This edition brought to you by

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The financial news your business needs. Summer 2014

BUSINESS Bulletin

New Government, New Announcements

In recent months, the new Government has finalised the timing in relation to the following measures which may impact your business, and require action.

Asset Write-Offs – Act Now!

The Government has confirmed the start date for the abolition of the following small business asset write-offs (which apply if your turnover is less than $2 million):

- **$6 500 Instant Asset Write-Off** – This will be reduced to its old rate of $1 000. Assets costing more than $1 000 will be depreciated at 15% in the year of purchase, and 30% per year in subsequent years.
- **$5 000 Vehicle Write Off** - This write-off, which allows small business to claim a bonus $5 000 write-off in the year a vehicle is purchased, will also be abolished. Vehicles will therefore be depreciated as per normal rules (i.e. 15% in the year of purchase, and 30% of the remaining value per year in subsequent years).

Both of these measures will be abolished on 1 January 2014. Depreciating assets that are first used or installed ready for use prior to 1 January 2014 are subject to the higher $6 500 threshold. On the other hand, the $1 000 threshold will apply to assets that are first used or installed ready for use on or after this date. Likewise, the repeal of the $5 000 vehicle write-off will apply to vehicles that are first used or installed ready for

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Reminder Dates

December 21
Due date for November monthly Activity Statements

January 21
Due date for December monthly Activity Statements (paper lodgements)

January 28
Due date for quarterly Superannuation Guarantee contributions

February 21
Due date for January monthly Activity Statements (paper & online) and December Activity Statements (online only)

February 28
Due date for quarterly Activity Statements (October-December)

use on or after 1 January 2014. With this deadline looming, if you are contemplating purchasing equipment or a motor vehicle, consider bringing the purchase forward to before 1 January 2014. Subsequently, you must use the asset or have it installed ready for use before this time.

Loss Carry-Back – One Chance Only!

Loss carry-back will be repealed from 1 July 2013. To recap, loss carry-back provides tax relief for companies by allowing them to carry back their tax losses and receive a refund against tax previously paid. Refunds of up to $300 000 are available. The 1 July repeal date means that:

- Loss carry-back will only be available on 2012/2013 company tax returns
- Only losses made in 2012/2013 will be eligible to be carried back, and
- Any 2012/2013 loss will only be able to be carried back one year.

In view of the 1 July repeal date, if you were contemplating not carrying back your 2012/2013 company loss on your 2012/2013 return (but rather carrying it back next year on your 2013/2014 return) you should reconsider this strategy as carry-back will no longer apply for 2013/2014 returns. To be clear, only losses made in 2012/2013 will be able to be carried back – and they can only be carried back one year (to 2011/2012).

Superannuation Rate Frozen

The Government will follow through on its pre-election announcement to freeze the current 9.25% Superannuation Guarantee for a further two and a half years. Under the current law which was introduced by the former Labor Government, the Superannuation Guarantee rate (currently 9.25%) was to increase to 9.5% on 1 July 2014, incrementally increasing to 12% by 1 July 2019. The new Government, however, has re-calibrated the gradual increase to 12% as follows:

Income Year	Charge Percentage Under Existing Law	New Proposed Law
2013/2014	9.25%	9.25%
2014/2015	9.5%	9.25%
2015/2016	10%	9.25%
2016/2017	10.5%	9.5%
2017/2018	11%	10%
2018/2019	11.5%	10.5%
2019/2020	12%	11%
2020/2021	12%	11.5%
2021/2022 and future years	12%	12%

Unfair Dismissal

The Fair Work Act provides that employees must not be "unfairly dismissed". Where an employee is unfairly dismissed, they can apply to the Fair Work Commission for a remedy such as damages or reinstatement. To avoid an unfair dismissal claim employers should ensure that terminations are not "harsh, unjust or unreasonable". In determining whether this is the case, the following will be considered.

(i) **Whether there was a valid reason for the dismissal related to the employee's capacity or conduct.** (There must be something particular to the employee's performance or their conduct that warrants the dismissal. The exception here is genuine redundancies where the job that the employee is doing no longer exists because of a downturn, business restructure etc.).

(ii) **Whether the employee was notified of the reason for their dismissal and given an opportunity to respond.** (You must give the employee a "hearing" on the day of the dismissal. In that hearing, although you are obligated to give the employee the chance to respond to the reason you give them for their dismissal, you are under no obligation to reconsider in light of their response. However their response/explanation may in some cases mean that there is no longer a valid reason to dismiss the employee).

(iii) **Any unreasonable refusal by the employer to allow the employee to have a support person present to assist at any discussions relating to dismissal** (Although an employee is entitled to have a support person present (except a lawyer), you are not obliged to inform them of this entitlement).

(iv) **If the dismissal related to unsatisfactory performance by the employee, whether they had been warned about that unsatisfactory performance before the dismissal** (This warning can be verbal or written, but preferably in writing. Best practice is to issue the employee with a written warning that they will be dismissed unless there is an improvement in the problem area. You should then give the employee a reasonable chance to rectify the problem (e.g. increase their productivity). Rectifying the problem may involve providing them with additional resources as well as them lifting their own performance).

End of Days

With another calendar year drawing to a close, most people start to reflect on the goals they have set for the year just gone and the projects they had wanted to complete. With only a few weeks left in the year, the reality is that you may not get all those projects done. Having realized this, it's easy to become dis-spirited. Don't!

The trick at this stage of the year is to identify the unfinished projects which, realistically, are capable of being completed by the end of the year. Aim to do these first. Cross them off the list. You'll feel better for it and have a sense of accomplishment. Once you've done these tasks, if time permits, you can scratch the surface of the projects that you won't get finished. But be realistic and recognise that some of these larger projects will, by necessity, spill into next year. Once you have made peace with that reality, you will feel a burden being lifted. Make these last few weeks of the year count!

Other tips over the Summer break include:

- Read a personal improvement book
- Review your current marketing avenues and evaluate their effectiveness
- Look at your current product mix and identify any gaps
- Look at your own (and those of your staff if you have them) skill sets and identify any weaknesses and shortcomings
- Get started on a business plan if you do not already have one.