typically passed down the supply chain and are often borne by small businesses, which may in turn withhold payments to their staff, suppliers, financiers or the ATO.

## Preparing to engage in workers

If you are planning to hire new workers, there are a few things to consider and organise in order to meet your tax and super obligations. One thing you must do is make sure your workers are legal – they must be Australian citizens, permanent residents or non-citizens with Australian visas that allow them to work.

### Employee or contractor?

Determine whether your workers are employees or contractors. It is important you know the difference between the two because your tax and super obligations will vary depending on whether your worker is an employee or contractor.

### Pay as you go (PAYG) withholding

When you pay employees or contractors, you may need to withhold tax from their pay and send these amounts to the ATO regularly. You will need to withhold tax from:

- \* Employees
- \* Contractors who have a voluntary agreement with you
- \* Contractors who do not provide you with an ABN.

### Super

You need to pay superannuation for both your employees and for any contractors you are paying primarily for their labour. A default super fund needs to be established and you should also have a knowledge of super choice arrangements.

### Fringe benefits tax (FBT)

When you provide fringe benefits to your employees or to their associates, such as payment of school fees, you may have to pay FBT. When you provide benefits to contractors you will generally not attract FBT, however when benefits are provided by an associate of yours or a third party under an arrangement with you, you may have to pay FBT.

### Expenses you can claim

Most of the expenses you incur as a result of engaging workers are eligible tax deductions.

### Setting up a workplace giving program

You may consider setting up a workplace giving program to allow your employees to regularly donate to their preferred charities.

There are many issues to consider when engaging an employee. For more information about your tax and super responsibilities as an employer, contact our office.

## Small Business Assist

The Australian Taxation Office's 'Small Business Assist' tool provides answers to small business tax and super questions. Being an online resource, the tool can be accessed by small business owners at any time. It delivers tailored and accurate information sourced from a range of websites.

It includes information such as:

- \* Registering for an Australian business number
- \* Understanding and registering for GST
- \* Employer obligations
- \* Lodging activity statements.

Small Business Assist can be accessed from a range of devices and features links to relevant webinars as well as blogs and forms.

Visit the ATO website ([www.ato.gov.au](http://www.ato.gov.au)) to start using the Small Business Assist tool.

## Common tax questions answered

In the words of the late Kerry Packer: "I am not evading tax in any way, shape or form. Now of course I am minimising my tax and if anybody in this country doesn't minimise their tax they want their heads read because as a government I can tell you you're not spending it that well that we should be donating extra."

While many people think they understand the existing tax regulations, myths and misconceptions still abound. In this article, we aim to address some of the more common tax questions:

### Questions I:

"If I put a work sticker on my car, can I deduct 100% of my car expenses?"

### Answer:

Simply – no. Deductions are based on four different methods. The methods are:

- \* Cents per kilometre (limited to 5,000 business kms per year)
- \* 12% of original value (this can be used if you travelled more than 5,000 business kms per year)
- \* One-third of actual expenses (this can be used if you travelled more than 5,000 business kms per year)
- \* Logbook method (this requires a logbook to be kept over a continuous 12 week period; the logbook can last for five years as long as it still represents continued use of the car).

Whether the car is heavily branded with work logos or not, the deduction only applies to kilometres travelled for business. Travel from home to work or work to home are not deductible. Attending meetings, running business errands and the like are deductible.

For those individuals who do use their car extensively for work in terms of kilometres travelled, log books are good. For those who do not use their car extensively, speak to us to determine which deduction method to apply.

**Question 2:**

"I'm looking at buying a car, should I lease, hire purchase or Chattel mortgage?"

**Answer:**

A lot of time can be spent analysing the benefits of each purchase option however it usually comes down to personal preference. Chattel mortgage and hire purchase (for tax) are treated similarly. Some agreements that say "lease" are actually hire purchase upon reading the detail.

Before committing to any such agreement, have us look over the document, or better, still call us before you get the finance.

## Credit reporting— repayment history information

As part of the reforms to the Privacy Act 1988 (Cth), new kinds of credit-related personal information can be collected about you. This includes whether you have missed a consumer credit payment. The new type of information is called "repayment history information".

### What is repayment history information?

Repayment history information (RHI) is information about whether you have met your consumer credit payment obligations. Consumer credit is credit that is intended to be used as primarily personal, family or household purposes.

RHI includes information about whether you have made a payment on time or whether you have missed a payment. If you only pay part of the amount owing, you are taken to have missed a payment.

RHI includes the day on which a payment is due, and if you made a payment after that day, the date on which you paid. Therefore, RHI can include both positive and negative information about your credit history.

It does not include the amount of any missed payment, only the fact that you have made or missed a payment.

*What types of payments could be included in my RHI?*

RHI can include information about any consumer credit payments that you made, or fail to make, to a credit provider that holds an Australian Credit Licence.

This means that RHI will usually reflect made or missed payments on a loan or credit card.

### When can credit providers begin collecting RHI?

RHI can only relate to payments that you have made or missed from December 2012. Then from March 2014 licenced credit providers can pass on RHI to credit reporting bodies.

### How will my RHI affect my ability to obtain credit?

From March 2014, credit reporting bodies can disclose your RHI, along with other credit-related personal information, to licenced credit providers. Those credit providers may use this information to help determine your eligibility to be provided with credit.

### This means that if you fail to make the full amount of a payment on time from December 2012 it may affect your ability to obtain credit in the future.

### How can I find out what RHI is held about me?

If you believe that a credit provider or credit reporting body holds RHI about you, you can make a request to the relevant credit provider or credit reporting body to access that information. In most cases, they must comply with your request, and will do so for free.

### What can I do if I think that RHI held about me is incorrect?

If you believe that RHI held about you is incorrect, you should ask the credit provider or credit reporting body to correct the information.

## Taking over an existing business.

Taking over an existing business, whether it is buying an established business or taking over the family business requires careful analysis and planning.

When buying a business, some aspects to consider include:

- \* Why is the business being sold? What is the vendor's history with the business?
- \* Are there any sales patterns or trends? What is the business' customer base? Who are its current suppliers?
- \* What are the fixed and variable costs for the business? Are there any staff costs?
- \* Is the business profitable? How does the business's previous financial records look? Has it consistently run a surplus?
- \* What assets does the business have? Does it have any intellectual property or leasing arrangements?
- \* Does the business have any outstanding debts? What refunds and warranties still exist for the business?
- \* Have you reviewed the purchase agreement carefully?
- \* What kinds of tax will apply? Consider GST, Capital Gains Tax, and stamp duty implications.
- \* What are the legal agreements on leases? What is the business structure?
- \* What has and hasn't worked for the previous owner?

While a prospective business owner must carefully consider the factors listed above prior to purchasing an existing business, taking over a family business requires consideration of a different set of factors. They include:

- \* work-life balance - business creeping into family life
- \* different expectations and work ethics between generations

- \* rivalries - family members who don't work well together or are too competitive
- \* older generations not willing to let go and handover control, or younger generations not wanting to join the family business
- \* deciding the future direction of the business
- \* choosing the right person to take over the business
- \* managing disagreements between family members.

The benefits of such a takeover can be significant. Those that take over a family business often have a longer term view of success and plan for returns over a longer period. They typically have an increased responsibility for those who control and manage the business potentially leading to stronger customer focus, community reputation and special care for employees.

One of the biggest challenges of owning a family business is balancing the relationship between work and family.

Regardless of which option you choose – buying an existing business or taking over a family business, discuss the plan with us to ensure you are making a fully informed decision.

## New Superannuation data standards start soon

Starting from 1st July 2014, new superannuation data standards are being progressively introduced. The new standards require many common super related transactions to be conducted electronically.

The standards will apply to both employers making super contributions for their employees and to self managed superannuation funds receiving employer super contributions. We look at each of these areas in turn below.

### Employer super contributions

Employers will need to make the physical payment of super contributions for their employees, plus transfer the associated contribution data, to the relevant super funds electronically to comply with the new rules. All employer super contributions are captured (ie. Super guarantee, aware, salary sacrifice). There is a carve

out for employer contributions to related self managed super funds.

### Start date

The standards apply to employers with 20 or more employees from 1st July 2014 and to employers with less than 20 employees from 1st July 2015. All employees, whether full time, part time or casual, on the books at 1st July 2014 are counted in determining which start date applies.

### How to comply

For the majority of employers, the practical means of complying with the new rules will probably be to use the services of a superannuation clearing house. A superannuation clearing house is a service that will pay multiple super funds from one data file and one payment received by an employer.

The clearing house will have the technology to transfer the payment and date in the format required.

The Federal Government operates a free clearing house service for employers with less than 20 employees called the Small Business Superannuation Clearing House (currently administered by Human Services but being transferred to the ATO). For employers with over 20 employees service providers generally operate on a fee for service basis. Popular clearing houses currently operating include QuickSuper from Westpac and SuperChoice.

### Self managed funds

Self managed super funds that receive employer contributions must be able to receive the electronic payment and data details their employer is required to send. A self managed super fund therefore might need to comply with the new rules as early as 1st July 2014 depending on the size of the employer. There is an exception where the employer and self managed fund are related. In effect where the owners/controllers of the employer are also members of the self managed super fund the rules do not apply and no action is necessary.

### How to comply

A self managed fund caught by the new rules will need to engage a SMSF messaging service provider. At the time of writing Australia Post has the only SMSF messaging service up and running at an introductory cost of \$25 for a 12 month subscription. We expect more service providers will come online over the coming months including products from the banks.

### Further information

Please contact our office with any queries relating to these changes.

## Are you covered?

If you had a major disaster that destroyed your property what would it cost to replace it?

Here are some examples of approximate current building costs per square metre for a medium level of cover:

- \* 3BR Brick veneer project home single level \$1,270.
- \* 3BT Brick veneer project home double story \$1,310.
- \* 3BR Brick veneer townhouse double story \$1,610.
- \* 3BR Level walk up unit & ground floor parking \$1,820.
- \* 1-4 level open plan offices (excluding fit out) \$1,760.
- \* High bay Warehouse precast concrete \$1,110.
- \* Suburban shop including air conditioning \$1,810.

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