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Newsletter October 2011

Dear Client,

In the world of business, some things change (WorkCover) and some things stay the same (cashflow).

We now also have a postal box: PO Box 11040 Frankston VIC 3199

WorkSafe/WorkCover

Each year, businesses fill in rateable remuneration forms and send them to WorkCover so the appropriate premiums can be levied. One of the more difficult aspects of the form to complete is the contractor section – who to include and who not to include.

As of 1 July 2011, there are new provisions in place. There are three provisions covering contractors:-

1. The contract is mainly for labour; and
2. 80% of the work is performed by the same individual; and
3. 80% of the income of the contractor is earned from the hirer

If you would like more information regarding these new provisions, please contact us and we can forward you information from a recent WorkSafe presentation.



Cashflow – Chasing Debtors

Cashflow is the lifeblood of all businesses – chasing debtors is often the least liked aspect of the cashflow cycle. Just say you've been a bit slack about collecting your debtors; now imagine that you could collect say 20% of them instantly – what positive impact would that have on your bank account.

What does being slack about your debtors mean – your debtors are essentially using your money to finance their business, and the growth of your business may be constrained because your money is sitting in your debtor's bank account, not yours. What can you do:-

- You as the owner need to deem collection of debtors as something important and as a priority, rather than as something that you'll get around to later
- Appoint someone in your business to take on the role of debt collection; not you (because you want your customers to talk to you, rather than palm you off/not take your call because they think you are chasing them for money), but someone who has the right qualities
- Regularly, perhaps every Monday morning, sit down with the appointed person and go through the debtors list with them and decide which debtors are to be targeted
- Take notes in relation to each debtor who is chased so that follow-up becomes easier
- Keep the debtors lists so that you can then compare them with future lists so that you and your debt chaser can see the improvement



Increased audit activity

We are finding there is increased activity by the Australian Taxation Office conducting audits in relation to benchmarks. The ATO benchmarks businesses according to their industry and their turnover; the following link will take you to ATO benchmarking:-

<http://www.ato.gov.au/businesses/pathway.aspx?pc=001/003/102&alias=businessbenchmarks>



The ATO has a section referred to as the “Cash Economy”, where they use benchmarks to ascertain whether businesses are disclosing the appropriate revenue based on their cost of goods sold, wages or rent. Business that do not disclose fully their cash sales, and thus under-report their revenue, may fall outside the benchmarks.

Some businesses do fall outside these benchmarks; there may be a variety of reasons – the business does not fit the benchmark or operates concurrently in different industries.

If the business is selected for an audit, the ATO will generally contact the tax agent by telephone or by letter requesting information.

It is not just the ATO that is increasing their audit activity. The State Revenue Office has indicated that it is more likely to instigate an audit if the business lodges its payroll tax information late.

Email scams involving the ATO and supposed tax refunds

Please be aware of email scams appearing to come from the Australian Taxation Office offering tax refunds. The email generally links to a fake ATO website that then requests your banking/credit card details. Some of these emails also contain viruses. Please ignore these types of emails as the ATO will not send you an email requesting banking information. For more information, see the link below:-

http://www.ato.gov.au/onlineservices/distributor.aspx?menuid=0&doc=/content/62347.htm}&page=6#P161_8620

If you would like to discuss any of the above, please contact us.
Regards,

Mathew and Michael

IMPORTANT DISCLAIMER: This update does not constitute advice. Clients should not act solely on the basis of the material contained in this update. Items herein are general comments only and do not 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 these areas. This advice is issued as a helpful guide to clients and for their private information. It should be regarded as confidential and not be made available to any person without our prior approval.

Flood Levy

The flood levy has come into effect as from 1 July 2011 and will apply for the current 2012 financial year. If your taxable income exceeds \$50,000, then you will be required to pay the flood levy, unless you are exempt because you received an Australian Government Disaster Recovery Payment. The flood levy has been incorporated into the new tax tables. For information, whether you are an employee or an employer, see the link below:-

<http://www.ato.gov.au/content/00276059.htm?headline=floodlevy&segment=home>

Footy Tipping Competition



Thanks to everyone who participated in our footy competition; it was a close contest all season.

So after 24 rounds of footy the rankings were:-

1st Rachel Callaghan
2nd Ken Coram
Equal 3rd Trevor Yeo & Carl Fitchett

The office will be in contact with you about your prize.