

SPRING 2022

BUSINESS & PROFIT MATTERS

Strategies for managing your business



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**VEALE
ACCOUNTING GROUP**
accountants & advisers

Electric Car Modelling For Your Business

Key tax measures regarding electric vehicles have been announced for businesses who may be looking to purchase a new car, but how do you know if buying electric is the right move for your business?

You may have wanted to provide electric vehicles to your employees or your business or are an employee wishing to salary-package an electric vehicle. The implications of fringe benefits tax have been a key issue in the purchase and rollout of electric vehicles for businesses.

The Treasury Laws Amendment (Electric Car Discount) Bill 2022 was introduced as an amendment to the Fringe Benefits Tax Assessment Act 1986 to exempt from FBT the use of eligible electric cars made available by employers to employees.

This FBT exemption will apply to battery electric cars, hydrogen fuel cell electric cars and plug-in hybrid electric cars.

To be eligible for the tax exemption, an electric car's value must be below the luxury car tax threshold. For 2022-2023, the threshold for fuel-efficient vehicles is \$84,916.

Accountants can be effective tools that your business can use to make an informed decision about potential outcomes resulting from a decision-making process.

In this case, is purchasing an electric car cost-effective and of taxable benefit to your business?

Accountants undertake a process known as financial modelling, which is the interpretation of numbers associated with features of a company's operations. This means they build an abstract representation using data and numbers of a real-world financial situation to determine whether the outcome will benefit the business (usually for tax purposes).

For example, if it was thought that purchasing an electric company car could be potentially more tax effective than your current company car (even if you had purchased or leased that car within the last 12 months), accountants can 'run the numbers' to validate the decision.

Your accountant should provide you with the information to make an informed decision that still advises you on the best options for the business. Please note that your accountant will not

For more information about the EV exemption, consult with your adviser today.

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New Generation Of Expectations From Workers & Consumers

Businesses must accommodate the new expectations from workers and consumers stemming from the social norms that have influenced them.

These new generations have different expectations of how they, as workers and consumers, expect to be treated, and a good business should try to accommodate these expectations.

WORKER EXPECTATIONS

HAPPINESS

Prospective and current employees expect their workplaces to aim towards a corporate culture that accommodates their happiness as individuals alongside their worth as a business asset. The current generation of workers has specific ideals for the businesses they work for, ranging from ethical, social and even environmental considerations.

FLEXIBILITY

Workers are looking for the freedom to choose a working environment that considers their needs and expectations while balancing a healthy work/life balance.

Is work-from-home/hybrid/remote working an option? Is a four-day workweek viable?

Flexible working options have become a staple of many jobs (where it's plausible), so being too inflexible about them concerning your employees can have negative effects. Putting this into perspective, about 45% of 25 to 34-year-olds say they wouldn't accept a job that didn't offer schedule flexibility. and 41% say the same about jobs lacking remote opportunities

LEARNING & DEVELOPMENT OPTIONS - UPSKILLING

Good workers want to learn more about their jobs and the skills they need to maintain. A good employer facilitates this development by providing the specific training that workers need to excel in their professional roles at the business.

Providing attainable learning goals amidst opportunities enables them to quickly and easily acquire the skills they need to do their jobs better daily. Having a choice of learning and the resources to enable skilling priorities will help build workforce confidence and loyalty.

EXPECTATIONS FROM CONSUMERS

STRONG COMMUNICATION

Customers expect consistent interaction across your business's departments (from marketing to sales to support/service) and for the communication to be consistent and effective. Failing to share information across those channels can hinder potential transactions (e.g. promoting a sale through marketing channels that the sales teams do not have awareness of).

PERSONALISATION

Customers expect you as a business to understand their unique needs and expectations, without treating them as a statistic. Personalise special offers to them that promote their loyalty/continued subscription to your services, e.g. 50% off the last product when purchasing 3 or more.

DATA PROTECTION

Amidst the Optus leak, data protection should be a number one priority for businesses, and customers should feel secure that you are doing everything possible to keep their data safe. Make their trust your priority, and be as transparent as possible about how you are using their data.



The Consequences Of Not Having A DIN When Setting Up A Company

From 5th April 2022, Director Identification Numbers (DINs) have been a mandatory requirement for company directors. However, if you have yet to apply for a DIN as a director and have started up a company, you could face significant consequences and penalties, including potential imprisonment.

Why Are DINs Important?

Unique and individual identifiers, DINs aim to combat 'phoenixing', which involves transferring the assets of an indebted company to a new company with the goal being to avoid paying the indebted company's liabilities deliberately. This act is illegal because it places unsecured creditors and employees in a position where they may not be able to recover money owed by the company.

It is believed that Director Identification Numbers will better equip regulators and external administrators to track failed companies' directors and increase corporate sector accountability.

Who Needs A DIN?

New directors must apply for a Director Identification Number at least a day before registering the company. For those who were existing company directors before 5th April 2022, this needs to be put into place as it became a legally mandatory requirement of company directors. However, once applied for, that DIN is their's for their entire lifetime as a director.

What Happens If I Don't Have A DIN?

Any director (or alternate director) who fails to comply with the new rules surrounding DINs may be liable for civil and criminal penalties.

A contravention of the DIN rules occurs, among other things, where a director:

- fails to obtain a DIN;
- fails to apply for a DIN within the required time frame; or
- provides false or misleading statements.

If a director is caught contravening these rules, penalties will be enforced as these are strict liability offences.

More serious criminal or civil liabilities may arise if a director applies for multiple Director Identification Numbers, provides false or misleading information in their application, or misrepresents their Director Identification Number to a Commonwealth body, registered body or company. These offences carry significant civil and criminal penalties, including terms of imprisonment.

Offence	Maximum Penalties For Individuals
Failure to have a director ID when required to do so	\$13,200 (criminal); \$1,100,000 (civil)
Failure to apply for a director ID when directed by the Registrar	\$13,200 (criminal); \$1,100,000 (civil)
Applying for multiple director IDs	\$26,640, 1 year imprisonment or both (criminal); \$1,100,000 (civil)
Misrepresenting director ID	\$26,640, 1 year imprisonment or both (criminal); \$1,100,000 (civil)

What Do I Need To Do?

As a company director, it is your responsibility to have a Director Identification Number or to apply for one.

When people must apply for their Director ID depends on when they first become a director:

- Directors appointed before the 1st of November 2021 have until the 30th of November 2022 to apply.
- New directors appointed for the first time between the 1st of November 2021 and the 4th of April 2022 had 28 days from their appointment to apply.
- From the 5th of April 2022, intending new directors must apply before being appointed to the company, or before the company is registered.

If you require more information about your requirements as a director, you can speak with us.

Privacy Of Your Client's Information In The Wake Of The Optus Data Breach

Australia has the opportunity to be at the forefront of privacy and data protection, with laws and practices that increase consumer trust and confidence in the protection of personal information and underpin innovation and economic growth.

However, the recent Optus data breach has brought into question the transparency around data held by businesses and how at-risk that data is.

HOW DO DATA BREACHES OCCUR?

A data breach occurs when the data for which your company/organisation is responsible suffers a security incident resulting in a breach of confidentiality, availability or integrity.

Here's how a data breach can occur:



AN ACCIDENTAL INSIDER:

An example would be an employee using a co-worker's computer and reading files without having the proper authorization permissions. The access is unintentional, and no information is shared. However, because it was viewed by an unauthorized person, the data is considered breached.

A MALICIOUS INSIDER:

This person purposely accesses and/or shares data with the intent of causing harm to an individual or company. The malicious insider may have legitimate authorization to use the data, but the intent is to use the information in nefarious ways.



LOST OR STOLEN DEVICES:

An unencrypted and unlocked laptop or external hard drive — anything that contains sensitive information — goes missing.

MALICIOUS OUTSIDE CRIMINALS:

These are hackers who use various attack vectors to gather information from a network or an individual.



What Happens If A Company's Data Is Breached?

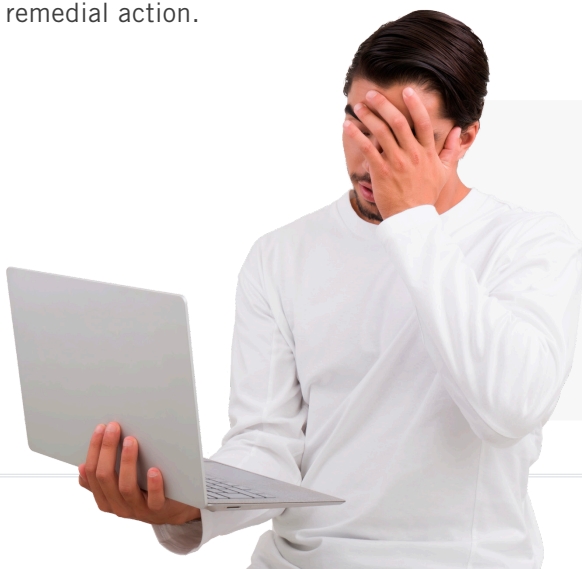
When an organisation or agency that the Privacy Act 1988 covers have reasonable grounds to believe an eligible data breach has occurred, they must promptly notify any individual at risk of serious harm. They must also notify the Office of the Australian Information Commission.

Smaller and medium-sized businesses can be especially vulnerable to cyber security threats. This is because

- They often don't think they will be targeted and therefore aren't prepared.
- They can have outdated systems or a lack of security protocols and training, which make them easier to hack.
- They are less likely to have large, dedicated IT teams who can stay on top of the latest IT security risks and website security issues.

An eligible data breach occurs when the following criteria are met:

- There is unauthorised access to or disclosure of personal information held by an organisation or agency (or information is lost in circumstances where unauthorised access or disclosure is likely to occur).
 - ◇ This is likely to result in serious harm to any of the individuals to whom the information relates.
- The organisation or agency has been unable to prevent the likely risk of serious harm with remedial action.




WHAT SHOULD I DO IF MY INFORMATION HAS BEEN INVOLVED IN A DATA BREACH?




If your password has been exposed in a data breach, you should immediately change the password on all affected accounts. Data breaches often occur as a means of obtaining sensitive information to commit further cybercrimes, such as identity theft or fraud.

You should also:

 Secure and monitor your devices and accounts for unusual activity, and ensure they have the latest security updates.

Enable multi-factor authentication for all accounts.



 Be alert for scams that reference the data breach you may have been involved in.

Under the Notifiable Data Breaches (NDB) scheme any organisation or agency the Privacy Act 1988 covers must notify affected individuals and the OAIC when a data breach is likely to result in serious harm to an individual whose personal information is involved.

BAS Due Next Month, What Do We Need From You?

It's coming up to the time of the year where Business Activity Statements (BAS) of Australian businesses, big and small, must be lodged with the Australian Taxation Office. In this time, cooperation with your accountant or registered BAS agent is critical to avoid significant penalties.

The BAS needs to be lodged by your business on a monthly or quarterly basis to the ATO. It summarises all of the business taxes you have paid or will pay to the government during a specific period.

When you register for an Australian business number (ABN) and GST, the ATO will automatically send you a BAS when it is time to lodge.

A BAS can include some or all of the following payments:

- Goods and services tax (GST)
- Pay as you go (PAYG) income tax instalment
- Pay as you go (PAYG) tax withheld
- Fringe benefits tax (FBT) instalment
- Luxury car tax (LCT)
- Wine equalisation tax (WET)
- Fuel tax credits

A form needs to be lodged with the ATO and payment made to the ATO by the due dates as follows.

- For monthly BAS: within 21 days of the end of the month on the form
- For quarterly BAS: as above for IAS

What Do We Need To Know To Assist You With Your BAS?

You'll need a record of how much GST you collected on sales, and how much was paid on purchases. You won't need to submit tax invoices when you lodge your BAS, but you will need to have them on hand. The ATO may ask to see them later.

Because your BAS may also be used for other tax reasons, you will probably need to provide extra information about your business, its income, and any employees.

What Happens If I Miss My BAS Deadline?

If you miss your BAS deadline without a good reason, you can be subject to significant penalties that could include fines, additional payments or judicial time.



Monthly Deadlines:

- You must submit a BAS within 21 days of the month closing.

Quarterly Deadlines:

- Quarter 1 (July-September) BAS is due on 28 October.
- Quarter 2 (October-December) is due on 28 February.
- Quarter 3 (January-March) is due on 28 April.
- Quarter 4 (April-June) is due on 28 July.

If you have a registered tax or BAS agent they can lodge, vary, and pay on your behalf through their preferred electronic channel.

When you use an agent:

- they can view BAS and reminder messages sent to you via their online service
- you can still access your BAS through Online services for business or myGov even if your agent manages them on your behalf.



Software Integrations To Digitise Your Business

In today's business world, a failure to modernise with the times could leave your business trailing behind its peers. Businesses must take advantage of the latest technologies available in order to stay relevant and accessible to their clientele.

Modernising is more than simply upgrading your physical technology - it's about adapting and adopting processes to promote growth, boost efficiency, and increase productivity. In some cases, this may be through **software integration**.

Software integration means syncing different software types so your entire team can do their jobs effectively. It allows you to pull all data together instead of isolating each piece of information from the other. In this way, different software can communicate with each other without intervention from humans.

For example, customer relationship management (CRM) applications can have integrations that connect them to the content management system (CMS) for your website to help keep track of leads and customers that interact with it.

IMPROVED EFFICIENCY

With so many overlapping roles within businesses (e.g. sales and marketing, finance and payroll, legal and compliance), the manual input and relaying of data can be doubled up on, unnecessarily.

Your operations can be slowed if you have two processes operating simultaneously, that do the same thing.

IMPROVED COST-EFFECTIVENESS

Information is already available within the system due to the integrations, e.g. e-invoicing customers.

INCREASED PRODUCTIVITY

Integration removes the delay of manually sharing information among departments as all software applications are communicating with each other instead. Information is available immediately as it is entered, providing you with additional time that can be used to run your business as you need. This type of information flow allows all members of your company to access files and know the status of projects within seconds.

REDUCED RISK OF MISTAKES

Not having to rely on humans to input information sourced from elsewhere means a lower likelihood of mistakes, incomplete information, or duplicate work. This ensures reliability and better performance.

BETTER CUSTOMER SERVICE

Integrations improve customer service in a couple of ways: When a client calls, no matter to whom they're speaking, your team member will have all relevant information — regardless of whether it relates to sales, marketing, or support.



OHS Requirements When Staff Work From Home

Employers' duties of health and safety extends to workers who work from home or remotely, and they must take steps to ensure, so far as is reasonably practicable, the health and safety of their workers.

With remote/hybridised work becoming an everyday staple of many positions, it is important that your business's OH&S also reflects work-from-home environments and the office.

A failure to monitor and manage the potential risks to employees as they work from their home environment can result in mental, physical and occupational consequences.

FOR INDIVIDUALS

Physical injuries from home hazards – slips, trips, falls



Body stressing injuries from workstation setup



Mental health conditions from isolation and disconnection from the workplace, and poor work-life balance



Potential burnout

FOR EMPLOYERS

Increased incidence of injury and workers' compensation claims to deal with



Higher likelihood of absenteeism from staff



Lower productivity from a lower output from staff as a result of poor mental health/failure to communicate.

There are various ways managers and supervisors can help workers:

- make working from home a productive, safe and healthy, digitally connected experience
- overcome challenges associated with working from home
- ensure team success by providing structure and clear expectations.

Employers can maintain their obligations to their employees OH&S by

- Ensuring that employees have access to a safe workspace in the home with a designated work

area, comfortable and hazard-free access, and adequate lighting and ventilation

- Maintaining connections to the employee and providing them with continued support - this can include creating regular check-ins and scheduled team/individual catch-ups.
- Honouring work-life balance while working from home, e.g. if an employee finishes at 5 PM, don't call them at 7.30 PM to ask where a file is if it can wait until the following day.
- Monitoring absenteeism, incident reports and patterns of working to show how employees perform and provide support where possible.