

Q4 2013

# BUSINESS MATTERS

Strategies for managing your business



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## What to consider when giving a holiday bonus

Holiday bonuses can go a long way in making employees feel appreciated at their place of work.

Businesses need to think carefully about the bonus they will give their workers as it sets the stage for what employees will expect from the business in 2014.

Different industries have differing ideas on what constitutes a holiday bonus.

Holiday bonuses are a long-time tradition for large industries. These businesses usually have a set precedent on what to give their employees.

Small businesses, however, often have to use personal discretion and set their own precedent for holiday extras. Business owners could consider asking around at similar companies to get an idea of what they constitute a holiday bonus.

Businesses need to consider the role the holiday bonus will play in their year long pay scheme. Is it a substitute for a year-end bonus? Or is it a token of holiday spirit?

If businesses already pay a year-end bonus, then the holiday bonus becomes more a gift of appreciation.

Businesses should look at the company's performance throughout the year, and use that as an indicator

on how much to spend. Be careful of being overly generous, as it may not be possible to maintain the high standard if the company does not perform as well the following year.

A gift can be just as meaningful as money, especially when combined with a thank-you note. It can also serve as a cost-effective approach to holiday bonuses for smaller businesses.

The key to holiday bonuses is structuring them to be affordable, yet considerate. Businesses should put the focus on showing appreciation to their staff, not on how much to spend or what gift to buy.



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## Fair Work Amendment Act 2013

Commencing on 1 January 2014, the Fair Work Amendment Act 2013 will introduce a new sphere of protection to workers experiencing bullying in the workplace.

Research has shown that nearly 25 per cent of Australia's population will be subject to bullying at some point in their career.

Workplace bullying can also cost Australian businesses billions of dollars in revenue every year, due to unproductivity and high levels of absenteeism. It is important that all

business owners are aware of the changes brought on by the Fair Work Amendment Act 2013.

This amended Act will allow workers to directly lodge complaints to the Fair Work Commission about any bullying they have experienced in the workplace. This is an important change because it means that employers no longer need to be notified if a worker is experiencing bullying.

The amended Act also broadens the definition of 'worker,' and extends the scope of these changes to other employees

such as volunteers, contractors and work experience students. Business owners should begin to take action now and ensure that they are prepared for the changes this Act will bring.

Owners should particularly focus on:

- reviewing all policies in regards to workplace bullying and ensuring they are up to date
- reviewing internal policies which deal with complaints in an efficient manner
- ensuring all staff have been trained on issues concerning workplace bullying

## Tips on getting fuel tax credits

Claiming fuel tax credits can become confusing for some business owners; however, it is important that owners are getting it right.

Fuel tax credits generally provide small business owners with a credit for the fuel tax included in the price of fuel used for business activities in machinery, plant, equipment and heavy vehicles.

Business owners must be registered for both GST and fuel tax credits before they are able to make a claim. This claim is made on the business

activity statement (BAS). The following tips can help business owners in getting their claim right:

- Businesses need to check the fuel tax credit rate as it is possible that it may have changed recently.
  - Businesses should check that they can claim fuel tax credits for their fuel type and usage as there are some exceptions to what can be claimed.
  - Businesses often claim fuel tax credits based on the cost of fuel; however, this is incorrect. Fuel tax credits are claimed on quantity.
- Business owners should check the wording of any contracts that involve the supply or provision of fuel as it may impact on who can claim fuel tax credits.
  - Don't forget to keep accurate records of fuel purchases and how the fuel is used in the businesses operations. These records must show the date the fuel was acquired, the type of fuel acquired, the quantity of fuel, how the fuel was apportioned for different activities, and the business activities the fuel was used in.

## New protocol to tackle late payments

The Government will be consulting small business owners on approaches to improve business cash flow and business relationships.

The Government has released a discussion paper on a Prompt Payment Protocol. It is aimed at improving business-to-business relationships and tackling cash flow problems as a result of late payments. Research has shown that 90 percent of small business failures are caused by poor cash flow.

Businesses that take longer to pay their bills are also contributing to a culture of late payment that has taken hold in Australia. The release of the discussion

paper is aiming to encourage small businesses to think about their payments, and to ensure that they are making their payments on time. The protocol also hopes to encourage good payment practices between businesses.

The discussion paper outlines various steps that should underpin business-to-business account systems. Some of the proposed principles are to pay on time, to communicate clearly, to encourage good business relationship and to adopt a complaints resolution process.

The discussion paper is seeking feedback from both large and small businesses on how best to implement this new initiative across the country.



## Keeping employee records

Employers should be aware of their legal requirements involved in keeping employee records.

Under Commonwealth workplace laws, employers are required to make and keep accurate and complete records for all of their employees, including contractors. These record-keeping obligations are designed to ensure that employees receive their correct wages and entitlements.

Employee records must:

- be kept in writing or stored electronically
- be in a form that is easily accessible by a Fair Work Inspector
- be in plain, simple English that is legible
- be kept for seven years
- not be altered or changed, unless for the purpose of correcting an error

- not be false or misleading to the best of the employer's knowledge

Employee records are private and confidential and must only be accessed by the employee, employer, relevant payroll staff and Fair Work Inspectors.

Employers will also need to keep copies and records of tax file number declarations or withholding declarations, wages, allowances and any other payments made, payments and reports provided to the ATO, payment summaries, super records and records of fringe benefit provided.

Here is an overview of some of the records that employers must keep:

**General** General employment records must include the employer's name and Australian Business Number, as well as the employee's name, their commencement date of work and the basis of their employment- whether it is casual, full-time, part-time or temporary.

**Pay** Records of pay must include the rate of pay paid to the employee, the gross and net amounts paid, any deductions from the gross amount, and the details of any incentive-based payment such as bonuses or penalty rates.

**Hours of work** Hours of work records must show the hours worked by an employee in a set time frame. This is important for employees who are casual or irregular part-time. Records must also show the number of overtime hours worked if penalty rates apply.

**Superannuation** Employers must keep records on the amount of superannuation contributions made, the dates on which they were made and the period over which the contributions were made. If an employer makes super contributions under an award or employee agreement, there may be additional record-keeping obligations.

## Personal Property Securities Act 2009

The Personal Property Securities Act 2009 (PPSA) came into force on the 30th of January 2012.

As the deadline for the two year transitional period looms, business owners should ensure they are compliant with the new Act.

The PPSA provided a two year transitional period, which will end on the 30th January 2014. It is important that business owners are aware of their rights and obligations in relation to personal property and security interests.

The PPSA gives a wide definition of personal property. It generally covers any property owned, other than land, buildings and fixtures. Some examples of personal property are goods, intellectual property, licences and shares.

A security interest is defined as an interest in personal property created by a transaction that secures payment or performance of an obligation.

Business owners who do not understand this new system, or fail to comply with the provisions of the new Act, may risk

losing their claim to assets they otherwise consider they own.

The PPSA aims to replace the previous complex system in a nation-wide, uniform and consistent manner.

The new Act has changed the way security interests are dealt with across Australia by establishing a single national law, governing most security interests in personal property.

It replaces over 70 existing national, state and territory laws, in respect of security and related interests.

The PPSA will impact almost all individuals and businesses that are financiers, selling goods on credit, leasing plant, equipment, motor vehicles or other assets, providing goods on consignment, trying to refinance or raise capital.

The legislation has also led to the creation of a single online Personal Properties Securities Register (PPSR). This register requires any holder of a security interest in a personal property to register. This will ensure that they have a priority claim to that property.



For example, intellectual property (IP) Australian registers, such as trademarks, patents and designs, will no longer be adequate; instead all security interests in IP will need to be registered on the PPSR.

There was no automatic transfer of security interests on IP Australia's registers, so it is crucial that holder of security interests in IP review their arrangements before the 30th January 2014.

## Changes to Privacy Act 1988

Business owners should begin preparation for the changes of the Privacy Act 1988 (Cth) that come into place on 12th March 2014.

The Privacy Amendment Act includes a set of new, harmonised principles that are called the Australian Privacy

Principles (APP). They will replace the existing Information Privacy Principles (IPP). Under the changes there are 13 new APPs, some of these are significantly different from the existing principles, so it is important that business owners are aware of them.

The Privacy Policy must now contain:

1. The kinds of personal information that the business collects and holds
2. How the business collects and holds personal information
3. The purposes for which the business collects, holds, uses and discloses personal information
4. How an individual can access personal information held by the business and seek correction of the information
5. How an individual may complain about a breach of the Australian Privacy Principles, and how the business will deal with the complaint
6. Whether the business is likely to

disclose personal information to overseas recipients, and, if they do (and if practicable), the countries in which they are likely to be located

The business must also take reasonable steps to ensure that the Privacy Policy is available free of charge and in an appropriate form.



## Important tax dates

### NOVEMBER 21

Due date for lodgement and payment of October 2013 monthly activity statement

### 25

Due date for lodgement and payment of October 2013 quarter 1 activity statements if lodging via electronic commerce interface, electronic lodgement service, Tax Agent Portal, BAS Agent Portal or Standard Business Reporting

### 28

Due date for lodgement and payment of the Superannuation guarantee charge statement- quarterly and paying the super guarantee charge for quarter 1, if the employer did not pay enough contributions on time.

### 29

Due date for lodgment of annual PRRT return (and payment of any residual liability)

### DECEMBER 1

Due date for payment of income tax for taxable large/medium businesses, companies and super funds.

Due date for income tax for companies and super funds where lodgement of the income tax was due by 31st October 2013

### 21

Due date for lodgement and payment of November 2013 monthly activity statement

## Getting ready for MySuper

MySuper is bringing big changes to Australian superannuation funds. It is important that business owners are aware of these changes as being non-compliant can have major ramifications.

MySuper is a simple low-cost superannuation product that will replace the current default products and become the new default superannuation fund for businesses. Australia has the fourth largest retirement saving system in the

world and as of 30th June 2013 holds \$1.6 trillion for retirement. Despite this, the current superannuation system is often complex and difficult for both employers and employees to navigate.

MySuper has been introduced to help simplify and give greater transparency to superannuation systems. MySuper accounts will offer lower fees and simpler features, so members are not paying for services they do not need.

Businesses need to be aware that, from 1st January 2014, they must only pay superannuation contributions to an authorised MySuper fund. Business owners only need to choose a new super fund if their current one is not MySuper authorised, or if they believe the current one is not the right choice for their employees anymore.

Employees are still able to actively select their own fund if they wish, or manage their own superannuation affairs through a self-managed superannuation fund.

All existing superannuation funds will be able to apply to offer a MySuper product. As of mid October 2013 nearly 80 superannuation funds have been granted MySuper authorisation.

