



Website Information

As usual, there have been a significant number of changes introduced by state and federal governments in recent times—many of which will impact on your business and taxation obligations. We are publishing this newsletter to give you a brief overview of the new developments. The items are all linked (via technology that very few people understand) to items on our website so just “point and click”.

There are other developments in the pipeline relating to business borrowings and we'll keep you up to date with these once some clarity has been obtained.

We welcome your comments/feedback on this initiative. We'd also like to mention the invaluable help provided by Daina and Helen in getting this newsletter to a publishable point.

Recent Developments

Record Keeping Obligations

The Tax Office are focusing their attention on the bookkeeping records of businesses, make sure you comply with these regulations.

Minimise your 2005 Tax Liability

Tips and recommendations to help reduce your business year end tax liability.

Minimum Life Insurance Requirements for Super Funds

Super funds will be required to offer a minimum level of death cover at a premium of at least \$0.50 per week.

Tax and Frequent Flyer Programs

The Tax Office has indicated it will be reviewing cases where the owners or employees of businesses are accessing large amounts of frequent flyer points through the use of business expenses paid by private credit cards. You need to be careful.

Choice of Super is Coming

From 1 July 2005, under new superannuation legislation, certain employers will be required to offer employees the option of choosing the superannuation fund into which their mandated superannuation contributions are required to be paid.

Key Lodgement Dates for Businesses

Keep up-to-date with your bookwork and taxation. Check the key dates for businesses.

New Aged Based Limits for 2004/2005

New aged based limits for the 2004/2005 financial year have been introduced for superannuation contributions.

Artwork in Super Funds - be Careful!

The Tax Office recently released information on how a SMSF is able to acquire and hold artwork as a fund investment - Trustees need to be aware of the issues involved.

Entitlement to an ABN

The Tax Office has issued Draft Ruling MT 2004/D3, which sets out its views with the respect to the definition of an enterprise.

Individual Tax Deductions

You can claim deductions for work related expenses you incurred while performing your job, and other personal expenses such as medical and baby bonus.



Recent Developments (cont.)

Superannuation Funds & Joint Ventures

Can an individual or company purchase a piece of land and then enter into a joint venture with the superannuation fund to develop the land?

Sudden Death Nature of SGC Provisions

A recent decision in an Administrative Appeals Tribunal (AAT) case has highlighted the sudden death nature of the Superannuation Guarantee Charge (SGC) provisions.

How to Improve Your Cashflow

*"Cashflow is king
and the lifeblood
of any business"*



*"You are
effectively
financing your
poor payers'
businesses at zero
interest"*

A business can be profitable and go broke. The reason— cashflow.

Cashflow is king and the lifeblood of any business. We have seen a number of businesses over the years where cashflow has been poorly managed with often disastrous results.

We have recently acquired a very powerful software tool which assists us in working with you to improve your cashflow management and enable proper cashflow budgeting to be achieved. We know in our business, where clients take time to pay, it can put a strain on resources.

A couple of simple ways to improve cashflow are:

- bill more regularly (if you're billing monthly, move to fortnightly)
- bill immediately after the job/work is completed
- get paid in advance!
- introduce progress payments for larger work
- start chasing debtors 2 days after they are due for payment
- put a "due for payment on" date on your invoices
- do not issue statements
- introduce direct debiting of customer accounts
- allow credit card payments
- start new customers off the way you want it to be from here on in.

The impact of a couple of these initiatives on cashflow can be profound. You may lose a couple of customers (who really wants a poor payer as a customer?) but the net result for your business will be positive.

You also need to be aware of the cost of carrying older accounts. The cost of recovery for poor paying customers can often wipe out any profit on the work. You are effectively financing your poor payers' businesses at zero interest.

Consider where you have two months' turnover in accounts receivable at any one time—if you can speed that up by 30 days, it is the equivalent of an additional month's trading to your cashflow! All you need to do is get the tools to achieve and manage it.

To have a look over the cashflow forecasting tool we've introduced, please call Peter Jacks at our office on 03 5333 3799 or on his mobile 0437 250 212.

"Send to a friend"

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www.mt.com.au