

BUSINESS | Important Matters to Consider | June 2019

|  |
| --- |
| Please contact us if you any questions about this reference guide. Many items in this guide may require you to speak to another professional for advice eg solicitor or insurance broker. If you don’t already have an established advisor, please let us know and we can put you in touch with one.  Glenn & Sonia  02 4861 4988  [glenn@gscaccountants.com.au](mailto:glenn@gscaccountants.com.au)  [sonia@gscaccountants.com.au](mailto:sonia@gscaccountants.com.au) |



Liability limited by a scheme approved under Professional Standards Legislation

Do you dedicate time to the financial health and overall obligations of your business? We have compiled a list of items for you to contemplate that is by no means exhaustive but will hopefully give you things to consider and help form an action plan.

|  |  |  |
| --- | --- | --- |
|  | SUPERANNUATION | Ensure that you are paying all compulsory superannuation obligations on time (currently 9.5% on most wages paid). It is a serious offence to neglect paying this entitlement and rectification is a difficult process with ATO. Note there is increased audit activity in this area by the ATO |
|  |  |  |
|  | WORK SAFE & OHS | Is the work environment safe for all staff? Are you complying with all your obligations eg First Aid, Fire safety, clearance of hazards? |
|  |  |  |
|  | FAIR WORK | Are you paying your staff correct wages and all their entitlements as per the relevant award?  Do you have a workers compensation policy which is a legislative requirement where you pay wages? |
|  |  |  |
|  | PAYROLL TAX | Are your wages in excess of $850,000 making you liable for state based payroll tax? |
|  |  |  |
|  | PUBLIC LIABILITY INSURANCE | Minimum amounts of Public Liability insurance apply for different reasons. It is the current best practice to have a minimum of $20,000,000 in coverage. |
|  |  |  |
|  | OTHER INSURANCES | Do you have adequate insurance coverage for your business risks? Types of insurance include Professional Indemnity, General Business, Contents & Stock in Trade, Audit, Cyber. |
|  |  |  |
|  | KEYMAN INSURANCE | Do you have a plan in place to cover income for yourself or key staff in the event they cannot work? Unfortunately, income stops coming in but the expenses do not………. |
|  |  |  |
|  | PPSR | Is it necessary for you to register your interest in items other than land & buildings? |
|  |  |  |
|  | CASH FLOW | Are you able to meet your liabilities and expenses as and when they fall due? Have you planned for any capital or unexpected expenditure?  Have you put your tax liabilities aside?  Are you aware there are legal ramifications where cash flow becomes tenuous? Eg directors beings personally liable for debts of companies |

|  |  |  |
| --- | --- | --- |
|  | JOB COSTINGS | Do you know what it costs to run your business? Are you accurately reflecting that in the prices you charge? |
|  |  |  |
|  | EXPENSE REVIEW | Have you reviewed each of your overheads to ensure that they are still required and/or meeting you needs?  Are you getting the best deal? |
|  |  |  |
|  | INSOLVENCY | Is there a risk of being unable to pay debts on time? Have you considered the risks and issues associated with insolvency. |
|  |  |  |
|  | BEST BUSINESS PRACTICE | Do you use a bank account & credit card dedicated to business, keeping all personal expenditure separate?  Have you allowed for any personal use on expenses that are paid for by the business?  Do you have adequate records for all your expenses in the event of an audit?  Are you happy with the method that you use to collate all those records?  Do you conduct regular stock counts where your business has inventory? |
|  |  |  |
|  | PERSONAL SERVICES INCOME | Do you earn income from personal exertion by means other than salary & wage? Personal Services Income legislation may then apply to you, which could require the income to be attributed to you or further limit deductions you can claim against your income. |
|  |  |  |
|  | DIVISION 7A LOANS | Where you have a company, have you drawn money personally other than as wages or dividends?  Are you aware that you will need to repay this amount with interest back to the entity? Have you a strategy in place for this? |
|  |  |  |
|  | GST | Are you remitting the correct amount of GST and only claiming input tax credits on business expenses?  Have you made all your GST adjustments to the ATO? |
|  |  |  |
|  | FRINGE BENEFITS TAX | Do you run your business through an incorporated entity and provide benefits for personal use to employees (including yourself)? Eg Entertainment/Christmas parties, personal use on mobile phones & vehicles. |
|  |  |  |
|  | MOTOR VEHICLE EXPENSES | Where businesses are incorporated, the company or trust should own the vehicle before claims are allowed. There are also Fringe Benefits Tax implications that need to be considered.  Non-incorporated businesses have the option to use the cents per km or log book method to claim motor vehicle expenses.  It is imperative that log books are kept for 12 weeks and are no older than 5 years. They must also be redone where circumstances change.  Diary evidence is required for cents per km method. |
|  |  |  |
|  | BUSINESS GROWTH | Is it time to consider expansion or business restructure?  Are there new income streams that you could access? |
|  |  |  |
|  | BUSINESS RESTRUCTURE | Is your current entity still appropriate for the business?  Could a restructure help your access more capital? |
|  |  |  |
|  | EXIT STRATEGY | Exiting a business requires planning. Are you contemplating exiting? Consider what may need to be done to ready a business for a possible sale, including life beyond business both lifestyle and financially. |
|  |  |  |
|  | REWARD | Are you being appropriately remunerated for your efforts & risk in your business? |