

Clarity Taxation celebrate their seventh year in business on 1st July 2019 and we would like to take this opportunity to thank all of our clients, old and new, for trusting us with their tax preparation and accounting.

From the moment you enter our doors, you will notice that the conventional 'stuffy, intimidating' attitude is not what you will find here! We understand your needs and we speak your language in a friendly and approachable way.

The services we offer range from Business Activity Statements (BAS) and Tax Returns, to Business Incorporation and Self Managed Super Funds plus everything in between.

We now partner with leading Mortgage Brokers and Financial Planners and can offer advice and planning as part of the services available at Clarity Taxation. An approachable and efficient firm that takes the time to understand the complexities of your business and to find the solutions you need to help make your tax return a pleasurable time, instead of an anxious time.

2019-20 Federal Budget Highlights



The 2019/20 Federal Budget was released by the Treasurer Josh Frydenberg on April 2, 2019. This pre-election budget detailed some significant tax measures including:

Budget 2019-20

- An increase in the immediate asset write-off to \$30,000 for businesses with turnover of less than \$50m per annum;
- a six-year staged reduction in the marginal tax rate from 32.5% to more closely align with the corporate tax rate, which is hoped to stimulate consumer spending.

Government focus on business tax compliance also continues, with the Tax Office compliance programs receiving a funding boost of \$1 billion. It is indisputable that those businesses rorting the system should be brought to account, however, increased ATO scrutiny of compliant small businesses will be disruptive and costly.

Individuals

The Government has announced measures that seek to build on previously legislated changes to reduce personal income tax over the next six years.

Low & Middle Income Tax Offset (LMITO)



With immediate effect for the 2019 income year, the Government has proposed to increase the non-refundable low and middle-income tax offset (LMITO) to a maximum amount of \$1,080 (up from \$530) for taxpayers earning more than \$48,000 but no more than \$90,000. The LMITO then phases out from \$90,001 to \$126,000. The base amount of the LMITO is also proposed to increase from \$200 to \$255 for those earning no more than \$48,000. This offset is in addition to the existing low-income tax offset (LITO) and is a temporary measure due to be removed on 30 June 2022.

Tax Rate Changes

With effect from 1 July 2022, the Government proposes to increase the top threshold of the 19% tax bracket from the previously legislated \$41,000 to \$45,000 and will also increase the LITO from the previously legislated amount of \$645 to \$700. These changes are intended to lock in the reduction in tax provided by the LMITO, once the LMITO is removed.

The Government has already legislated to remove the 37% tax bracket with effect from 1 July 2024. In this Budget, it announced a further change to reduce the 32.5% marginal tax rate to 30%, which will take effect at the same time. This means that taxpayers earning up to \$200,000 will pay a maximum marginal tax rate of 30% from the 2025 income year. For that year, taxpayers will be able to earn fully franked dividends of approximately \$158,000 without paying any top-up tax (assuming a franking rate of 30%) and approximately \$90,000 (assuming a franking rate of 25%).

Tax Rates and Thresholds for 2018/19 Onwards

The table shown summarises the announced personal tax rate and threshold changes (excluding the 2% Medicare levy).

| Tax Rates & Thresholds | | | |
|------------------------|----------------------|-----------------------|----------------------|
| Tax Rate | 2018/19 Year | 2022/23 Year | 2024/25 Year |
| 0% | \$0 - \$18,200 | \$0 - \$18,200 | \$0 - \$18,200 |
| 19% | \$18,201 - \$37,000 | \$18,201 - \$45,000 | \$18,201 - \$45,000 |
| 30% | Not Applicable | Not Applicable | \$45,001 - \$200,000 |
| 32.5% | \$37,001 - \$90,000 | \$45,001 - \$120,000 | Not Applicable |
| 37% | \$90,001 - \$180,000 | \$120,001 - \$180,000 | Not Applicable |
| 45% | \$180,001+ | \$180,001+ | \$200,001+ |
| LITO | Up to \$445 | Up to \$700 | Up to \$700 |
| LMITO | Up to \$1,080 | | |

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The greatest compliment we receive from our clients is the referral of their friends, family and business colleagues. Thank you for your support and trust

Individuals continued

Medicare Levy Low-Income Thresholds for 2018/19

For the 2018/19 income year, the Medicare levy low-income threshold for singles will be increased to \$22,398 (up from \$21,980 in 2017/18). For couples with no children, the family income threshold will be increased to \$37,794 (up from \$37,089 in 2017/18). For each dependent child or student, the family income threshold will increase by \$3,471 (up from \$3,406 in 2017/18).

For single seniors and pensioners eligible for the seniors and pensioners tax offset, the Medicare levy low-income threshold will be increased to \$35,418 (up from \$34,758 in 2017/18). The family threshold for seniors and pensioners will be increased to \$49,304 (up from \$48,385), plus \$3,471 for each dependent child or student.



| | 2018/19 Threshold |
|---|--|
| Singles | \$22,398 (was \$21,980) |
| Families | \$37,794 + \$3,471 for each dependent child or student |
| Single Seniors & Pensioners | \$35,418 (was \$34,758) |
| Family Threshold - Seniors & Pensioners | \$49,304 + \$3,471 for each dependent child or student |



Small & Medium Business Tax

Instant Asset Write-Off

The Government has announced an expansion of the instant asset write-off threshold from \$25,000 to \$30,000, with medium-sized businesses (with a turnover of up to \$50m) now also qualifying.

Following the Government's announcement on 29 January 2019 to increase the instant asset write-off threshold from \$20,000 to \$25,000 and extend the eligible purchase period to 30 June 2020, this Budget announcement increases the threshold even further to apply to assets cost-



ing less than \$30,000, while retaining the 30 June 2020 deadline.

While the deduction measure was previously limited to small businesses (being those businesses with an aggregated annual turnover of less than \$10 million), it will extend to "medium-sized business" with an aggregated annual turnover of less than \$50 million. This means all businesses with an aggregated turnover of less than \$50 million will be able to obtain an immediate deduction for eligible assets costing less than \$30,000 that are first used, or installed ready-for-use, from Budget night to 30 June 2020.

We note that the instant asset write-off for medium-sized businesses will only apply to assets that were acquired after 2 April 2019 and will not apply to assets acquired before this date (even where they are first used or installed ready for use after Budget night).

Given the announcements made on 29 January 2019, there are effectively three different thresholds that will apply for purchases made during the 2019 financial year. In summary, the immediate deduction will be available in respect of assets that cost:

The Budget announcement makes it clear that the existing small business tax depreciation concessions, including the pooling rules, will continue to apply to those businesses with aggregated turnover of less than \$10 million and will not be extended to medium sized businesses (more on this in our Tax Planning section).

| Cost of Asset & Purchase Date | Eligible Businesses |
|--|---------------------|
| Up to \$20,000, purchased from 1 July 2018 to 28 January 2019 | Small Business |
| Up to \$25,000, purchased from 29 January 2019 to 2 April 2019 | Small Business |
| Up to \$30,000, purchased from 2 April 2019 to 30 June 2020 | Small & Medium |



Export Market Development (EDMG)

The Government announced that it will provide additional funding of \$60 million to the EDMG scheme over a three-year period to support small and medium enterprises that export Australian goods and services to overseas markets.

The EDMG is currently available to Australian exporters who have income of less than \$50 million and who promote their products to international customers. The objective of the EDMG is to reimburse eligible entities up to 50% of their promotional expenses (i.e. advertising, marketing, overseas travel to trade shows) incurred above \$15,000. The minimum grant entitlement is \$5,000 and the maximum is \$150,000 per annum.



Superannuation

The Government has again announced superannuation changes in this year's Budget, which are aimed at increasing contribution opportunities for individuals aged between the ages of 65 and 74.

Work Test Exemption for Individuals Aged 65 and 66



The Government has stated that from 1 July 2020, individuals aged 65 and 66 will be permitted to make voluntary superannuation contributions without satisfying the work-test requirement. Currently, contributions by those aged 65 and over are subject to a work-test that requires the person to have worked a minimum of 40 hours in a consecutive 30-day period during the financial year.

In addition to the work-test exemption, the Government has stated it would also permit 'bring-forward' contributions for individuals aged 65 and 66. The ability to bring forward contributions is not currently available once an individual has reached age 65. On a practical level, the measure would extend access to bring-forward contributions for an additional two years of an individual's life. Bring-

forward contributions allow individuals to use three years of non-concessional contributions in any one year – i.e. non-concessional contributions of up to \$300,000 could be made in one financial year, significantly boosting superannuation fund assets available for investment.



Indirect Tax

Increased Luxury Car Tax Refunds

Farmers and tourism operators who use luxury vehicles in their business are currently able to access refunds of up to \$3,000 of the luxury car tax (LCT) paid. From 1 July 2019, the LCT refund limit will be increased to \$10,000.



ABN Integrity Measures

The Budget also proposed measures to counter the black economy through more stringent (annual) ABN eligibility rules. From 1 July 2021, ABN holders with an income tax return obligation will need to lodge their income tax return to retain their ABN. From 1 July 2022, ABN holders will also need to confirm the accuracy of their details on the ABR register on an annual basis.

These changes will enact some of the measures recommended by the Black Economy Taskforce, which identified widespread abuse of ABNs.

The change will also impose an additional compliance burden on businesses to ensure the currency of the ABN of their suppliers. Where a supplier's ABN is cancelled, a payer could find themselves with a no-ABN withholding obligation.

Letting you get on with what you do best!



Thinking of Renovating Your Investment Property?

Renovation Tax Tips

Creating wealth through buying an investment property is a well established practice in Australia. In fact, there are approximately 9 million residential dwellings in this country and almost 25% of them are rented from private landlords.

According to the Australian Tax Office there are just over 23 million people in Australia of which just under 8% of the population (1,811,174 individuals) own an investment property. According to the ATO data, 72.8% of individuals that owned an investment property owned just a single one. Meanwhile, 18% of individuals owned 2 properties and just 0.9% of individuals owned 6 or more. Clearly, negative gearing is a part of our DNA and it is fuelled by the tax incentives, our population growth, historic low interest rates, growth in property values and use of investment vehicles like self-managed superannuation funds.

Ultimately, the only way investors make money from their property investment is through capital growth. Accordingly, it's no surprise to find a lot of investors renovate their investment property in a bid to increase the value. Unfortunately, for tax purposes, there is a big distinction between a repair and a renovation. In fact, there can be both income tax and capital gains tax implications when renovating a property.

If you're looking to renovate or sub-divide your property we urge you to consult with us and if you're intending to renovate we provide the following general guidelines:



Repair or Renovation?

For taxation purposes, the difference between a repair and a renovation can be a grey area. A renovation with structural improvements like adding another storey to the building or adding a new room is typically a capital expense and the construction costs would be claimed over a number of years. If you demolished the back of the house and extended, the construction costs would be written off over 40 years at a depreciation rate of 2.5% per annum. If the property was sold before the construction costs were totally written off, the balance of the capital costs would reduce the capital gain on sale.

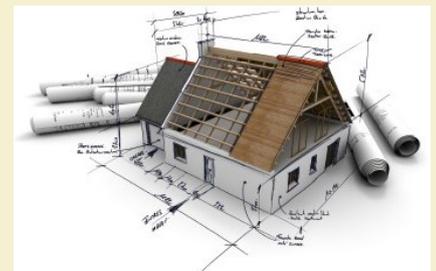
If the renovation included replacement items of plant and equipment (like an oven or air conditioner) they can be depreciated over the useful life of the asset.

The distinction between a repair and a renovation can be summarised as follows. A repair is basically maintaining the existing asset or structure. Repairs are deductible because they are fixing the wear and tear caused by the tenant, by accidental or deliberate damage or through the effects of natural causes. It's usually occasional or partial and involves restoring something to its original efficiency.

Replacing the thermostat in a hot water service is a repair while replacing the hot water service is not. Replacing old lino in the kitchen with floating floorboards would be considered a renovation and the expense written off over several years as depreciation. Repainting the property would generally be considered a repair.

The ATO has issued some guidelines on repair versus renovation (improvement):

- Whether or not the thing replaced or renewed was a major and important part of the structure of the property.
- Whether the work performed did more than meet the need for restoration of 'efficiency of function', bearing in mind that 'repair' involves a restoration of a thing to a condition it formerly had without changing its character
- Whether the thing was replaced with a new and better one, and
- Whether the new thing has considerable advantages over the old one, including the advantage that it reduces the likelihood of repair bills in the future.



Initial Repairs

You need to be very careful with repairs completed in the first 12 months of property ownership. Completing repairs shortly after buying a property and before you have a tenant would be considered 'initial repairs' and treated as capital expenditure and not tax deductible. This includes repairs to rectify damage, defects or deterioration that existed at the time of purchasing a property. If you replace depreciating assets such as a hot water service, floor coverings or a dishwasher, you may be able to claim depreciation on the items.



Keep Records

The distinction between a repair and a renovation can be a fine line so it's important to keep detailed records. You might also need to keep the receipts and records for an extended period of time because items of a capital nature will impact the calculation of the capital gain on sale of the property. For renovations, a detailed tax invoice is required to isolate the cost any appliances, floor coverings, curtains or painting.

Record keeping is also important because items costing less than \$300, despite being capital in nature (e.g. light fittings) and normally subject to depreciation, can be written off in the year they were incurred unless they fall under the initial repairs category.

Travel Expenses

From 1 July 2017, travel expenses you incur to inspect, maintain or collect rent for your residential investment property are not deductible. Therefore airfares, accommodation and motor vehicle expenses will no longer be tax deductible against the rental income you receive. From that date these type of expenses cannot be claimed unless you are carrying on a business of letting rental properties or are an excluded entity. Generally, owning one or several rental properties will not be considered 'being in the business of letting rental properties'.

An excluded entity is a:

- corporate tax entity
- superannuation plan that is not a self-managed superannuation fund
- public unit trust
- managed investment trust
- unit trust or a partnership, all of the members of which are entities of a type listed above.



In summary, investment properties and negative gearing have become a specialist area within our firm. We have identified some common areas where property investors trip up on tax and capital gains tax matters. If you're looking to renovate, make significant repairs or sub-divide your property we strongly urge you to talk with us today.

ATO Expects to Visit 1,800 Businesses in Black Economy Blitz



In an end of financial year compliance blitz, the Australian Taxation Office (ATO) is targeting small businesses in Victoria, Queensland and the Northern Territory and expects to visit up to 1,800 businesses, looking for evidence of black economy activity.

The visits by the ATO are part of the push to reduce the \$50 billion black economy tax gap each year, having identified specific geographical risk areas in each state. Over 10,000 small businesses can expect to receive a visit in the 2019-20 financial year.

The focus is on businesses not registered for pay as you go (PAYG) withholding or GST, but community referrals are also being taken into account when selecting businesses suspected of not doing the right

thing. Misrepresenting sales, not reporting income from online transactions and poor record keeping are all issues the community have raised with the ATO.

The ATO agents will also be visiting the tax practitioners of small businesses to "better understand the drivers behind agent behaviour and provide education and support to encourage willing participation of their clients in our tax and super systems"



July, 2019

Single Touch Payroll

Single Touch Payroll (STP) commenced on July 1, 2018 for large employers (with 20 or more employees), however, from 1 July 2019 small employers (with less than 20 employees) are required to report details of employees' tax withholding and superannuation information to the Australian Tax Office (ATO) at the time they process their payroll using Single Touch Payroll (STP) software.

Single touch payroll is also called 'real-time payroll reporting' because it means every time a business pays their staff, all the salary information is sent to the ATO. This includes wages, deductions and superannuation information, eliminating the need for Pay-As-You-Go Withholding Activity Statements throughout the year. Businesses still doing payroll manually will be forced to adopt a digital system over the next 12 months now that employers with fewer than 19 workers are caught under the Single Touch Payroll (STP) reporting regime.



It has been described as the 'biggest compliance undertaking since the GST', with more than 700,000 employers technically required to become compliant with the new system by 1 July, 2019.

Employers may need to choose new payroll software if their current software does not offer Single Touch Payroll reporting and the ATO recommends employers speak with their registered Tax Agent or Accountant to establish which software product best suits their needs. The ATO requested software developers to build a low cost Single Touch Payroll solution at or below \$10 per month for micro employers. A register of more than 30 suppliers of these low cost STP solutions is on the [ATO's website](#) and we understand the Tax Office has been discussing a possible digital banking solution with the major banks over the last 12 months.

Why STP?

Basically, it's a more efficient way to run the taxation system. In theory it also makes it harder to operate in the 'black economy' because the ATO has a better understanding of who is being paid what and when.

Single Touch Payroll is designed to streamline business reporting and help the ATO monitor whether employers are complying with their Superannuation Guarantee and PAYG Withholding obligations. By reporting through Single Touch Payroll, employers need not complete Pay-As-You-Go Withholding Activity Statements throughout the year and Payment Summaries will be available to employees through MyGov.

Implementing Single Touch Payroll and lodging reports may pose some concerns for business owners. The extension of STP reporting requirements to smaller employers raises the worry that they may not be aware of the changes and micro-employers (four or fewer staff) may not have digital payroll software or access to a reliable internet connection.

To assist, the ATO will :

- Offer Micro Employers (with 1 to 4 employees) help to transition to STP and other alternative options (for example, allowing those who rely on a registered Tax Agent or BAS Agent to report quarterly for the first two years, rather than each time their payroll is run);
- Allow small employers to start reporting any time from the 1 July 2019 to 30 September 2019 and granting deferrals to small employers who request additional time to start STP reporting;
- Not apply penalties for mistakes and missed or late reports for the first year; and
- Provide exemptions from STP reporting for employers experiencing hardship, or in areas with intermittent or no internet connection.

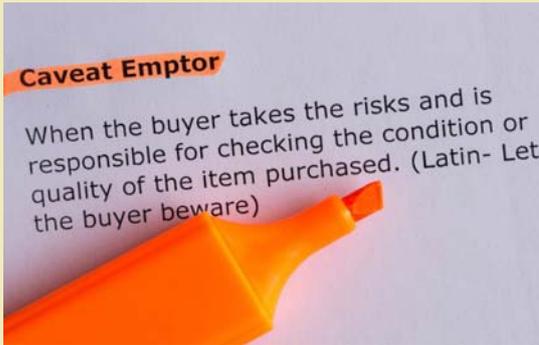


Finally, if you need any help with your payroll, withholding tax or superannuation obligations, please contact us today.

Buyer Beware – Before You Buy a Business



July, 2019



Caveat emptor! It's Latin for 'let the buyer beware' and it serves as an important message for people looking to buy a business. Taking the plunge and buying a business can be exhilarating but terrifying. There are so many things to consider and you need to do your due diligence before you commit to buy someone else's business. There are plenty of administrative decisions to be made around finance, accounting software selection, business structures and insurances. Of course, once you get the business up and running there are more challenges including cybersecurity and technological change.

It all sounds daunting but making the right buying decision hinges on having all the key information about the business at your disposal. To make an informed buying decision you need to do a detailed review of the business's financial performance, operations, reputation and industry as part of the 'due diligence' process. For example, from a financial perspective:

- ⇒ It all sounds daunting but making the right buying decision hinges on having all the key information about the business at your disposal. To make an informed buying decision you need to do a detailed review of the business's financial performance, operations, reputation and industry as part of the 'due diligence' process. For example, from a financial perspective:
- ⇒ Have you received and analysed the financial records for the past 3 years including the profit and loss statements? Are there any trends developing – are sales or profits in decline? Do you have a strategy to turn them around and can you increase sales with the current resources? Here's an important tip, never rely on financial statements generated by the vendor's accounting system. You need to be working from certified copies of financial statements produced by an accountant.
- ⇒ Are the total sales broken down by product or service line? Do sales and purchase records reconcile to the bank statements?
- ⇒ Are there any one-off sales in the numbers that won't be recurring and if so, what is the likely impact on the profitability of the business?
- ⇒ Do a small percentage of customers represent a large percentage of sales?
- ⇒ Is there a list of plant and equipment plus fixtures and fittings that the owner intends to sell? Where has the valuation come from for these items? Are any of the items under finance agreements?
- ⇒ Details of any stock being sold with the business and the valuation method. How will it be counted and valued at settlement?
- ⇒ Are you buying the accounts receivable/debtors? If so, do you have an aged listing of them?
- ⇒ Is a particular salesperson critical to the business success? If so, will you be able to retain that person in your employment?



This is really the tip of the iceberg from a financial point of view and there are numerous other things you need to research including:

Why?



You know why you're buying the business but why is the current business owner selling out? They might be retiring or suffering ill health but sometimes there's a hidden reason that they don't want to divulge. A new competitor might be opening up in the region or they may have just lost their biggest customer. Information like that could be a deal breaker or the asking price may need to be reduced in your favour. If you do your due diligence and ask all the right questions you reduce your risks and if the owner won't answer your questions, then it could be a red flag.

Industry Regulations

No matter what type of business you run, to operate legally, you have to comply with Federal, State and local laws and regulations. You could incur fines and penalties for non-compliance, so you need to be aware of the regulations and monitor any legislative changes.

There are employment, workplace relations and health and safety laws to consider and depending on your industry type, you might also need to comply with environmental protection laws.



The Fair Work Ombudsman recently released the findings from a joint probe with the corporate regulator ASIC that revealed almost 100 underpaid workers. The operation targeted 48 first-time directors located in and around Melbourne's CBD and the investigation covered several industries including accommodation, food services, rental, hiring and real estate sectors. 22 businesses were found to be non-compliant with more than \$40,000 in underpaid wages on behalf of 99 workers.

The biggest offender was a noodle bar that owed 14 employees more than \$8,500. Sandra Parker, the Fair Work Ombudsman, warned that ignorance wasn't an excuse for underpaying workers - "If you are new to running a business, it is your responsibility to ensure you understand your workplace obligations before you hire any employees."

Privacy laws are also important to protect the sensitive information you might gather on employees. There are rules about how employers must save and secure this data.

If you're looking to buy a franchise you need to be extra careful. The Franchising Code of Conduct regulates the conduct of franchisees and franchisors, but the industry is littered with disputes. Make sure you understand your rights and obligations under the Code.



Your Customers

I'm sure you're familiar with the 80/20 rule that means 80% of your business comes from 20% of your customers. Your customer database is central to the sale of the business so make sure it is stored in an appropriate CRM system you can access or import into your preferred software package. Can you extract meaningful reports on customer activity like a history of all their transactions, last year's sales and their contact details. Is there a trend in their level of orders – increasing or decreasing? Are the biggest customers in decline or have they ceased buying from you?

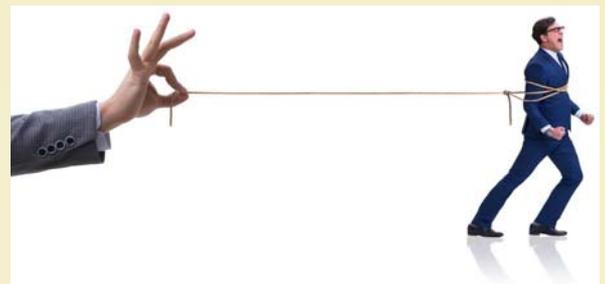
The business vendor could be exiting for a good reason - their key customers or clients are leaving, gone out of business or have merged with another group. For professional service firms, the list of clients is normally attached to the contract of sale.

Employee Retention

In some cases, the existing employees are the glue that binds the business sale together. Do you intend to retain them or replace them? Do they have long term relationships with key customers and will those customers take their business to their new employer?

Have a clear plan and strategy in place before you sign the contract of sale and be prepared to deal with the 'people' issues that come with changing business ownership. Communicate with employees to put them at ease and don't try and rock the boat early in the hand-over period.

Finally, it's an exciting time when you buy a business but make sure you do your homework and due diligence. There are so many questions you need to ask and so much research you need to do. Leave no stone unturned particularly if you are planning to invest a lot of money.



IMPORTANT DISCLAIMER: *This document contains general advice only and is prepared without taking into account your particular objectives, financial circumstances and needs. The information provided is not a substitute for legal, tax and financial product advice. Before making any decision based on this information, you should speak to a licensed financial advisor who should assess its relevance to your individual circumstances. While the firm believes the information is accurate, no warranty is given as to its accuracy and persons who rely on this information do so at their own risk. The information provided in this bulletin is not considered financial product advice for the purposes of the Corporations Act 2001.*



Word of mouth referrals used to be the primary source of new business for professional service providers like accountants, solicitors, architects, engineers and doctors. Courtesy of the internet, consumer behaviour has changed and most people now start their search for a product or service provider online.

If you run a business that relies on local customers like a hairdressing salon, barber shop, florist, restaurant, building trades or car repair business you need to focus on local search. Your potential clients and customers now turn to local online search engines to find nearly everything and unfortunately, if your business doesn't appear in local search results on Google then you're invisible to potential new customers.

What is Local Search?

Search engine optimization (SEO) is all about making sure the pages on your website appear on Google (and the other search engines) when someone searches online for a product or service you supply. Local search is when a person searches for a product or service in a specific area such as 'Barber in Richmond'. These include searches with certain geographic qualifiers, such as suburb, state, postcode and 'near me' searches. Google picks up the geographic location of the person performing the search and provides search results for that area.

Local search marketing is now a vitally important part of digital marketing and to illustrate the power of local search marketing let's look at a simple example. How many people do you think search for an 'emergency plumber in Oakleigh' every month? Now this isn't just a search for any plumber, it's specifically for an emergency plumber in the Melbourne suburb of Oakleigh. Would you believe just shy of six and a half thousand people per month or close to 78,000 per annum!



Imagine if you could attract just 2% of the 6,494 monthly searches. That means you would get 129 people to contact you and if you could convert 25% of those leads into customers you would attract 32 new customers every month. If the average emergency plumbing job in Oakleigh was \$400 that translates to \$12,800 of additional revenue for the month or more than \$150,000 per annum. If you were ambitious and could get 10% of the 6,494 leads and convert 50% to customers at \$400 per job that would add \$129,800 per month or over \$1.5M per annum in additional revenue.

The Importance of Local Search



In the digital and social age, local SEO is obviously extremely important particularly given Google reports around half of all mobile searches are conducted in order to find information about a local business, such as their business hours or directions to get to their premises. If you are looking to attract local customers for your business you need to focus on local search. Back in 2015 the number of mobile searches officially surpassed the number of desktop searches and mobile users perform their searches on the fly, often because they have very specific and immediate needs. For example, shoppers frequently check and compare prices online before they decide which shop they will visit. People looking for a place to eat can search for restaurants in their vicinity and look at their reviews and

menus.

According to a study done by Forbes, 95% of smartphone users have used their device to perform local searches, out of which 61% phoned the business and 59% visited the business premises. Search Engine Watch found that 70% of mobile users click to call a business directly from Google search results using their mobile phones. According to Google, close to 60% of all internet searches are for local businesses. Of the individuals conducting those local searches, half of them engage with the business they searched for on the same day. To take advantage of this opportunity, your business must be visible online and here are several ways to boost your local search ranking.

The Importance of Local Search for Small Business Owners continued



1. Your Google 'My Business' Profile

Make sure you claim your free Google "My Business" account and update the profile. There is no cost involved and it will help your business appear in Google local searches and Google Maps. It also allows you to obtain highly valuable online reviews to demonstrate to prospective customers and clients that you can solve their problem or need. It's important to maintain your business profile and make sure it is complete and has a number of glowing 5 star reviews.



2. Your Website

It goes without saying but an outdated website can make your business look out of touch with the market. Your website is the source of your Google search rankings and the content and links can all affect your business's local search ranking. Take time periodically to ensure that all website links are functional, that you share accurate and valuable information on your site, and that you follow SEO best practices. These are all important factors that impact your business's local search ranking.

3. Customer Reviews

Now you have your Google My Business profile page up and running you can demonstrate to prospective customers and clients that you can help them using customer reviews. Google Reviews are extremely important but make sure you also have your business listed on other sites that allow customers to leave reviews. The more popular sites include Yelp, Yellow Pages, True Local, Hotfrog and WOMO. Monitor your reviews and respond to them to show you genuinely care. Always respond in a positive and professional manner particularly if you have to deal with negative reviews.



4. Photos

Consumers love photos of your business and they will also show up in Google Maps. They can boost your local search ranking and business profiles with photos are twice as likely to generate interest as profiles without photos. If your business relies on local traffic and customers these four relatively simple tactics are easy to implement and are proven to improve your business' local search ranking.

Meet the Clarity Team

Rachelle Ford

The principle Accountant and Tax Agent with over 11 years of public practice experience. Qualifications include a Bachelor of Business and Commerce majoring in accounting and business law. A member of CPA and IPA and a fellow of the NTAA. She also has a Diploma of Management and a Cert IV in Business Admin.

Alex Emery

Worked in upper management for a large corporation for 25 years and managed more than 180 staff. He is available to discuss and advise on internal operational issues, cashflow, staffing etcetera and is available to attend meetings on site if required. Alex is also a tax consultant, so is available for appointments to prepare tax returns.

Anna Kougias

Has been a bookkeeper and business administrator for over 20 years. She looks after all of our full service business clients providing expert bookkeeping, payroll and superannuation payment advice. Anna is available for appointments on Tuesdays and Thursdays.

Michelle Foden

Worked in tax administration for 10 years plus. She is the very organised and proficient office manager and an invaluable asset to our business, ensuring the smooth running and seamless operation of our day to day affairs.

Imogen Roworth

This is Imogen's third year with us and she is very valuable to our team supporting the reception and admin duties. She is always on hand to help you as well.

Diana Eaves

Diana has a history in superannuation, retail and accounting and has joined our team as an assistant accountant and tax advisor, She will be on hand to assist with small business, smsf and individual financial statement and tax return preparation.

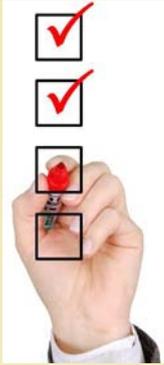


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2019 - Individual Tax Returns



Income

- ✓ Gross salary, wages, allowances, benefits, earnings, tips, Directors Fees and Insurance for lost wages.
- ✓ Income from business activities.
- ✓ PAYG Payment Summaries or Income Statements from MyGov
- ✓ Details of any non-cash benefits received including discount(s) on employee shares or rights.
- ✓ Lump sum and termination payments. All documentation should be provided including an ETP Payment Summary from the employer or fund.
- ✓ Government Social Security payments, including pensions, unemployment and sickness benefits.
- ✓ Details of any CGT asset sales (eg shares, business and real estate). Please include dates of, and costs associated with, acquisition and disposal (You can save tax if you qualify for the variety of CGT concessions).
- ✓ Annuities, including allocated pensions or superannuation income streams.
- ✓ Income from trusts and partnerships. Statements of distribution should be provided where appropriate.
- ✓ Rental income.
- ✓ Interest and dividends received from any source including life
- ✓ insurance or friendly society bonuses and any tax deducted. Include details of franked dividends (i.e. imputation credits).
- ✓ Foreign source (employment and pension) income and details of any foreign tax credits, assets or property.

Deductions

- ✓ Investment and property expenses (carefully detail interest and repair claims), supply statements.
- ✓ Work-related subscriptions or memberships (not including sporting or social clubs).
- ✓ Employment related expenditure such as self-education, protective clothing, tools, union fees, uniform and laundry expenses.
- ✓ Motor vehicle expenses, car finance lease statements (include petrol, repairs, parking and maintain a Motor Vehicle Log Book where necessary).
- ✓ Donations of \$2 and over.
- ✓ Income Protection Insurance Premiums.
- ✓ For Self-Employed persons, details of any Superannuation Contributions made.
- ✓
- ✓ Home office expenses where employment requires use of your computer, phone or other device.
- ✓ Tax Agent Fees and other accounting/tax audit fees.
- ✓ Special deductions (Australian films, investment shelters and agribusiness-type schemes).
- ✓ Unrecouped prior year losses.

New Clients

- ✓ Last year's Notice of Assessment and Tax Return (if available)

Rebates

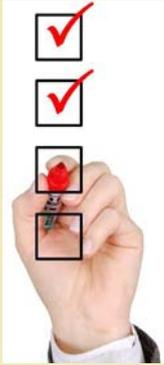
- ✓ Private health insurance annual statement (request from Health Fund)
- ✓ Details of superannuation contributions where no tax deduction can be claimed.
- ✓ Any changes in dependants, children's details, DOB and any Centrelink benefits applicable (income of spouse should also be provided).
- ✓ Details of any income received in lump sum which was accrued in earlier income years (e.g. assessable pensions).
- ✓ Details of any remote work performed for 183 days or more.
- ✓ **Note:** The net family medical expenses tax offset is being phased out and for 2018/19 is restricted to net eligible expenses for disability aids, attendant care or aged care and will cease 1st July 2019 altogether.
- ✓ HECS-HELP Debt details.

8 Most Common Errors in Income Tax Returns

1. Omitting Interest Income
2. Incorrect or Omitted Dividends Imputation Credits
3. Capital Gains/Losses are Incorrect or Omitted
4. Understating Income
5. Home Office Expenses
6. Depreciation on Rental Property Fixtures and Fittings
7. Depreciation on Income Producing Buildings
8. Borrowing Costs associated with Negative Gearing



2019 - Companies, Partnerships, Trusts and Other Businesses



Income

- ✓ Trading Income.
- ✓ Other Income (e.g. Rent, Interest, Royalties).
- ✓ Stock on Hand at June 30, 2019 (and basis of valuation) – note any obsolete stock.
- ✓ Work-in-Progress at June 30, 2019
- ✓ Primary Producer subsidies (assessable).
- ✓ Details of CGT assets (e.g. shares and real estate) sold, including dates of, and costs associated with acquisition and disposal.
- ✓ Dividends, including details of franking credits.
- ✓ Income from foreign sources including details of any foreign taxes paid.

Deductions

- ✓ Repairs and maintenance.
- ✓ Salaries, including fringe benefits.
- ✓ Fringe benefits tax paid.
- ✓ Rates, land taxes and insurance premiums.
- ✓ Advertising expenses.
- ✓ Interest on borrowed monies.
- ✓ Deductions relating to foreign-source income.
- ✓ Prepaid expenses (subject to transitional rules).
- ✓ Retirement payments and goldenhandshakes.
- ✓ Bad debts actually written off during the year.
- ✓ Donations of \$2 and over depending on the recipient.
- ✓ Commissions.
- ✓ Legal expenses.
- ✓ Lease or Chattel Mortgage payments on motor vehicles and equipment.
- ✓ Losses of previous years (or intra-group transfers).



Deductions

- ✓ Superannuation contributions.
- ✓ Subscriptions.
- ✓ Car expenses (remember to include petrol, repairs and parking and maintain a log book where necessary).
- ✓ Tax agent's fees and other accounting and tax audit fees.
- ✓ Royalties paid.
- ✓ Details of the destination and purpose of any interstate or overseas trip. Expenses must be fully documented where travel involves at least one night away from home. Travel diaries should be included where travel exceeds five nights.
- ✓ Research and development expenditure.
- ✓ Bank fees (where the credit or deposit represents assessable income).

Liabilities

- ✓ New loans taken out during the year and their purpose, including any new lease or chattel mortgage agreements on vehicles, equipment or machinery.
- ✓ Statements from the lending authority detailing the opening and closing balances of existing loans during the financial year.
- ✓ Provisions for long service and annual leave.
- ✓ Creditors at June 30, 2019.
- ✓ Details of loan accounts to directors, shareholders, beneficiaries and partners.
- ✓ Accrued expenses (e.g. audit fees, interest payments).
- ✓ Commercial debts forgiven.

- ✓ Assets
- ✓ Details of depreciable assets acquired and/or disposed of during this income year, including:
 - type of asset;
 - date of acquisition;
 - consideration received/paid.
- ✓ Lease commitments.
- ✓ Debtors at June 30, 2019.
- ✓ Commercial debts forgiven.

Additional Information Required

- ✓ Franking account details/movements.
- ✓ Overseas transactions, exchange gains/losses.
- ✓ Private companies – remuneration or loans to directors, shareholders and their relatives.
- ✓ Changes to the capital of the company.
- ✓ Whether family trust elections have been made in relation to trusts.

Note: To ensure that you obtain the maximum deductions to which you are entitled and in consideration of the penalty provisions, FULL DETAILS of any claim should be provided and supporting documentation made available. For employee taxpayers and for travel and motor vehicle claims by self-employed taxpayers, documentation must be a receipt, tax invoice or similar document which contains certain details. For other taxpayers, documentation may comprise receipts, dockets, diary notations or reasonable and supporting estimates.