



FROM LEFT: KINGSLEY, STACEY, ROBERT, SALLY, PAUL, PAULA, PEPI, KATE, ADAM, RENEE & RIKEELI

MBS news

2014 thus far has seen plenty of change for us all with many exciting things to report on the personal and technology front, although not so much in taxation or the budget. Before getting onto the exciting points, lets first address the elements that will impact us in the realm of business and finance.

We have finally seen a well needed change in government with all manner of promises being made to secure the Liberals for the next 3 years. It's not all roses though as negative sentiment is mounting as the government seeks to put their stamp on things with a lot of dramatic change being rolled out prior to and within the budget. Flowing from this, it should not surprise us when we discover that the election promises are somewhat rubbery and open to adjustment as evidenced in the first budget. Although it is tricky to dissect at times the truth from the media spin which people become very vocal over without perhaps doing the research into the actual facts. Am I a huge fan of everything that Abbott is doing? Not by a long shot, but that is no different to any other government that has held power over the years – you get some inspired leaderships mixed in with moments where we're left scratching our heads. Only time will tell whether we'll look back and see this leg of political history as one of inspiration or one that we would sooner forget. The public voted in the Liberals for a reason, so I believe we should let them get on with their job and take the good with the bad. If they make a hash of it, the public will speak and they'll be out on their tails once again. Maybe then we could elect a single benign dictator who is able to take control and get things done without the compromises brought about having minority parties who hold power by default in the senate. Then we would actually see some real change!

The budget and other recent announcements have not seen any significant changes when it comes to tax and initiatives for small business and individuals. The deficit tax of 2% on those with income over \$180,000 seems like a fair addition on the surface, although realistically speaking you have to wonder how much impact this will really have on Australia's bottom line given high net worth individuals ability to deftly push income sideways. Company's can look forward to the long promised reduced tax rate from 30% back to 28.5%, but that won't take effect until the 2015/16 year. We still don't have a clear outcome on a few initiatives put in place by Labour as yet given their fate is bound to the "Mining Tax Repeal Bill" which is unlikely to passed prior to 1st July 2014. So it's an unknown if and when they'll reduce the instant asset write-off of \$6,500 for SME's and the immediate \$5,000 write-off for vehicles retrospectively to 1st January, 2014. The Loss Carry Back regime for companies will almost certainly go at the same time as well. I tend to agree with the overarching sentiment that the "age of entitlement" is over, although the implementation in practice seems a little clumsy and misdirected. We should certainly help and support those in society that are in situations outside of their control, but don't feel we should be encouraging that's it ok to strive for a government hand out at best. Personally I'd like to see things like Payroll Tax abolished since it's a significant deterrent to grow and hire extra employees especially in SA where the threshold is so low. Then

→ p2

June

14

“

We contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle. ”

– Winston Churchill

 **Murray**
BUSINESS SOLUTIONS

replace this by removing all exemptions on GST thereby simplifying the compliance side of a tax that is overly complex that is thereby costly to administer for both business and the government whilst increasing the tax base available for each state. We can dream.

With that out of the way, I'm pleased to say that on the personal front there's been a lot take place this last year. We introduced Robert Borrillo in July fresh out of school who is now endeavouring to work full time whilst tackling his Accounting Degree externally. Despite being a touch cheeky at times, he's already become a valued member of our team and look forward to what he'll bring to the mix over the years to come. Next we had Adam reach a key milestone of 7 years with us here at MBS. Over the past 7 years we've seen him and his haircut evolve into that of mature young man whom is tremendously capable at all things he puts his hands to – we're incredibly proud of him and all he's achieved and I'm sure those whom have worked with him have found him to be a pleasure to interact with. Soon after both Adam and Sally each made the leap into property with the purchase of their first homes, which is no mean feat given the difficulty finding decent properties in a good location at a reasonable price. It has brought about a degree of required discipline on the spending side of things now that they're responsible home mortgage owners. Paula & I have recently welcomed our third child, beautiful Isla Grace Murray born on 21st March. I have been rather vocal of our joy at her addition, despite the lack of sleep and the fact that it was all a bit of a surprise in the first place. She has settled into the family rather quickly with the boys absolutely adoring her – I just have to spend the next 15 years preparing myself for the first boyfriend. Goes without saying that my 40th birthday vacation has now been replaced with a visit to the doctors. Good times! Last but not least, by the time Pepi returns from her Europe / China extended holiday, she will return a married lady. We are super excited for Pepi and her husband, and wish them the very best in this next exciting stage of their lives.

Beyond the above I also have to say that my inner accountant has become a little excited this past year with some change afoot that I didn't think would take root so quickly. If you've spoken to me anytime in the last 10 months, you'll know that I'm talking about the quick evolution of Cloud Accounting. It all started whilst at a Superannuation training session with Grant Abbott where I was speaking with another young accountant whom had just bought the practice she was working in. She was talking about the migration of her practice across to Xero which piked my interest in what it

could bring to both MBS and our client base given how time poor we're all getting these days. Out of this I headed to XeroCon in Sydney where I was inspired by both the software providers and various other accounting practices and small businesses who gave presentations about them, where they've been and where they're going.

I came home with a clear vision of where the industry is heading and therefore where MBS and our clients need to be.

In coming years we can say goodbye to the old way of compliance - using different software and different versions, juggling of data files, backups, corrupt data and heavy compliance costs. Going forward we can look forward to working more closely together on your books, sharing the same ledger for our own compliance work, yet spending less time on them as a whole. On top of this, the next year is going to be even more exciting as all of the major software providers vie for the same client dollar through the provision of their own cloud accounting products. This can only be good news for us as they seek to have the best features at the best value to corner their own share of the market. Everybody wins. Don't fear if you're not ready for such a move, or if you're on another product, for we'll always support most of the desktop and cloud solutions available. But please don't hesitate to give myself or any of the other staff a call if you would like to talk through some of the pros and cons of such a change.

I hope you're feeling a little inspired about the future, for while I believe this next year will still have its challenges, there's a lot to be excited about. Thank you for your ongoing support this year and we look forward to catching up with you this next year as we get back into the groove of our regular visits.

Best wishes for the new financial year and as Xero's marketing regime so eloquently states - "Do Beautiful Business".

Paul & Paula Murray



FAMILY PHOTO FOR PAUL'S 40TH BIRTHDAY



PEPI & YIN'S WEDDING IN SANTORINI



Bookkeeping Solutions

With the advent of Xero as a great platform for some interactive bookkeeping and management, we believe we can assist a number of our smaller clients who are time poor or just plain don't like managing their books. We are looking at developing some packaged options that would take care of your compliance (Tax and BAS matters) in a super cost efficient manner via some monthly packaged options. The aim is to give you back some personal time to spend with your family and focus on the business whilst getting more timely accurate reports and feedback as to the performance of your business and taking the worry out of your compliance requirements. You can look forward to a mail out about this exciting offering soon.

Points of note for the New Financial Year

Every year there are a multitude of changes that one must factor in to your day to day. Some highlights that we believe you need to keep your eye on include;

- The ATO have announced recently that if you've lodged any BAS/IAS electronically of late, then your paper statements will stop and you will instead be reminded by the ATO via email. So ensure the ATO have your current email address on file. We believe at this stage that lodging electronically includes having our office lodge a BAS/IAS on your behalf at any stage.
- Don't forget to update your payroll software from 1st of July, as the Super Guarantee rate increases from 9.25% to 9.5% for the 2014/15 year. Don't forget also, that any super contributions above the mandatory SG rate, should be reported in your PAYG Payment Summaries at year end as a "Reportable Employer Super Contribution" (RESC).
- As mentioned last year, since the ATO will no longer be issuing cheques for any tax refunds, please ensure you provide us with your preferred bank account when you supply your 2014 tax information.
- If you've got Private Health Cover, even if you have "family cover", don't forget to add any new babies as of their date of birth to your cover, otherwise you won't qualify for the applicable tax offset since all of your dependents aren't covered under the policy. As a double check, make sure to provide the back page to your Annual Health Cover summary that you normally provide with your tax information, since this usually identifies who is covered and for the period for which they're covered.
- As raised in our Tax Planning email, the ATO is using its data matching powers to see if there are any easy targets for an FBT audit. So give some thought as to the types of benefits you provide to your employees (including yourself) and let us know if you would like us to complete a review of your potential FBT liabilities and how best to address this convoluted tax.
- Make sure that you do regular backups (and test those backups) of any computer information that you don't want to lose. Too often we hear of a hard drive failure resulting in lost accounting records, documents and family photos which are often irreplaceable.
- If you're in the building and construction industry, don't forget to lodge your Taxable Payments Annual Report by the 21st of July. Further details can be found here:

www.ato.gov.au/Business/Building-and-construction/In-detail/Taxable-payments-reporting/Taxable-payments-reporting---building-and-construction-industry/



The Cloud

"What is the cloud?" – It's a term we are increasingly hearing about, especially over this last year with the coming of age of various cloud accounting packages (Xero, ReckonOne, MYOB Essentials), cloud storage solutions (Microsoft OneDrive; DropBox) and other cloud software solutions (Microsoft Office 365, GoogleDocs). The cloud is in short accessing data or running programs over the internet via your web browser instead of on your desktop computer. The first question usually on ones lips is whether it's safe. To be perfectly honest, it is likely much safer than your computer sitting at home connected to the internet and a vast majority of businesses out there. The reason for this is that the servers that you're logging into via your browser communicate using heavily encrypted algorithms are in high security data centres with multiple copies of your data being stored on multiple identical server farms at different locations. If one somehow suffers a catastrophic melt down, the other sites pick up the slack and have another copy of your data. Contrast this to how most people operate at home and in business – in a business there's usually one computer that has all of the client data on it and at home all of your prized photos and personal documents also usually reside on one computer. A majority of people don't back up, and if they do it's usually not complete or never tested to ensure everything is in fact being backed up successfully. On top of this, we're all connected to the internet using an everyday consumer modem, which any hacker worth their salt can easily hack into leaving all of our information exposed. So, from my point of view, I believe the cloud solution is by far a safer option for our collective businesses (note though that we're presently only using Xero for the cloud) and personal information – it just so happens to also have the side benefit of being able to access it from anywhere, anytime with no fear of loss due a failed backup system or an intrusion by hackers. So when will you make the move?

SuperStream

As defined by the ATO, the SuperStream standard is part of the government's Super Reform package. It will provide a consistent, reliable electronic method of transacting linked data and payments for superannuation. The goal is to improve the efficiency of the superannuation system, to improve the timeliness of processing of rollovers and contributions, and reduce the number of lost accounts and unclaimed monies. Unfortunately the roll out of the system has not gone terribly smoothly with the phase in period being deferred for medium to large employers (20 or more employees) until 2nd November 2014 starting from 1st July, 2014. For small employers you must be complying by 1st July, 2015. With this system in place, you can be sure that if you're not making your employee super payments on time, there's a strong chance you will be identified and quite heavily penalised for unpaid super with non-deductible penalties and the like.

For further details, it's worth giving the following website a skim to ensure you are covered:

www.ato.gov.au/Super/SuperStream/



STAFF RETREAT TO PALM COVE FOR TEAM BUILDING EXERCISES



Annual Check-up

We always take this opportunity to flag a few items that you should at least give some thought to on an annual basis. It's easy for these matters to be overlooked given how busy our respective lives are, but the ramifications for not having these documents in place can be devastating. As we mentioned last year; time seems to move faster every year and it is easy to overlook the very important documents, that in a time of crisis can be critical. Please take the time to check that your important documents are current and in a safe location.

- o **Wills and guardianship**
- o **Power of Attorney (Enduring & Medical)**
- o **Life Insurance**
- o **Insurance – income protection, trauma cover, total & permanent disability**
- o **Binding Death Benefit Nomination or a SMSF will in your Superfund**
- o **Private Health Cover**

For any further details or an explanation of the above and how they impact on your financial situation, please do not hesitate to contact our office.



MBS Mailing List

When you get a moment, I'd like to encourage you to jump onto our website and subscribe to our mailing list (bottom right hand side). Not only will you get an informative newsletter each month about all sorts of business and tax matters relevant to you, but you'll get the odd update about other important things happening at MBS which may effect you.



Accountants & Business Consultants