



# PROACTIVE

## ACCOUNTING SOLUTIONS

### Summer 2017 Newsletter

#### A NOTE FROM ANDREW

The Mackay economy has definitely stabilised with some green shoots of improvement being seen, particularly in the mining industry but also in the building and property markets.

Clients appear to be enjoying more consistency in their numbers month to month. Finding skilled labour continues to be an issue with the Mackay unemployment rate for the September quarter falling to 5%, now being one of the lowest in the state.

Much of the improvement can be attributed to the coal price, which although down from its previous highs earlier in the year, is still at a level that sees the mining companies making profits particularly after a number of years of aggressive cost cutting. With years of minimal capital and maintenance expenditure, there is now consistent work in both these areas to ensure reliability of coal supply.



We have seen housing prices stabilise and even increase slightly. Demand for homes particularly under \$250K has been strong with most of this end of the market now being taken up. Mortgagee in possessions have accounted for nearly 24% of the sales in this price bracket and these properties are slowly being absorbed. Land sales have also increased with demand starting



to outstrip supply which will mean property developers will become active again along with builders. The rental vacancy rate dropped by 1.7% during the September quarter to 2.8% with increases in rents being seen.

It will be interesting to see if retailers experience any uplift in trade this Christmas period with business and consumer confidence returning to the region. I believe the next 6 months should continue to see the Mackay economy strengthening further with the opportunity for business to grow and people to return to the region.

#### SUGAR INDUSTRY UPDATE

The 2017 harvest has been relatively uninterrupted by weather and mill breakdowns have been less prevalent. Mackay Sugar production estimates at the time of writing had been reduced from 5.1M tonnes down to 5M tonnes. Although the dry weather has assisted the 2017 harvest it has put some stress on the 2018 crop.

The Mackay Sugar \$2 Levy is still an unresolved issue with a Supreme Court decision against the levy meaning that 15% of Mackay Sugar growers that are not represented by bargaining agents do not legally have to pay it.

QSL have held a number of information sessions to educate on how to account for payments received. If any growers require assistance with this, please contact our office and we can give you a hand.



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Visit us 1st Floor, Cnr Sydney & Gordon Streets, Mackay

## GET TO KNOW NICOLE REYNOLDS



Nicole was born in Melbourne but her family came to Mackay when she was 2 years old. She grew up in Mackay, did the first year of her Accounting degree here and then 2 years at the Central Queensland University Rockhampton campus. She completed her degree in 1992 and then worked at a couple of local accounting firms while completing her CPA studies.

Nicole left the workforce to raise her three boys, Sean, Hayden and Connor with husband Noel. She returned to part time work at Pioneer Valley Hospital in the finance department before starting at Proactive Accounting Solutions in 2014.

Nicole enjoys reading and playing board games with her family.

## REFERRAL NETWORKS TO CREATE FUNNELS INTO YOUR BUSINESS

For any business finding new customers can be difficult, time consuming and costly depending on what methods are used. The industry you are in will determine your customer type. Some businesses trade mainly with other businesses whereas others sell directly to the public.

Selling business to business is usually easier than direct to the public because you can clearly identify whom you wish to do business with and generally the volume and value of sales is much higher. In a business that sells mainly to the public, generally the dollar value of sales to each customer is lower and you therefore need a lot more of them.

Regardless of whether you are trying to attract other businesses or the public, you have limited resources to do this being either your time or your marketing budget. Traditional forms of advertising have their place in creating awareness of your brand or maybe promoting a special deal you are offering for a short period of time, though they are something that you need to keep going to maintain the same impact in the market.

Another method to grow your business is to build strong referral networks. These can create funnels into your business that steadily provide you with new customers based on the recommendation of someone in your referral network. The steps in creating a referral network or funnel are:-

1. Identify the type of customer your business wants to deal with;
2. Identify where these clients may gather and who else deals with this type of customer;
3. Make contact with associations, clubs or other businesses that have your type of customers;

4. Build trust with the potential referrer and look for ways you can help them in return; and
5. Always thank a referrer for thinking of you and respect that how you treat their referral reflects on them also.

Although it does take time to build referral funnels into your business, once these are in place they are a very cost-effective way to grow your business. It only takes a couple of referrals a month from a number of referral sources to add up to a lot of new business.



## KMART WISHING TREE

Proactive Accounting Solutions are proud to have supported the Kmart Wishing Tree Appeal again this year. If you wish to donate any gifts, these can be placed under the tree in our office up until Wednesday 20th December.



## CHRISTMAS BREAK

We wish to advise that our office will be closed from 12 noon on Friday 22nd December, reopening on Monday 8th January. We hope you all have an enjoyable and safe Christmas and New Year.



## TAX UPDATE

### NO SMALL BUSINESS TAX RATE FOR PASSIVE INVESTMENT COMPANIES

Adding more complexity to the company tax system, the government has released draft tax legislation to clarify that passive investment companies cannot access the lower company tax rate for small businesses of 27.5%, but will still pay tax at 30%.

If 80% or more of a company's income is of a passive nature, such as dividends and interest, then the company will not be eligible for the lower company tax rate. The reason for this being that the government's intention was to lower taxes on business, not investment.

### DIV.7A BENCHMARK INTEREST RATE

The benchmark interest rate for 2017/18, for the purposes of the deemed dividend provisions of Div.7A, is 5.30%, down from 5.40% for 2016/17.

### REMOVAL OF THE TEMPORARY BUDGET REPAIR LEVY

The 2% Temporary Budget Repair Levy (or 'TBRL'), which has applied to individuals with a taxable income exceeding \$180,000

since 1 July 2014, will cease to apply from 1 July 2017. This will be some relief to those taxpayers in the top tax bracket as up until 30 June 2017 they were paying a marginal rate of 49% on earnings over \$180,000.

### CAR DEPRECIATION LIMIT FOR 2017/18

The ATO has a limit on the amount of depreciation and GST that can be claimed when purchasing a motor vehicle. The car limit for the 2017/18 income year is \$57,581 (the same as the previous year).



## SUPERANNUATION UPDATE

### REPORTING OF TRANSFER BALANCE ACCOUNT INFORMATION

Superannuation reforms have seen the introduction of a 'Transfer Balance Account', to record the value of member balances moving into or out of 'retirement phase'. In order to monitor these amounts, the ATO has released the new Transfer Balance Account Report ('TBAR'), which is now available on ato.gov.au, and the ATO plans to have an online TBAR form available from 1 January 2018. Self-Managed Superannuation Funds will not be required to report anything until 1 July 2018 but can start to use the TBAR to report events that affect an individual member's transfer balance account from 1 October 2017.

### CHANGE TO DEDUCTIONS FOR PERSONAL SUPER CONTRIBUTIONS

In previous years an individual could only claim a deduction for personal super contributions where they received less than 10% of their income from salary and wages. This was known as the "10% test".

From 1 July 2017, the 10% test has been removed. This means most people under 75 years of age will be able to claim a tax deduction for personal super contributions (including those aged 65 to 74 who meet the work test).

The maximum amount of contributions that can be claimed as a tax deduction in the 2018 year is \$25,000 from all sources. It is very important to ensure that this threshold is not exceeded as it will result in additional tax being paid. If any client is considering making a contribution, we recommend contacting our office to discuss this first.

### SINGLE TOUCH PAYROLL

Under the Single Touch Payroll system, the ATO will receive real-time information regarding Superannuation Guarantee (SG) compliance by employers. The government has also provided additional funds and powers to the ATO to crack down on employer non-compliance.

From 1st July 2018 Single Touch Payroll reporting will be mandatory for employers with 20 or more employees. Small businesses with fewer than 20 employees have until 1st July 2019 to transition to Single Touch Payroll. Mainstream computer payroll packages will be upgraded to enable businesses to comply.



SINGLE TOUCH PAYROLL

## STAFF NEWS

### *The Stork Has Arrived Again!*

Congratulations to Kellie and Dave on the safe arrival of Lucy Marie Borg on the 29th September, a beautiful sister for Taylor who is six. Taylor is loving having a baby sister even if it means sharing Mum and Dad. Kellie will be returning to work part time in February.

### *The Stork is Getting Very Tired!*

By the time of reading this newsletter, it is very possible that Rhiannon would have had her new baby which is due mid-December. Rhiannon and Ahn's son Samuel can't wait to be a big brother. Rhiannon will be on maternity leave until the start of the new financial year.

### *Golden Key International*

We are all very proud of Courtney being invited to be a Golden Key International Member of the University of Southern Queensland chapter. Courtney is halfway through her Accounting degree and achieving at a very high level. She is hoping to have her degree completed by 2020 while still working full time at the firm.

### *Majella Returning After Christmas*

Majella will be returning back to work in January after the birth of Lucas back in April. She will be working part time from home and in the office and is looking forward to reconnecting with clients.

### *Happy Birthday Silvana!*

The team all enjoyed a morning tea to celebrate a significant birthday for Silvana in October. She received some lovely gifts from us all that she was not expecting. As part of reaching this milestone, Silvana has made plans to travel to Malta and her family's country of origin Italy in May next year.



## About us

The accountants at Proactive Accounting Solutions are passionate about building close relationships with our clients, working with you to achieve your business, financial and lifestyle goals.

### *Did you know?*

There are various nicknames for different Australian Currency. A \$100 note is known as a lettuce leaf, a \$50 note is known as a pineapple, a \$20 note is a lobster, the \$10 note is a tenner/tenor or a Pavarotti and a \$5 note is a fiver.

## What is a Proactive Accountant?

- An accountant who is **passionate** about helping their clients
- An accountant that **returns your call promptly**
- An accountant that is more like a **business partner**
- An accountant who **meets with you regularly** to ensure you are on track & achieving your goals
- An accountant that **does not charge** you for a quick question or chat
- An accountant that can **change your business** & ultimately your personal life
- An accountant with an **open door policy** and a **complimentary consultation**

*Let's talk*

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