



This edition is bought to you by:

BUSINESS BULLETIN

AUTUMN 2020

TAX – FBT Checklist

31 March signals the end of the Fringe Benefits Tax (FBT) year. One of the major causes of FBT non-compliance is the failure of employers to identify benefits that have been provided throughout the year to employees and their associates (e.g. spouses). In identifying taxable or exempt benefits that have been provided, the best place to start is by reviewing your accounts and ledgers as well as employee staff packages and staff policies. Having done this, proceed to use the following non-exhaustive checklist to further ascertain whether benefits have been provided in which case an FBT liability may arise:

Motor Vehicle Expenses

- Have you reimbursed an employee's motor vehicle expenses during the year?
- Have you made available a company car to an employee? Note that even where the vehicle is a utility or other 'work-horse' vehicle, a residual fringe benefit may still arise

Loans

- Have you provided a loan to an employee during the year or released them from a debt owing to you?

Housing

- Have you provided an employee with a right to use accommodation which they treat as their usual home?

Living Away From Home Allowance

- Have you paid an allowance to an employee to compensate them for the cost of expenses incurred because they are required to live away from their usual home for work purposes?

Travel and Entertainment

- Have you paid or reimbursed an employee for their travel expenses?
- Did you pay for or reimburse a taxi fare for an employee?
- Did you provide or reimburse an employee for the cost of meal

KEY DATES

21 MARCH

Due date for February monthly Activity Statements

27 MARCH

Deadline to change to MyGovID. Auskey will no longer work

21 APRIL

Due date for March monthly Activity Statements

28 APRIL

Due date for quarterly Superannuation Guarantee contributions

28 APRIL

Due date for 3rd quarter Activity Statements (if lodging by paper)

21 MAY

Due date for April monthly Activity Statements

21 MAY

FBT annual Return - due for lodgement

26 MAY

Due date for 3rd quarter Activity Statements (if using a BAS Agent or Tax Agent)

28 MAY

Due date for Superannuation Guarantee Charge Statement if you failed to meet your 28 April contributions on time.

entertainment or accommodation or travel in respect of that entertainment?

- Did you provide recreation (e.g. tickets to sporting events) or accommodation or travel in respect of that recreation, or hire or lease entertainment facilities for an employee's use?

Expense Payments

- Did you pay for or reimburse an employee for a private expense of theirs (e.g. school fees, home mortgage or rental expenses, health insurance premiums, gym membership etc.)?

Property

- Did you provide an employee with property (either in-house or external) e.g. goods, services etc.

TAKE HOME MESSAGE

If you answered yes to any of the above questions, a fringe benefit may have been provided, and accordingly you may wish to alert your accountant.

BUSINESS – Granting Equity

A common way of gaining funding for your business (whether in start-up mode or established) is to take on a business partner. This leads us to a discussion of the very slippery issue of equity.

Taking on a partner or granting equity to another person in your business is not a decision to be taken lightly. Equity can be forever. Once a person has equity, you will be forever sharing profits and/or ownership with them and forever reporting and accountable to them. You should think long and hard about who can offer genuine, long-term strategic value to your business and who is merely providing a task or filling a role. If it's the latter, they should not really be a candidate for equity. The key here is to reward value not time.

There are no "hard and fast rules", but here are some questions you should ask when considering whether someone is deserving of equity in your business:

1. Will they deliver long-term value and be instrumental to the business' success?
2. Will they take the business to heights it couldn't otherwise get to?
3. Will they solve a crisis that threatens the business' livelihood?
4. Will they cause greater damage by doing their own thing?

Having decided that someone is deserving of equity, the style of equity they should receive is then a separate consideration again. There are a number of options which include:

- Full equity
- Dividend (profit) participation but not capital participation
- Phantom equity (in other words, a bonus scheme of sorts)
- Vesting equity (i.e. equity that vests gradually over time based on targets being met).

HUMAN RESOURCES – Small Business Mental Health

Owning a small business can offer big rewards but can come at a cost. Operators should be aware of the toll that stress, worry and anxiety can have on their own health and on those around them. Non-profit organisation Headsup offers the following advice:

- Set a time for when you will switch off your business email and mobile phone each day. Technology can blur the boundaries between work and home and make you feel as though you need to be 'always on'.
- Set an alarm to remind yourself to take breaks throughout the day. Taking a meal break or getting outside for a short walk can help to organise your thoughts and manage stress.
- Have an afternoon off or take a long weekend after a busy period. Sometimes it can be easier to balance periods of longer hours with some shorter hours
- Challenge yourself to think about what you can out-source, delegate or say 'no' to. Some tasks may not need your expertise and could easily be done by others, while other tasks may not be a priority or of significant benefit and saying 'no' could be the best approach.
- Plan out your day before you start. Prioritise your urgent tasks and set a time that you plan to finish by.

Additionally, the Government has released the [My Business Health](#) portal which brings together a range of resources in one place to help you with the challenges of running a small business. You'll find information on how to manage cash flow, disputes, mental health advice and more. There are also non-government organisations that provide support in the field of mental health including:

[Beyond Blue](#)

[Black Dog Institute](#)

[Mental Health Australia](#)

[Australia Counselling](#) - comprehensive directory