



Welcome to our first quarterly newsletter for the 2020 financial year.

In this edition we take a look at:

- [How to save money on your next new vehicle purchase](#)
- [Handy advice on how to avoid becoming a victim of scammers targeting Australians in record numbers](#)
- [How we can assist small businesses in obtaining credit from reluctant financiers](#)
- [Potential pitfalls of making payment arrangements with the ATO](#)

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

Enjoy the read!



## **How you could save money on your next new vehicle purchase!**

We can take the stress out of buying a new car - and save you dollars!

Centrepont Finance has recently teamed up with a car buying service that has dealers competing for your business - and the good news is that it is obligation free.

### **What does our car buying service offer?**

- Superior quotation and tender technology - connect with a car buying network and benefit from the fleet pricing usually only available to company's purchasing large numbers of vehicles.
- No running around from dealership to dealership. No high pressure salespeople. No wondering whether the price you are being quoted is a good deal.
- Professional, unbiased advice on new vehicles, service and even the sale of your old wheels
- Complete concierge service, covering sales agreements, tax invoices and 100% online trade-ins
- Free delivery Australia wide, with a full tank of fuel

### **How does it work?**

- We refer you to our car buying service
- Our car buying service contacts you and discusses options for the make, model and accessories of the vehicle you are considering.
- The car buying service then tenders out your requirements to the market and forwards a response to you, usually within 4 hours.
- If you are happy with the quote and it is accepted, the car is ordered.
- Once the car is ready and payment has been settled, the car buying service arranges delivery to your address (with a full tank of fuel)

### **What about finance?**

- We discuss finance and repayment options available to you based on the vehicle you are purchasing
- We then arrange for an application to be submitted to the most appropriate funder that meets your requirements.
- Subject to approval, we settle with the car buying service and your new vehicle is ready for delivery (we can arrange finance prior to the car being ordered, so that you have peace of mind)

If you are looking to purchase a car, please make contact so that we can arrange an obligation-free quote.



## **Record losses expected as scammers target Australians**

Based on actual losses reported to Scamwatch and other government agencies so far this year, projected total losses to scammers are expected to exceed a record \$532 million for 2019. Australians are therefore set to lose in excess of half a billion dollars for the first time.

This year's National Scams Awareness Week that was held from the 12<sup>th</sup> to the 16<sup>th</sup> of August and the theme was 'too smart to be scammed?'

"Many people are confident they would never fall for a scam, but often it's this sense of confidence that scammers target", said ACCC Deputy Chair Delia Rickard.

"People need to update their idea of what a scam is so that we are less vulnerable. Scammers are professional businesses dedicated to ripping us off. They have call centres with convincing scripts, staff training programs, and corporate performance indicators their 'employees' need to meet."

This [article](#) provides handy advice on strategies to adopt to avoid being another victim of a scam.



### **Have you got a need for cash? Small Businesses need credit but Financial Institutions are often saying no! Can we help?**

“Small businesses have been facing tighter credit conditions over the past year or so from a level that was already tight. Over the past couple of years, lending to small businesses (which includes businesses with annual turnover of less than \$50 million) has hardly grown at all, unlike lending to large businesses, which has grown by around five per cent per year on average.

But lenders are increasingly treating small businesses as household borrowers, imposing the stricter conditions on small business lending. Furthermore, property is a common form of security for small business lending – around 50 per cent of loans to small business are secured by residential property. The decline in housing prices over the past couple of years is therefore likely to have reduced the amount of money that small businesses can borrow”.

**Michele Bullock**, Assistant Governor (Financial System), Reserve Bank of Australia, made the above comments during a speech she gave in August - and we have also experienced a tightening in lending to small business.

**The good news is that there is alternative funding available to small businesses to assist with business growth, being unsecured business finance.**

### **Key Features:**

- Amounts available from \$5,000
- The loan does not require additional property security
- Available for terms from as little as 6 months, up to 36 months
- Subject to credit approval, funds can be deposited into a bank account within 48 hours.

### **What are we seeing our clients use this form of finance for:**

- **Helping with cash-flow** - A business loan is a quick, easy solution to keep the cash flowing and ensure day-to-day business operations keep running smoothly!
- **Purchasing Inventory** - Including taking advantage of discounts available when ordering in bulk. Don't let a lack of working capital prevent you from purchasing stock when the opportunity is there and the price is right.
- **Managing Debt** - Business debt doesn't have to hold back growth. Getting on top of your debt and refinancing it into manageable repayments can allow your business to continue growing.
- **Paying for Overheads** - Whether it's for advertising costs, accounting fees or another kind of business overhead, a business loan can cover it all.

Whilst the cost of this borrowing is typically higher than the cost of traditional financing with property security, we have seen clients more than cover this cost from improved profitability from having funds available for use within their business.

If you have a cash flow funding requirement, please contact us and we would be happy to discuss the options that are available to you.



### **What is the impact of a Business ATO Debt on Finance?**

Often businesses do not realise the effect that a payment arrangement with the ATO can have on their ability to obtain finance.

A typical case we are seeing is where a business is travelling well, although cash flow is tight, and they have fallen into arrears with the ATO. Their accountant then suggests that they enter into a payment arrangement with the ATO to pay down the arrears in instalments. The accountant mentions that there is a General Interest Charge of around 9% per annum, but that this is an affordable way to make payments and it is easy to arrange. The business owner agrees and enters into a payment arrangement with the ATO, and the debt due becomes simply another creditor on the balance sheet.

Whilst this option may appear attractive on the surface, it does come with some risks that are often not taken into consideration.

In our experience, financiers treat tax obligations in arrears as a sign a business is failing, even though this may not be the case. The general view taken is that if a business cannot meet its tax obligations, then a financier should not be lending to them.

### **This can have the following flow-on effects:**

- If a business requires any future finance, or when its existing facilities are due for renewal with its core bank, having an ATO payment arrangement in place will in most cases impact upon the ability to renew facilities and/or increase limits.
- If a business needs to borrow funds from another financier (not their core bank), such as for the financing of equipment purchased, these financiers will also not generally approve borrowings if an ATO payment arrangement is in place.

Most financiers require a clear Tax Portal from the applicant (borrower) to demonstrate that payments to the ATO are up to date before releasing funds. In some cases, financiers are also asking for an Integrated Client Account that shows tax payment activity over the previous twelve months. If there have been any ATO payment arrangements over the period, the application will automatically be declined.

If you are in a situation where your business cannot meet its tax obligations due to a short term cash flow issue, there are other options available. These can include:

- Approaching your core bank for an increase in short term funding (such as an overdraft)
- Applying for an unsecured business loan or debtor finance facility
- Reviewing all of your financing facilities and making sure they are suitable for your ongoing cash flow requirements.

If you need assistance now or in the future, we are happy to discuss the above options with you and tailor a plan to address your individual circumstances.

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