



BUSINESS & TAXATION BULLETIN

SUMMER 2023

REPORTS

NEWS

ANALYSIS

dfk **gray perry**
LEADING ACCOUNTANTS AND BUSINESS ADVISORS

WWW.DFKADEL.COM

+61 08 8212 2366

ADELAIDE, SOUTH AUSTRALIA

DFK GRAY PERRY PARTNER AND CONSULTING GROUP



Michael Gray

Partner

CA, BEc, DipCM, CPMgr, FAIM, JP



Brendon Skates

Partner

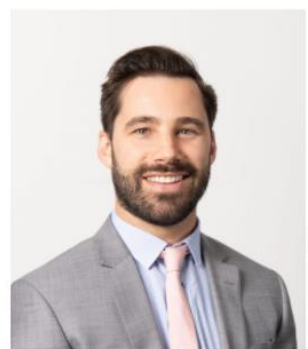
CA, BAcc



Sam Handley

Partner

CA, BCom, BBus



Timothy Mittiga

Partner

CA, BCom



James Perry

Consultant

CA, BAcc

‘A boutique practice with a great service ethic’ is how we like to describe our team.

DFK Gray Perry joined DFK International in 1991. Our DFK affiliation improves the services we offer to clients and the opportunities available for our staff. The structure of the affiliation and size of the individual members offers clients a high level of personal partner involvement with the ability to respond quickly and comprehensively to the needs of clients.

As a result the DFK affiliation provides a practical and personalised alternative to dealing with large multinational firms both within Australia and New Zealand and also across the world.

The accounting and business advisory services we provide are enriched by our membership of DFK.

IN THIS ISSUE

■ 1 Tax Updates

■ 3 Key Dates

■ 4 Bringing your cashflow processes into the digital age

■ 5 Is your business focused enough on cyber-security?

■ 8 Meeting your goals during a global slowdown



IMPORTANT: Information contained in this newsletter is not advice. Clients should not act solely on the basis of material contained in this bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also, changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The bulletin is issued as a helpful guide to our clients and for their information.



Tax Updates

Single Touch Payroll Phase 2

A number of the software providers are commencing their transition to Phase 2 of Single Touch Payroll (STP). STP Phase 2 commenced on 1 January 2022 however most software providers obtained a deferral for implementation from the ATO.

The transition process may involve some re-classification of payroll categories, leave entitlements and allowances to ensure that all payroll items match into the categories specified by the ATO. Please carefully follow the instructions for each software provider and refer to the ATO website for a detailed list of payment types and their required category. It is also very important to identify any closely held employees within an organisation as there are three different reporting options being:

- Report actual payments on or before date of payment
- Report actual payments quarterly
- Report a reasonable estimate quarterly

The identification of closely held employees recognises that business owners do not always draw a regular wage in the same manner as arm's length employees.

Software providers are still implementing the changes and therefore have been granted extensions, please contact your software provider regarding these extensions.

Are you MoneySmart?

The MoneySmart website is run by ASIC to provide individuals with useful information and tools to assist them in basic financial decision making. This is a great resource to share with staff or family who do not currently have an accountant or financial adviser. To access the website go to moneysmart.gov.au



Have you been impacted by floods?

If you have been impacted by the recent flooding in Eastern Australia, the ATO has automatically granted lodgement deferrals for all taxpayers who are in an Australian Government Disaster Recovery Payment declared LGA. The lodgement deferrals are as follows:

- Individual income tax returns previously due 31 October are now due 31 January 2023
- Monthly BAS for Sept 22, Oct 22 and Nov 22 are all due on 18 February 2023
- Quarterly Sept 22 BAS is now due 18 Feb 2023

Please note that the lodgement deferrals do not extend to a deferral of payment. Payments must be made by the original due date in order to avoid General Interest Charge (GIC). However if you are having difficulty meeting your payment obligations, please speak to your DFK contact as soon as possible who can set up a payment plan with the ATO.

Fuel Tax Credits - significant changes

The calculation of fuel tax credits has changed again since the reversion of the fuel excise to normal rates from 29 September 2022.

The fuel tax credit rates are changing regularly so it very important to keep good records to support your claim. For fuel used in heavy vehicles you are required to apply the applicable rate on the date you acquired the fuel.

Use of Fuel	Type of Fuel	From 1 Aug 2022	From 28 Sept 2022
Vehicle greater than 4.5 tonnes GVM traveling on a public road	Petrol, diesel or blended fuels e.g. E10	0 cents	18.8 cents
Specified off-road activities	Petrol, diesel or blended fuels	23 cents	46 cents
All other business uses including power to auxiliary equipment of a heavy vehicle	Petrol, diesel or blended fuels e.g. E10	23 cents	46 cents
	LPG	7.5 cents	15 cents
	LNG or CNG	15.8 cents	31.5 cents

Electric Cars exempt from FBT 1 July 2022

Legislation has recently passed which provides a Fringe Benefits Tax exemption for electric motor vehicles which were purchased or first held for use from 1 July 2022.

A second hand electric vehicle would also qualify if the car was purchased new after 1 July 2022. The exemption applies to battery cell vehicles, hydrogen cell electric vehicles and plug-in hybrid electric vehicles (PHEV).

The value of the car at the first retail sale must be below the luxury car tax threshold for fuel efficient vehicles (which is \$84,916 for 2022-23 year).

Once an electric car qualifies for the FBT exemption, all associated cost in running the car will also be FBT exempt. It is important to note that PHEV's have a sunset clause on the FBT exemption, where the arrangement must be entered into by 1 April 2025.



GIC and SIC Rates

The ATO has published General Interest Charge (GIC) and Shortfall Interest Charge (SIC) rates for the second quarter of the 2022-23 income year.

The GIC annual rate for October – December 2022 is 9.31% and the SIC rate is 5.31%.

New Employees and Stapled Super Funds

A reminder that for any new employee commencing in your business there are obligations you are required to meet in respect of their superannuation contributions. The obligations are:

- Providing the employee with choice of super fund form
- If employee does not choose a fund, enquire with the ATO about an employees stapled super fund
- Only pay super contributions into your employer default fund if there is no stapled fund

The 'stapled super' system was introduced remove the occurrence of an individual opening a new super account each time they commence with a new employer.

Any requests for the details of a stapled super account can be made through ATO Online Services for Business once an STP event of TFN declaration has been lodged for the

Upcoming Key Dates and Deadlines

15 Jan 2023	Lodgement of tax return for large/medium entities
21 Jan 2023	December 2022 Monthly Activity Statement due for lodgement and payment except of businesses with turnover up to \$10 million
28 Jan 2023	Super Guarantee Contributions for Dec 2022 quarter must be paid by this date
21 Feb 2023	December 2022 Monthly Activity Statement due for lodgement and payment for businesses with turnover up to \$10 million
21 Feb 2023	January 2023 Monthly Activity Statement due for lodgement and payment
28 Feb 2023	Lodgement and payment of 2022 Income Tax Returns for non-taxable large and medium entities
28 Feb 2023	Lodgement and payment of 2022 Income Tax Returns for new registrants who are large or medium entities
28 Feb 2023	Lodgement and payment of 2022 Income Tax Returns for new Self-Managed Superannuation Fund registrants
28 Feb 2023	Oct – Dec 2022 Business Activity Statement due for lodgement and payment
28 Feb 2023	Lodge and pay Annual GST Return if taxpayer does not have an Annual Income Tax Return requirement
21 Mar 2023	February 2023 Monthly Activity Statement due for lodgement and payment
31 Mar 2023	2022 Income Tax Return due for individuals and trusts whose latest return resulted in a \$20,000 or greater tax liability
31 Mar 2023	2022 Income Tax Return due for lodgement and payment for Companies and Super Funds with a turnover of greater than \$2 million unless required to lodge earlier
31 Mar 2023	End of 2023 Fringe Benefits Tax year



Bringing your cashflow processes into the digital age

Keeping on top of your cashflow is even more important during tough economic times.

With a global slowdown on the cards, energy prices soaring and supply chain still challenges, cash is likely to be tight over the coming year and beyond. Cloud technology and fintech apps, can give your business the best possible control over its cash.

Why is cashflow so important?

To keep your business operating, you need enough money coming into the business to cover your outgoings – with enough surplus cash to deliver a profit. When recession begins to hit, this can have a significant impact on your income.

Consumers will have less disposable income to spend on your products and services. Business customers will be looking to reign in their spending on suppliers. As a net result, your business is likely to make fewer sales and will bring in smaller revenues.

This means:

- Reduced income coming into the business
- Less cash in the business to cover your operational expenses
- Not enough money in the bank to pay suppliers, utility providers or payroll costs
- In the worst-case scenario, insufficient cashflow for you to continue trading.

What can you do to improve your cashflow situation?

The more informed you are about your cash position, the more you can do to prepare for any cashflow gaps. It's this foresight that can make all the difference when you're battling against tough external economic forces and a downturn in sales.

If you want to safeguard your cashflow, these are some sensible steps to take:

- **Switch to cloud accounting** – accounting and finance technology has moved on in leaps and bounds in the past decade. The latest crop of cloud accounting platforms all offer a detailed reporting of your cash position. These software tools will generally offer real-time data, giving you up to date cash numbers.

- **Integrate with cashflow forecasting apps** – cloud accounting platforms let you add third party apps to create a custom app stack of helpful business tools. There are plenty of cashflow forecasting apps to choose from, giving you the ability to predict your future cashflow position.

- **Plan ahead for the cashflow gaps** – when your forecast shows a shortfall of cash coming up, that's the time to take evasive action. If you can see that there's a cash hole approaching next month, it's time to look at ways of raising extra finance to fill that hole. That could mean extending your bank overdraft, taking out a small business loan or taking out an invoice finance facility with a lender.

- **Look for opportunities to cut your overheads** – one way to even up your cashflow is to cut down on your expenditure. If you can cut back on overheads, expenses and unnecessary costs, this can help you re-balance your cash position, even when cashflow is getting tight. Look for cheaper suppliers, buy in smaller quantities and take every opportunity to cut costs and keep your spending more sensible.

- **Update your prices and your sales strategy** – raising your prices is one way to bring in more cash, with the same volume of sales. But it's a balancing act. Putting your prices up can alienate existing customers and could see you losing customers, but if you can find the sweet spot for your pricing AND also drum up more sales, you can quickly increase revenue and give your cash inflows a healthy boost.

- **Review your cashflow reports regularly** – it's important to look at your cashflow numbers and reporting regularly, not just at period-end. This is particularly important when economic times are tough. With the most current cash information to hand, you can make informed business decisions and aim to keep the business operational.

Talk to us about updating your cashflow processes

With your business in a healthy cashflow position, you give yourself some solid financial foundations for riding out the global recession. No business is invulnerable in these conditions, but with liquid cash in the business, you have more flexibility and more capital to play with.

Book a meeting and let's see how we can improve your cashflow processes.

Is your business focused enough on cyber-security?

We live in a digital world where our company's data and (crucially) our customers' data is under constant attack. Hackers are always looking for new ways to break into your systems and databases – and this has resulted in many significant data breaches in recent years.

When your security is breached, and your data is compromised, this isn't just an IT issue, however. It's a breach of trust between you, your customers and your suppliers – one that can be hugely damaging for your brand reputation and consumer's perception of the company. So, why are so few companies taking cyber security seriously? And what can you do to enhance your cybersecurity and protect your valuable data?

In the 21st century, your data = your business

It's the customer information in your CRM system, the supplier details in your invoicing system and the financial data in your accounting software. It's your bank account details, your confidential client information and your company's secret intellectual property or hard-won R&D findings. If you lose your data, you damage the business too. So protecting the safety and security of your data and systems has to be a top priority for any business owner.

To boost your cyber security:

- **Make cyber security a company-wide concern** – if a data breach occurs, there's no use blaming the IT department after the fact. Cyber security has to be a concern for the whole business and something where you have clear advice, processes and training in place for. The better your people are prepared for protecting the company's valuable data, the less chance there will be of a security error or accidental data breach.
- **Keep devices and computing hardware secure** – where your employees are using laptops and work mobile devices, it's vital that they keep this hardware safe. Don't leave computers unattended in laptop bags in a coffee shop or bar, and don't leave your phone unsupervised on a hot desk. Offer secure lockers and desk drawers where laptops and devices can be secured and always think about the security implications of leaving your hardware anywhere other than in the office.
- **Use a secure network connection** – when connecting to work applications, databases and shared folders, always use the company network or an approved [virtual private network \(VPN\)](#). By using a secure network connection, you greatly reduce the chances of your data being intercepted and stolen, with VPNs allowing employees to log in securely when off-site or working at a client's premises.

- **Save important data in the right place** – you should have clear protocols regarding what kinds of data can be saved, and where this information should be stored. If employees are storing spreadsheets full of confidential client information on their laptop hard drives, you are only one lost laptop away from a security breach. Set up clear guidelines on which drives and folders to use, and make sure only the right people have access to any confidential folders and content.
- **Use proper authentication and encryption** – use [two-factor authentication](#) or even multi-factor authentication for access to all your cloud and SaaS tools. And make sure you have proper [data encryption](#) of any confidential information that's shared. By putting the best possible security steps in place, you greatly reduce the risk of a slip-up.
- **Factor in the added security threat of WFH** – with so many employees now working from home (WFH), there are extra threats to factor in. Good cyber [security at home](#) means using a secure VPN, keeping laptops safely stored, always using the latest versions of applications and not sharing passwords with family or flatmates etc.
- **Log all security breaches** – if the worst-case scenario does happen, make sure to log every single security or data breach – and be transparent about what's happened when communicating with customers, suppliers or employees who may have been affected. The sooner all your stakeholders are aware of the issue, the sooner you can work to resolve the problem and limit the potential damage.



Speak to IT security experts and protect your data

Keeping your data safe and secure is now a foundational need for any business. If you want to reduce your security worries, it's sensible to speak to a cyber security expert. They will be able to review your current systems, networks and security practices and advise you on the key actions that are needed to tighten up your security. Read more from the [Australian Cyber Security Centre](#).

Meeting your goals during a global slowdown

Optimism among business owners was high coming into 2022. But a number of factors are now making things a lot more challenging:

- Global events are pushing up energy prices to astronomical levels.
- Ongoing supply-chain issues are making it difficult to source raw materials.
- A scarcity of talent is causing problems when it comes to staffing and hiring.
- Covid is still around and making trading more complex and difficult.

Faced with these hurdles, you might feel that your goals are no longer attainable. But is this true? Growth is likely to be a challenge, but not impossible.

Talk to us about your goal-setting for this year and beyond

The sooner you start revisiting your goals and business plan, the better prepared your company will be for the ups and downs of a recession. Come and talk to us about your financial position, your core strategy and your concerns about the next six to twelve months.

We'll help you set practical, attainable goals that will push your business forward.



5 Steps for meeting your goals during a slowdown

Moving forward during a period of economic recession is certainly more of a challenge. But what's needed is an updated plan with awareness of the major external threats.

Here are five steps to set you on the right path:

1.Revisit your goals and see how realistic they are – look at the numbers and make a call on whether they still make sense in the current business market. If necessary, update your goals and make them challenging. But, importantly, make any goals attainable during a time when cash and resources are in short supply.

2.Get the best possible understanding of your financial position – take a deep-dive into your finances and see how you're tracking against your budgets and targets. How is your cashflow looking? Do you have enough working capital to fund your growth? If additional funding is needed, where could it come from?

3.Decide if you have the right team for the job – Whatever your key goals, you need talented people on board who share your core aims for the business. Think about whether you have the team you need, or if there's a pressing need to hire new people. And consider if artificial intelligence (AI) and automation could fill some of the resourcing gaps and help you scale up.

4.Assess the current situation in your sector - You can't change the big external threats in your industry. But you can do your homework and find out what the immediate threats will be. Are there supply chain issues? Are prices going sky high? Get up to speed and look for ways to minimise the impact and rise to the top of the crop.

5.Update your plan – once you've looked over your numbers, goals and strategy, you're likely to need an updated business plan. Factor in the threats, set meaningful goals, but give your company a target that's realistic during a global slowdown. Successful small steps towards a goal are better than one giant leap; a leap where you may land flat on your face.



LOCAL KNOWLEDGE NATIONAL CONNECTIONS GLOBAL REACH



For further information or enquiries about any of the latest business and taxation topics discussed in this newsletter, please contact the Directors and team at DFK Gray Perry.

General Enquiries dfkgrayperry@dfkadel.com
James Perry - Consultant jperry@dfkadel.com
Michael Gray - Partner mgray@dfkadel.com
Brendon Skates - Partner brendon@dfkadel.com
Sam Handley - Partner sam@dfkadel.com
Timothy Mittiga - Partner tim@dfkadel.com

A Level 1, 89-92 South Terrace, Adelaide SA 5000

P Level 1, 89-92 South Terrace, Adelaide SA 5000

T +61 08 8212 2366

ABN 96 008 170 698

DFK AUSTRALIA NEW ZEALAND - A MEMBER OF DFK INTERNATIONAL - 435 OFFICES IN 93 COUNTRIES

EMAIL dfkgrayperry@dfkadel.com

WEB dfkadel.com