

Morrows In Brief

A collection of compliance, firm and client articles to keep you in touch with news and developments at the Morrows Group.

Key Dates To Mark In Your Calendar

June	
21	May 2014 Monthly Activity Statement Lodgement
30	End of Financial Year
July	
21	June 2014 Monthly Activity Statement Lodgement
28	June 2014 Quarterly Activity Statement Lodgement (Paper Lodgement)
28	June 2014 Qtr Superannuation Guarantee Payment Due (9.25%)
31	TFN Reporting for Closely Held Trusts Due

Top ten tips for family business

Morrows is one of the few truly multi-disciplinary firms in Australia and has been for many years. This provides our clients with the unique option of having all of their financial, legal, structuring, taxation and future family affairs taken care of in one place. Many of our clients have recognized this and we take it as a great compliment to our business that they place so much trust in our advice.

We promote these skills under our “Multi Family Office” services (see our website under “Our Services”) and due to this interest, recently became aware of the Small Business Commissioner’s launch of a new resource for Family Business owners. The site is found at www.asbc.gov.au/family-business and we thought these tips would be of interest.

Top tips for family business owners:

1. Leave work at work and home at home.
2. Have clearly assigned roles for each family member to avoid feelings of being taken for granted, over-worked or under-utilised.
3. Pay the market rate – remunerate the job and not the person.
4. Develop a strong, capable management structure – don’t confuse ownership or inheritance with management.
5. Have clear, consistent communication – both good and bad news must be shared.

6. Clearly define entry and exit criteria for family members before an event occurs.
7. Develop a succession plan and ensure that it is endorsed by interested parties – a communicated process rather than sudden event.
8. Use outside advisers who can provide unbiased, objective advice – preferably accredited, family business advisers.
9. Hold regular communication sessions and family ‘retreats’ – the best results are those facilitated by a ‘third party’.
10. Use external advisers, sounding board, mentors and family business forum groups.

Morrows’ experience in this area means we can assist you in achieving peace of mind around all aspects of your family business including joining your family council meetings as an objective contributor.

Please speak with your Morrows contact on 03 9690 5700 or email us at morrows@morrows.com.au to find out how we can support your success.

3 Key Ideas for Success for the New Financial Year

Paul Tucker, Head of Business Advice an accredited MindShop facilitator

1. Have your challenged your Vision, Mission and Purpose lately?

For too many businesses their vision, mission and purpose are more ‘marketing’ pieces created for placement on their website or in a company brochure. Rarely are these statements of a nature that can drive the business, its people and its decision making forward. Why not review your own vision/mission statements over the next month. Are they easy to understand? Will they help transform your business? Will they help in decisions on strategies?

2. Are you transforming your star team members into head coaches?

In most businesses there are always high performers which traditionally means they progress through the ranks of the organization and eventually start leading the business and teams. However it cannot be assumed that just because you have a star performer that they will be great at leading or managing teams. A great leader works with star performers to ensure they have the skills to transition to being more the ‘head coach’ guiding and mentoring fellow team members in the skills required for high performance.

3. It’s all about change!

Pick up any management/business literature and you will typically read in the first 4-5 pages about the need for leaders to be visionary, innovate, adapt their products, adapt their business models, transform their teams or improve their bottom lines. The difficulty is focusing on all of those areas at the same time. However stand back from each of these specific issues and they all have a common theme which is.....they are all about change. So how will you improve your ability to implement change successfully, regardless of the topic?

Our Business Advisory team works with business owners to articulate their priorities, plan for change and implement well. Please contact us to discuss your challenges on 03 9690 5700 or businessandtax@morrows.com.au

SMSF Compliance program - Auditor Contravention Reports (ACRs)

The ATO has announced a new risk based approach it has developed for the treatment of auditor contravention reports (ACR's). Under the model, various indicators of non-compliance will be analysed to determine the action to be taken on non-compliant SMSF's.

The new approach means the ATO will treat all ACRs received with an audit, phone call or letter shortly after lodgement.

1. High-risk SMSFs will be selected for comprehensive audits that will scrutinise all regulatory and income tax risks displayed by the fund.
2. Trustees of funds assessed as Medium-risk will be contacted by telephone within 6-8 weeks by the ATO. If the trustee can assure the ATO that they understand their obligations, the issues reported in the ACR will be closed and no penalties applied.
3. Lower-risk SMSFs will receive tailored correspondence reminding trustees of their obligations and encouraging compliance in future.

It is especially important to be aware of the ATO's approach given the new penalty regime (see the May Issue of *Morrrows Insight*) – in summary, all contraventions, even those pre 30 June 2014 will attract a \$10,800 fine payable personally by the fund trustees from 1 July.

ATO Tax Amnesty – Project DO IT

In March 2014 the ATO announced Project DO IT – an initiative which allows eligible taxpayers to voluntarily disclose unreported foreign income and assets. Greg Williams, Deputy Commissioner, Serious Non-Compliance, said, "Sometimes people commit tax crime inadvertently. It may be as a result of inheriting unreported offshore accounts from relatives; it may be they have not understood that an arrangement is illegal; or it may simply be that they trusted people who gave them bad advice."

The ATO, therefore, wants to help taxpayers fix their tax affairs through Project DO IT.

The initiative covers amounts not reported or incorrectly reported in tax returns including:

- foreign income or a transaction with an offshore structure
- deductions relating to foreign income that have been claimed incorrectly
- capital gains in respect of foreign assets or Australian assets transferred offshore
- income from an offshore entity that is taxable in your hands

Eligible taxpayers will have an opportunity to avoid steep penalties and the risk of criminal prosecution for tax avoidance. Taxpayers are encouraged to come forward, but it is the ATO who will decide whether it accepts any advance or not.

Should you require further information or believe you may be eligible under Project DO IT and would like to seek advice, please contact Morrrows on 03 9690 5700 or via email to businessandtax@morrrows.com.au.

AFSA Retirement Standard March Quarter

Figures released by the Association of Superannuation Funds of Australia (ASFA) in early June highlight that the cost of living continues to rise for Australia's retirees. In the March quarter, the expenditure required for couples wanting to live a "comfortable" retirement rose by 0.3 percent to \$57,817 per year.

AFSA believes this would require a joint superannuation balance of around \$510,000. Couples seeking a 'modest' retirement lifestyle will need to spend \$33,509 a year, up 0.5 per cent from the previous quarter. Single retirees faced a similar increase in costs.

Significant changes

The most significant price rises in the quarter for retirement budgets were for automotive fuel (+4.1 per cent), medical and hospital services (+1.9 per cent) and pharmaceutical services (+6.1 per cent). The most significant price decreases, which offset rising prices this quarter were for the maintenance and repair of motor vehicles (-3.3 per cent), international holiday travel and accommodation (-2.4 per cent) and domestic holiday travel and accommodation (-2.4 per cent).

Take action

Regardless of your work situation – own business, sole trader, employee – if you are still working it is essential that you consider your future by addressing your estate planning, business succession arrangements and retirement goals. Fortunately at Morrows there are professionals who specialise in all these areas and work together seamlessly for your benefit.

Speak to your Morrows contact as soon as possible to make plans for a satisfying and comfortable future.

Social Media ...

We recently received our copy of the fourth annual Yellow Social Media Report which revealed some interesting changes in its use in Australia.

"While in previous years, social media growth was primarily driven by younger demographics, now the growth is being driven by Australians in an older demographic group," said the report's author, Christena Singh, Head of Digital Marketing, Sensis.

The research has shown that 69% of Australians now use social media and Facebook continues to dominate with 95% of users being part of that platform. So what does it mean to us?

Most importantly, indications are that approximately 30% of users now use social media to research products and services they are seeking to buy with 63% of those users reporting that their online research resulted in a purchase (up 5% on last year's result).

In light of this fact alone, it is unfortunate that businesses are lagging generally in their use of social media so the Yellow research is a great start in considering your strategy.

Follow us on LinkedIn via Morrows Pty Ltd and Twitter by following @MorrowsGroup for all our latest updates.



Staff Profile: Carmela Puopolo

Carmela is Morrows Manager Finance and Operations and works in the Corporate team. Here she reflects on her work at Morrows, her previous roles and a recent trip to Italy(?):

What brought you to Morrows, and what were your first impressions?

I was attracted by the positive and friendly environment, the professionalism of the company and that it is focused on achieving client outcomes.

What is your professional background and what do you enjoy about your work?

I have worked in finance and management roles for more than 25 years. I enjoy applying my specialist financial skills to helping organisations achieve better company and client outcomes.

What's the best thing you like about Melbourne?

Living in a cosmopolitan and easy-living city that has some great restaurants.

If you could witness any event, past, present or future, what would it be?

Being a fan of both art and history, I would have loved to have seen the Sistine Chapel being created.

Favourite book, movie or play?

I don't actually have a favourite book, movie or play but I love reading about history and watching science fiction movies.

Do you have a favourite quote?

I have a two favourites - both from Winston Churchill:

Attitude is a little thing that makes a big difference
Difficulties mastered are opportunities won

Disclaimer: *The information provided in this communication is general in nature and not intended to be advice. You should contact our office for further information or for a tailored solution to your needs.*