WINTER 2021

BUSINESS & PROFIT MATTERS

Strategies for managing your business

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TORRE & ASSOCIATES

Succession Planning And Your Family's Business

Family-run businesses form an essential part of the economy. Tradition, success and history along with their unique dynamic can create a thriving business that many may wish to see continue.

However, as with any business, the conversation about succession and how to continue the business into the future needs to be had.

With only 1 in 4 family-operated businesses considering their approach to succession formally, succession in a family business is one of the greatest viability risks to the actual business and needs to be addressed accordingly.

Every family and family-run business is unique, and every transfer or succession of a family business will also be executed differently. If you are thinking about what your family business's plan is for succession, you may want to consider keeping these critical factors in mind:

- Where is your business going? What do you want for your family and business? **What are your goals and your time frames for achieving those goals?**
- **Is the vision you have for your business shared by your family?**
- You need to be able to **understand the different perspectives and motivations of each individual that the succession impacts.** Ongoing communication is vital to gaining this understanding, but an advisor can be employed to unbiasedly look at the situation independently and take the emotion out of a conversation.
- **Create a plan to plot out the path of the business's future,** and the challenges that the business may face along the way as well as what it is currently facing.
- It's important to remember that **a family business does not have to be succeeded by a family** (though it's an outcome you may want). Always consider what the members of your family wish to do, and consider alternatives if none wish to take over the business.

A succession plan for a family business needs to be created to move forward and should detail all of the actions you intend to take (including the steps involved with both management and ownership succession).

It needs to be flexible, adaptable and ready to evolve, as businesses (as well as families), change over time. Your succession planning process should be transparent and understand and align with the goals you have set out for the business's further development across the generations.

The most effective succession plans:

- Preserve and generate family wealth
- Minimise disharmony and disruption
- Minimise the impact of tax
- Encourage personal growth of family members
- Fund the retirement and family lifestyle
- Bring clarity to where the business and the family are heading.

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Managing Employees Working From Home

The past year has seen managers, employers and business owners adapt to the significant challenges presented by border closures, lockdowns and business setbacks. Working from home has allowed businesses that may otherwise have had to suspend operations to continue to work without delays (where possible).

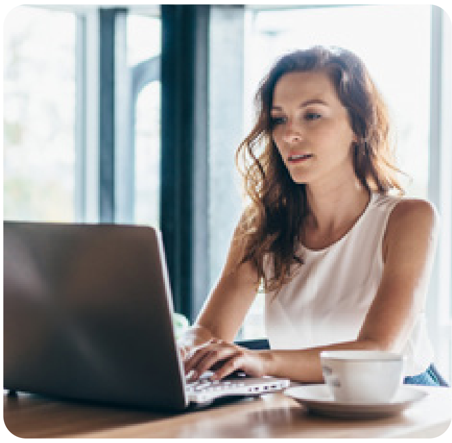
Remote working and working from home are not without their challenges. As an employer, it is your responsibility to ensure that your employees can perform at their optimal best in this situation that many in the workforce are finding themselves in. Equipping yourself with guidance will allow you to put into practice the best approaches for helping your employees during this time.

As a manager or employer, it's important to be on the lookout for signs of distress in your employees, particularly as you will be without that face to face contact and visibility in the working day while they are remote. You should use both direct conversations and indirect observations to gain visibility into employees' challenges and concerns and make it clear to the employees that you support and care for them.

Equip yourself with guidance on how best to broach sensitive subjects arising from the COVID-19 pandemic. You can also create opportunities for two-way dialogues that focus on a realistic picture of both the positive and negative implications of the current COVID-19 outbreak.

To ensure that your employees are able to be successful in what they may set out to do in a workday, they need to have the technology to be able to perform their best remotely. They should also be able to use that technology appropriately, and additional guidance may need to be given to those that are a little more technologically challenged. Virtual communications between you and your employers will be different but should remain professional and respectful.

It may be tempting to hover over the shoulders of your employees during remote work, especially with the lack of visibility to their output, but refrain from micromanaging. That distrust will only disengage and fatigue already stressed employees, and you should instead focus more on what they should be accomplishing. As a manager, it's important to enable your employees to complete their work in ways that are easiest and most productive for them.



Worker Shortage To Drive Potential Wage Increase

Are you an employer who has been struggling to find capable staff or qualified workers this year?

An ABS study shows that you're not alone in that regard, with more than 25% of businesses stating that they are struggling to find qualified workers for open positions that they may have in their business or lack the staffing numbers that they need to meet current demand.

The industries currently having the most difficulty in finding suitable staff include accommodation and hospitality, utility services, hairdressers, manufacturing, repair, maintenance and construction.

Skills shortages are quoted as one of the reasons why businesses are struggling to find staff, while a lack of applicants to job positions was another. Some businesses are struggling to afford adding extra staff to ease the burden of current demand.

A solution that has been proposed to address this current shortage (especially while international borders remain closed) is in projected wage growth of up to 2.7% to entice workers into industries and vacant positions.

The next 12 months will again be a challenge, as businesses will need to confront volatile demand, potential COVID-related closures and general uncertainty.

Concerned about your business's future? Now is the best time to plan out your business's trajectory. Come speak with us today.

Superannuation Guarantee Rate Increase Scheduled For 1 July 2021

The Superannuation Guarantee Rate for your employees is set to increase from 9.5% to 10% of their wage or salary on 1 July 2021. This rate of change has remained at 9.5% since 2014 and had only previously increased twice (in 2013 and 2014 respectively).

The superannuation guarantee, or SG, dictates the minimum percentage of your earnings that you need to pay into your employee's super fund. This percentage is controlled and legislated by the Australian Government.

If you are using payroll software, this change should happen automatically. However, you should still confirm with your software provider (either directly or through someone like us) that this will happen to ensure that you remain compliant with the increase without needing further action.

For most employees, this will mean an extra 0.5% added to their current salary plus super. But where an employee is on a contract where their salary is superannuation inclusive it could be that they will receive a corresponding reduction in their salary to offset the extra superannuation. Employers and employees will need to have a discussion about this so that everyone knows the situation they will be in for the new financial year.

The proposed increase to 12% is still scheduled to happen in 0.5% increments each financial year until the 2025-26 year when the Superannuation Guarantee Rate will peak at 12%.

The rates applicable to each financial year are proposed to be:

- 1 July 2021 to 30 June 2022 10%
- 1 July 2022 to 30 June 2023 10.5%
- 1 July 2023 to 30 June 2024 11%
- 1 July 2024 to 30 June 2025 11.5%
- 1 July 2025 onwards 12%

If the government decides to delay the increases to the super guarantee (as it has done in the past) you will be kept informed regarding that information. You can also speak with us if you are uncertain about what this could mean for your business, or need to make changes to current super payments.

New Support Payments For Workers Affected By Covid-19 Lockdowns

As a result of the current COVID-19 situation affecting multiple states, many state governments are implementing new payments to help ease the burden on businesses and individuals.

COVID-19 DISASTER PAYMENT

The COVID-19 Disaster Payment is an emergency relief payment, available to eligible casual workers in Sydney who cannot attend work or who have lost income because of a lockdown, and who don't have access to paid leave entitlements (such as jobseeker or youth allowance).

You are able to apply from the 8th day of a lockdown period for the payment through myGov and Centrelink.

Workers who have lost between 8 and 20 hours of work can receive a payment of $375, and if 20 hours or more of work have been lost, a payment of $600 is possible.

These payments will be made automatically every week.

Those who lost work because of the COVID-19 lockdowns in Victoria will also be able to apply from Friday 23 July. The same rule will apply for those in Adelaide (which was declared a hotspot on Tuesday 20 July), meaning that individuals will be able to apply from Wednesday 28 July.

PANDEMIC LEAVE DISASTER PAYMENT

The Pandemic Leave Disaster payment is an emergency relief payment for those who have been advised by a health authority to self-isolate or quarantine because you have been diagnosed with COVID-19 or are a close contact of someone diagnosed with COVID-19.

Each payment is $1,500 for each 14 day period that you are advised to self-isolate or quarantine. Both members of a couple can claim this payment if they meet the eligibility criteria.

SUPPORT FOR BUSINESSES

In NSW, three grants for businesses are available and can be applied for through Service NSW.

The 2021 Covid-19 business grant is a one-off payment of between $7,500 to $15,000, depending on the percentage of lost revenue. A decline in turnover of 30% or more is necessary with an annual turnover of above $75,000. Applications have been open since 18 July.

"Jobsaver" is jointly funded by the NSW government and the Commonwealth government, and is a fortnightly payment of between $1,500 to $10,000 a week for entities with an annual turnover between $75,000 and $50m who can demonstrate a 30% decline in turnover.

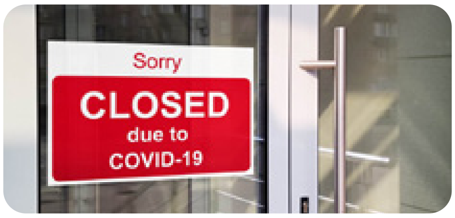
To be eligible, entities must maintain their current staffing level as of 13 July 2021. For non-employing businesses such as sole traders, the amount will be set at $1,000 a week. Applications are set to open on the 26 July.

A micro-business Covid-19 support grant will also be available if you're a small business or sole trader with an annual turnover of more than $30,000 and less than $75,000, with a 30% decline in turnover. The $1,500 fortnightly payment begins from 26 July.

In Victoria, financial assistance is available through Business Victoria. Through the business cost assistance program, an automatic top-up of $2,800 will be made to businesses, increasing the total grant to $4,800.

Micro-businesses not registered for GST will also be eligible for the COVID-19 disaster payment, depending on how many hours were lost.

In South Australia, new business support packages will assist an estimated 50,000 eligible businesses. The grants will apply to businesses with a payroll of less than $10m, with an annual turnover of $75,000 or more and whose turnover has been reduced by at least 30% over the seven days from 20 July 2021 as a result of the lockdown.



Free Legal Advice For Eligible Employers

Are you concerned about your legal compliance as an employer regarding workplace issues, such as employee dismissals, general protections or internal disputes like workplace bullying or harassment? Not sure what advice might apply to your situation?

Suppose you are an employer of a small business. In that case, you may not have access to the resources you need in your business structure to adequately answer some of the questions you may have about legal concerns for your business or provide your employees with guidance about legal matters. The Workplace Advice Service may be able to help you if you are eligible.

It's a service that seeks to promote access to justice, reduce complexity about legal matters for users and avoid unnecessary costs.

The Workplace Advice Service is a part of the Fair Work Commission's Access to Justice Program and offers free legal advice nationwide. It partners with close to 90 private law firms, community legal centres, legal aid, and some barristers to provide free legal assistance to small business employers and employees concerning unfair dismissal, general protections and anti-bullying.

To determine if you are eligible for the Workplace Advice Service, you must have fewer than 15 employees and not have:

- Membership with an employer association
- In-house staff who specialise in workplace relations, human resources or law
- Legal representation

If you are concerned about your legal compliance but are not eligible for this service, it's best to seek assistance from a legal professional.

Tax Breaks For Businesses

It's been a tough year for business owners, particularly those impacted by the ongoing effects of the COVID-19 pandemic. The recent Federal Budget announced that two " temporary tax breaks" for businesses would remain in place for another year to allow eligible businesses to more effectively utilise them to their full potential.

The COVID-19 tax stimulus measures whose availability was extended include

- Temporary full expensing, and
- Temporary loss carryback

Essentially, temporary full expensing has been extended to allow eligible businesses who make an aggregated annual turnover or total income less than $5 billion to deduct the full cost of eligible depreciating assets of any value acquired from 7.30pm on 6 October 2020 (the time of the original announcement), provided that the assets are first used or installed and ready for use by 30 June 2023.

For loss carry-backs, the extension will allow eligible companies to carry-back tax losses from the 2022-23 income year to offset previously taxed profits as far back as the 2018-19 income year.

If your business is eligible for either of these tax measures, you may want to consider discussing with us how you can benefit from employing these in your business tax returns. You can also learn more about eligibility requirements for the measures by speaking with us.

Single Touch Payroll Reporting Changes From 1 July 2021

If you are an employer, you should currently be reporting your employees' payroll information through Single Touch payroll (unless you only have closely held payees or a deferral or exemption covers you). However, as of 1 July 2021, there will be changes to STP reporting for small employers with closely held payees and quarterly reporting for micro employers.

As an employer of closely held payees (such as family members or a family business, directors or shareholders of a company), from 1 July 2021, you will need to report those payees through Single Touch Payroll software like any other employee. You will be allowed to choose when to report each payday, per month or by quarter.

From 1 July 2021, specific eligibility requirements will need to be met for micro employers to access the STP quarterly reporting concessions. These concessions will now include the requirement for exceptional circumstances to exist. In this case, micro employers refer to employers who have anywhere from 0 to between 1 and 4 employees for most of the year and then increase their workforce for less than three months of a financial year.

These concessions can be applied for through the ATO's online deferral tool from 1 July 2021. Be advised, however, that employers who have not started reporting through Single Touch Payroll without a deferral or exemption could be liable for severe consequences.

Did this article raise some questions about your eligibility, if your business structure means you are considered a micro employer or are you just confused about Single Touch Payroll? You can ensure that you are not in the wrong and are currently compliant with reporting requirements through Single Touch Payroll with your employees by starting a conversation with us. We're here to help.

Protecting Your Business Reputation Online

It might not be at the forefront of your mind when it comes to your business, but ensuring that your business's reputation is secure from negative online publicity will only prove beneficial in the long run. The best time to protect your company's reputation is before it becomes damaged by a damaging event. It can be done with as simple as an approach as a well-formulated strategy.

Identifying the potential damaging events is key to working out exactly what you can do to mitigate their effects. Damaging events could include data breaches, employee issues, recalls and defective products, workplace accidents or even negative social media posts. Posts on Facebook can be just as damaging as a well-written newspaper article if not handled carefully.

Once you have identified what could harm your business's reputation, **it's important to work out how you will respond to customer issues.** For example, if a post has been made with false, irrelevant information, you can respond with factual information that is well-sourced to counteract it.

To prevent your social media accounts from being misused, it's best to create and **implement a clear social media policy** specifying who can access accounts, create and post content and what message you want to convey when communicating about your business. It can also stipulate guidelines for how business employees should behave online as representatives of your business.

Address minor problems quickly to prevent a landslide buildup of more extensive consequences. Doing so will allow you to get on top of issues and maintain your business reputation (and potentially grow it as an adaptive business willing to cooperate with your customers to ensure their satisfaction).

Create a cybersecurity plan to assist you in addressing data safety concerns, any potential risks to your business of exposure and securing sensitive data on your network, website, and within your payment systems. This will add an extra layer of protection to your business and prevent reputational damage if a breach does occur.

You can also seek additional help from a professional online reputation company to ensure that your reputation is managed, maintained and monitored for damage and risks to your business reputation.

Tax Dates

21 JULY

- Lodge and pay quarter 4, 2020–21 *PAYG instalment activity statement* for head companies of consolidated groups.
- Lodge and pay June 2021 monthly business activity statement.

28 JULY

- Lodge and pay quarter 4, 2020–21 activity statement if electing to receive and lodge by paper and not an active STP reporter.
- Pay quarter 4, 2020–21 instalment notice (form R, S or T). Lodge the notice only if you vary the instalment amount.
- Make super guarantee contributions for quarter 4, 2020–21 to funds by this date.

14 AUGUST

- Lodge *PAYG withholding payment summary annual report* for:
  - » large withholders whose annual withholding is greater than $1 million
  - » payers who have no tax agent or BAS agent involved in preparing the report.

21 AUGUST

- Lodge and pay July 2021 monthly business activity statement

25 AUGUST

- Lodge and pay quarter 4, 2020–21 activity statement if you lodge electronically.

28 AUGUST

- Lodge and pay quarter 4, 2020-21 Superannuation guarantee charge statement - quarterly if the employer did not pay enough contributions on time