Welcome to our final newsletter for this financial year.

In this quarter's edition we take a look at:

- **How to make the most of your EOFY tax benefit opportunities!**
- **We take a look at the Single Touch Payroll Reporting and requirements for businesses with fewer than 20 employees that commences 1 July 2019.**
- **Looking to purchase a Motor Vehicle, Boat, Motorcycle or Caravan for a personal use? We now have finance options for these plus other goods.**
- **If you lease business premises, have leased office equipment, or have current operating leases, we take a look at the major changes to Accounting Standards and what effect these will have on most businesses from the 1 July 2019.**
- **Have you thought about Importing Equipment? We take a look at what to consider. We can usually arrange the finance without additional security being required.**

As always if we can help with any aspect of your finance or you know of someone that would benefit from our services please do not hesitate to contact us to discuss at our nearest location to you.

Enjoy the read!

Make the Most of your End of Financial Year Tax Benefit Opportunities!

It is that time of the year where supplier and dealers provide offers and incentives to buy their equipment and there are many reasons why this year maybe a good year to take advantage of these EOFY offers.

Changes announced in the Federal Budget that increased the Instant Asset Write-Off to $30,000.

The instant asset write-off now also includes businesses with a turnover less than $50 million. (Previously this write off was for businesses with a turnover less than $10 million).

Businesses can claim a deduction of up to $30,000 (Ex GST) for the business portion of each asset (new or second hand), purchased and first used or installed ready for use from 7.30pm (AEDT) on 2 April 2019 until 30 June 2020.

Businesses with a turnover of up to $10 million can also claim a deduction for each asset purchased and first used or installed ready for use, up to the following thresholds:

- $30,000, from 7.30pm (AEDT) on 2 April 2019 until 30 June 2020

- $25,000, from 29 January 2019 until before 7.30pm (AEDT) on 2 April 2019
- $20,000, before 29 January 2019.
- The ability to buy multiple assets under the Instant Asset Write-Off Scheme.

We can arrange finance for just about anything you are purchasing – So don't hesitate to give us a call to discuss your potential purchase and whether it is an asset that we can finance.

Benefits gained from buying new or used assets – Generally new assets will increase business efficiency and reduce maintenance costs. Including the added advantage of a potential reduction in the amount of tax payable as a result.

Release your adventurous spirit!

Whether you're buying a Motorcycle, Caravan, Boat or Jet Ski for your next adventure or any of the goods below we can now source competitive consumer finance options from a wide range financiers.

The goods we can also arrange finance includes:

- Motor Vehicles;
- Camper Trailers;

- Trailers (Bike and Boat);
- Horse floats;
- Golf Carts;
- Ride On Mowers; and
- All-Terrain Vehicles (four wheelers).

Why choose us to finance the purchase?

- We have access to both traditional and boutique financers – providing a wider range of finance options for the purchase;
- The Equipment being purchased is used as security – This means that no additional security (such as your home) is generally required.
- Competitive Interest Rates and Loan terms – Generally more flexible finance terms and rates compared to an unsecured Personal Loan.

If you or someone you know is looking at purchasing any of the above or any other equipment for personal use please let us know and we will take care of the rest.

If you have less than 20 employees are you ready for the Single Touch Payroll reporting to the ATO from 1st July 2019?

Single Touch payroll changes the way employers report their employee's wages to the Australian Taxation Office ("ATO"). The ATO requires businesses to report tax and superannuation payments at the same time that they run their payrolls, rather than after the fact.

Parliament in February 2019 passed legislation to extend STP reporting to include all small employers (those with fewer than 20 employees) from 1 July 2019. Reporting having already started on 1 July 2018 for large employers (20 or more employees).

What is the reason for STP?

The ATO has stated that extending STP to all employers will help ensure all Australians get their full superannuation entitlements, give greater transparency and help ensure a level playing field for small business. This initiative is also an important step in streamlining business reporting and keeping pace with the digital age.

What do you need to do?

Speak with your Accountant regarding these changes if you haven't already done so. Generally, if you're already using popular payroll software such as Xero, MYOB or QuickBooks these companies would have or are making changes to meet the STP reporting requirements.

Chris Jordon, the Commissioner of Taxation recently stated that "We understand the move to real-time digital reporting may be a big change for employers, especially small business, so the ATO will adopt a supportive, tailored approach to help them undertake this change.

- We understand that many small businesses and other small employers do not currently use commercial payroll software and they will not be required to purchase such software to report under STP.
- The ATO is working with software providers to develop low and no-cost reporting solutions including simple payroll solutions, portals and mobile apps. We will publish a list of providers on our website at ato.gov.au/stpsolutions."I want to reassure small business and give my personal guarantee that our approach to extending Single Touch Payroll will be flexible, reasonable and pragmatic. In particular, the ATO understands there will be circumstances where more time is needed to implement STP or lodge reports.
- We will offer micro employers (1 to 4 employees) help to transition to STP and a number of alternative options – such as allowing those who rely on a registered tax or BAS agent to report quarterly for the first two years, rather than each time payroll is run.
- Small employers can start reporting any time from the 1 July start date to 30 September 2019. We will grant deferrals to any small employer who requests additional time to start STP reporting.

- There will be no penalties for mistakes, missed or late reports for the first year.
- We will provide exemptions from STP reporting for employers experiencing hardship, or in areas with intermittent or no internet connection. Pleasingly, many small employers have already taken up STP reporting and they have provided positive feedback that STP makes payroll reporting easier.
  The best thing to do is contact us if you have any questions or concerns about STP or any other tax matters, on 13 28 61 or at [ato.gov.au/stp](ato.gov.au/stp)"

Do you lease business premises, have leased office equipment or operating leases? GET READY FOR BIG CHANGES!

There is a change in the wind that may have gone largely unnoticed for a lot of businesses.

The new accounting standard on leases is likely to have a significant impact on the financial statements of many businesses when it becomes applicable. For a number of businesses this is from the 1st July 2019.

What is the change?

The Australian Accounting Standards Board (AASB) has made changes to the definition of lease accounting to fall in line with International Accounting Standards. Under AASB 16 (the new Accounting Standard) with Leases this means the removal of the distinction between operating and finance leases with most leases now coming onto a business's balance sheet.

The AASB 16 changes are designed to give a more accurate representation of the financial position of the business by fully reflecting all its liabilities, and provides more useful information in financial reporting for investors, shareholders, and financiers. AASB 16 will potentially have significant impacts on entities which may not always be immediately obvious at first sight.

Key points:

- Businesses will now include the costs of use of the leased asset and the associated benefits on their balance sheet. This typically includes the leasing costs of Premises/Office Equipment/Leased Assets etc. Previously as an operating expense, those amounts will now sit below the EBITDA line as amortisation and interest.
- The profile of an expense will change. Rather than being a straight line rental expense, there will be more expensed in early years and less in later years, impacting earnings profiles.
- These changes will also potentially cause increases in the financial of the business such as Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"). Rather than an operating expense, there will now be a movement of expenses below the EBITDA line which has a range of associated issues.
- In addition to the possible financial reporting anomalies, the right of use asset will be non-current whereas the lease liability will be split between current and non-current.

So what should a business consider?

We are advising clients to seek advice from their Accountant to understand how these changes to the accounting standard affects their businesses (as a result in the **inclusion of a lease liability and a right of use asset on the balance sheet)** by identifying the types and extent of lease contracts and assessing which ones will be impacted.

Some items to consider:

- What issues will these changes have on the financials around working capital with a partly current liability funding a non-current asset?
- What impacts will these changes have on Bank Covenants? (If your business has bank covenants?) –If companies are not proactive about approaching their financiers they could breach a bank covenant.
- Will my company now qualify as large proprietary company with the inclusion of right of use assets on the balance sheet increasing total assets and potentially requiring audited financial statements to be lodged?
- Is there anything that we need to do prior to the first reporting period?

Product Focus – Importing Equipment and conversion to an Equipment Finance Product

Whilst importing equipment direct from an overseas supplier can seem daunting to some we can make the process seamless from the purchase right through to the financing of the equipment.

If you are considering importing equipment the key things from our experience that need to be considered are:

- What are the payment terms required by the Supplier?
- Are you taking any payment risk?
- Is a deposit required?
- Is a Letter of Credit required?
- Is the purchase in foreign currency?
- How do you mitigate the exchange risk?
- How do you structure the transaction?

What are other items to consider?

- The financial strength of the supplier – what happens if a deposit is paid and the equipment is not shipped or delivered?
- Does the equipment need to be installed and commissioned at your premises? If payment had been made when it was shipped can the supplier ensure the equipment is commissioned and working to your satisfaction?
- Can the supplier provide the equipment in a timely manner and have it operating when required at your premises?
- What GST is payable when the equipment arrives in **Australia**?

How we help!

We can assist you with the finance for amounts (the equivalent of AUD $200,000 and above) as follows:

- structuring the transaction to provide additional protection against the pitfalls of importing.
- arrange the financing of the import (including a Letter of Credit, Forward Exchange Contract and Trade Finance).
- Having finance approved for the conversion to the Equipment Finance product.

More importantly an unlike some of the major financiers the only security generally required is the Equipment being imported.

Please feel free to make contact to discuss any aspect of your importing requirements.

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