

Newsletter

The greatest compliment we receive from our clients is the referral of their friends, family and small business colleagues. Thank you for your trust.

Miranda Professional Services Newsletter

September '09

Lodge your PAYG withholding annual reports

Reminder - your PAYG annual reports are due to be lodged by 31 October 2009

- PAYG withholding where ABN not quoted annual report (NAT3448)
- PAYG withholding from interest, dividend and royalty payments paid to non-residents – annual report (NAT7187)
- PAYG withholding annual report payments made to foreign residents (NAT12413)

Need finance for your business?

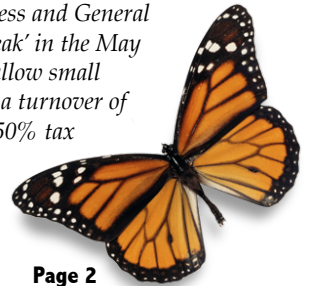


If you are looking for a business loan you need to be prepared like never before

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Need a break?

The Federal Government has extended the 'Small Business and General Business Tax Break' in the May 2009 Budget to allow small businesses (with a turnover of \$2m) to claim a 50% tax deduction on eligible assets bought by 31 December 2009



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Thank you again for your invaluable support. Our website has now been updated. As always, you can refer to it for tax tables and information, Conveyancing referral forms, information and staff profiles. It also has an electronic copy of these newsletters should you wish to refer back.

Benefits for small business - stay on top of tax debt

If your annual business turnover is less than \$2 million, you may be eligible for:

- 12 Month payment arrangements, free of general interest charge
 - Deferral of the due date for activity statement payments – up to two months if you pay quarterly or annually, and up to one month if you pay monthly.
- For information about eligibility and how to request a payment arrangement or payment deferral visit www.ato.gov.au/assistingsmallbusiness or feel free to contact



BAS Reminder!

The Sept BAS will **be due for lodgement on 21ST October 2009**. If you lodge through this office it will **not be due until 25 November 2009**. Please note that you need to get the information to **us by 11 November in** order that we may do our very best to get them completed on time – please do not be late!

Kerrie or Stacey at our office.

Remember

Once a year, in quarter 1, you have an opportunity to change your activity statement arrangements to better suit your needs. Here are some choices you have:

- Change your PAYG instalment option – 'amount' or 'rate' visit www.ato.gov.au and

search for 'QC63404'

- Elect your GST reporting method
- Option 1:** report and pay GST quarterly
Option 2: pay your GST quarterly and report annually
Option 3: pay a GST instalment quarterly and report annually
- REMEMBER:** Changes must be made by the due date of this quarter (Q1) on your activity statement. Also remember that our office can discuss this with you and assist you with these changes. If you think any of these changes may be of benefit to you please do not hesitate to contact us.

Has someone prepared your BAS for a fee?

If so, you need to be aware that new legislation provides for the registration and regulation of business activity statement (BAS) agents to ensure the standard of their services.

Under the Tax Agent Services Act 2009, an entity which provides a 'BAS service' for a fee must be registered.

To be eligible for BAS agent registration an application must meet the registration requirements set out in the new legislation.

We expect the provisions relating to the registration of BAS agents to become effective in 2010. In the interim, any information released by the new Tax Practitioners Board will be available on the Tax Agents Board website at www.tab.gov.au under the 'tax agent services legislation' link.

Need a break?

The Australian Government announced an 'investment allowance' tax break in December 2008 aimed at helping businesses meet the challenges of the economic downturn. The Government then extended the 'Small Business and General Business Tax Break' in the May 2009 Budget to allow small businesses (with a turnover of \$2m) to claim a 50% tax deduction on eligible assets bought by 31 December 2009.

The business tax break is an extra tax deduction available on new, tangible, depreciating assets plus improvement or additions you make to existing assets. It includes motor vehicles (conditions apply), plant and equipment plus computers but excludes software, land and trading stock. The tax break is temporary and deadlines apply so you must buy and install the

asset within a set timeframe. The rate of the extra tax deduction depends on the annual turnover of your business. The minimum amount you need to spend also depends on the annual turnover of your business. If your business (and any businesses you are connected with) turns over less than \$2 million a year, you may be able to claim the additional 50%

tax deduction. You will also need to spend a minimum of \$1,000 on an eligible asset.

If your business turns over \$2 million or more a year, you may be able to claim a 30% or 10% additional tax deduction. You will also need to spend a minimum of \$10,000 on an eligible asset.

To qualify for the 50% tax break, you must:

- be a small business with an annual turnover of less than \$2 million
- buy an eligible asset between 13 December 2008 and 31 December 2009
- meet the \$1,000 minimum threshold (exclusive of GST)
- use or install or improve the asset by 31 December 2010
- use the asset principally in Australia and

principally for business, and

- be eligible for a depreciation deduction under section 40-25 of the ITAA (1997)

Please consult with us regarding your eligibility for the tax break and if you plan to finance the asset purchase please talk to us regarding the finance options before you commit to the purchase.

Need finance for your business?

If you are looking for a business loan you need to be prepared like never before. 2009/2010 is forecast to be an extremely volatile year and the ongoing credit crunch means finance could be hard to get. Banks are putting loan applications under the microscope and your financial statements, including your Profit and Loss and Balance Sheet will be scrutinised.

It's vital that your financial statements are up to date and accurate to ensure a smooth application process.

You need to satisfy financiers that you have the capacity to service the loan. Accordingly your loan application will need to support the fact that your business is profitable and may need to include cash flow and profitability projections. Small business owners often feel they can't predict future sales so how can you project a future profit and loss? Consult with us because we have some financial modeling tools that can produce best and worst case scenarios at the click of a button. Here are some tips to help you with your loan application:

• **Prepare a Budget:** Start with the fixed costs and business overheads. These are the costs that remain unchanged whether you sell anything or not. They include items such as rent, leases, rates and some administration costs. Next add the 'Variable Costs' that fluctuate depending on the level of sales including labour and materials costs. You should be able to project what will happen to these costs if sales increase or decrease and don't forget to factor in seasonal trends.

• **Cashflow forecasts** are different to a budgeted Profit and Loss because it is based on actual money flowing in and out of the business. A projected Profit and Loss is based on sales and expenses which obviously don't instantaneously result in money coming in or going out (e.g. a sale or purchase on credit may not

settle for months). The cash flow forecast needs to incorporate the timing of all the income, costs and overheads as well as movements in debtors, creditors, stock and capital expenditure. The cash flow forecast lets you project the likely cash position of the business at some future point – usually the end of each month. Peaks and troughs can then be managed by chasing debtors or delaying purchases and payments to suppliers. Some payments such as loan repayments can't be manipulated but capital equipment purchases can be deferred to minimise the impact on cash reserves. Most importantly, it can identify if and when the business might need an injection of funds.

• **Balance Sheet Projections** are a useful tool that illustrates to lenders that you are managing the business assets and liabilities including debtors, creditors, and cash and stock.

Unfortunately GST and BAS compliance are a major distraction but today's economic climate makes it even more important to plan and prepare if you are likely to need finance. Contact our office for help with the preparation of these reports and also talk to us about sourcing the right loan for your business and working with your lenders to achieve your goals.

Our News



Most of you know our current receptionist Stacey. Stacey has shown great ability and interest in the book keeping side of Miranda Professional Services. She will be *moving upstairs and assisting Kerrie with the ATO and BAS issues*, so you may have more dealings with her in the future.

When you call our office, you will now have an option to be transferred directly to either the Accounting (press 2) or Conveyancing (press 1) department within Miranda Professional Services. We believe this change will help us deal with your calls more quickly and efficiently so that we can focus more on assisting you.