

STARTUP GROWTH KIT.

TAX OBLIGATIONS AND
BUSINESSES SERVICES.



01

GOODS & SERVICE TAX (GST).

If you run a business or other enterprise and have a GST turnover of \$75,000 or more (\$150,000 or more for non-profit organisations), or you provide taxi travel (including ride-sourcing) – you need to:

- Register for GST;
- Work out whether your sales are taxable (that is, subject to GST, and not exempted because they are GST-free or input-taxed) and include GST in the price of your taxable sales
- Issue tax invoices for your taxable sales and obtain tax invoices for your business purchases
- Claim GST credits for GST included in the price of your business purchases
- Account for GST on either a cash or non-cash basis and put aside the GST you collected so you can pay it to us when due
- lodge activity statements or annual returns to report your sales and purchases, and pay GST to us or receive a GST refund.

PAY AS YOU GO (PAYG) WITHHOLDING TAX.

Pay as you go (PAYG) is a withholding tax which requires you to pay incremental amounts of your business's income to the ATO. These payments accumulate towards your expected end of year income tax liability. Before you lodge your income tax return, it is important to finalise your PAYG instalments.



02

EMPLOYEE DEDUCTIONS OF TAX.

To claim a work-related deduction an employee:

- Must have spent the money and weren't reimbursed
- It must directly relate to earning their income
- They must have a record to prove it.

If the expense was for both work and private purposes, they can only claim a deduction for the work-related portion. Work expenses reimbursed to employee by the employer are not deductible.

Employees may be able to claim a deduction for expenses that directly relate to your work, including:

- Vehicle and travel expenses
- Clothing, laundry and dry-cleaning expenses
- Home office expenses – for employees working from home as a result of COVID-19, the ATO have specific information available about home office expenses
- Self-education expenses
- Tools, equipment and other assets
- Other work-related deductions

Employees (including casuals) can claim work-related expenses in the financial year they are incurred. This means if an employee starts employment in June but don't receive income until the next financial year, you can claim deductions for work-related expenses incurred in June.

03

SINGLE TOUCH PAYROLL.

Single Touch Payroll (STP), is a new way of reporting tax and superannuation information. With STP you report employees' payroll information – such as salaries and wages, pay as you go (PAYG) withholding and super – to the ATO each time you pay them through STP-enabled software.

When and how you report depends on what type of employer you are:

- Small employers with 19 or less employees – STP reporting started from 1 July 2019.
- Large employers with 20 or more employees – you should already be reporting through STP.

04

SUPERANNUATION.

Superannuation (or "super") is a compulsory system of contributing a minimum percentage of income into a fund to support financial needs in retirement.

The superannuation contribution guarantee is the contribution your employer is required to make into a super fund on your behalf. The current rate for SG payments to employees is 9.5%, with this rate currently set to continue until 1 July 2021, when it is planned to increase to 10%.

EMPLOYEES.

If you pay an employee \$450 or more (before tax) in a calendar month, you have to pay the super guarantee (SG) on top of the wages. Super is paid regardless of whether the employee:

- Is full-time, part-time or casual;
- Receives a super pension or annuity while still working - including those who qualify for the transition-to-retirement measure;
- Is a temporary resident, such as a backpacker or working holiday maker - when they leave Australia, they can claim their super through the Departing Australia superannuation payment (DASP) program;



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- Is a company director; and
- Is a family member working in your business

You don't have to pay super guarantee (SG) for:

- Non-resident employees you pay for the work they do outside Australia;
- Some foreign executives who hold certain visas or entry permits;
- Members of the army, navy or air force reserve for work carried out in that role;
- Employees who opt out of receiving super if they are covered by an SG employer shortfall exemption certificate in relation to the employee for the quarter; and
- Employees temporarily working in Australia who are covered by a bilateral agreement – you must keep a copy of the employee's certificate of coverage to verify the exemption.



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CONTRACTORS.

“If you make a contract with someone other than the person who'll actually provide the labour - for example, with a company, trust or partnership - you don't pay that person super.”

Contractors paid mainly for their labor are employees for superannuation guarantee purposes. This is the case even if the contractor quotes an Australian Business Number (ABN).

You must make super contributions for these individuals if you pay them:

- Under a verbal or written contract that is wholly or principally for their labour – i.e. more than half the dollar value of the contract is for their labour;
- For their personal labour and skills – which may include physical labour, mental effort or artistic effort and not to achieve a result; and
- To perform the contract, work personally – i.e. they do not delegate.



FRINGE BENEFIT TAX.

“Fringe benefits tax (FBT) is paid by employers on certain benefits they provide to their employees or their employees' family or other associates.”

FBT applies even if the benefit is provided by a third party under an arrangement with the employer.

For FBT purposes, an employee includes a current, future or past employee, a director of a company, or a beneficiary of a trust who works in the business.

EXAMPLES OF FBT:

- Allowing an employee to use a work car for private purposes;
- Giving an employee a discounted loan;
- Paying an employee's gym membership;
- Providing entertainment by way of free tickets to concerts;



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- Reimbursing an expense incurred by an employee, such as school fees; and
- Giving benefits under a salary sacrifice arrangement with an employee.

EXAMPLES OF NON FBT:

- Salary and wages;
- Shares purchased under approved employee share acquisition schemes;
- Employer contributions to complying super funds;
- Employment termination payments (including for example, the gift or sale at a discount of a company car to an employee on termination);
- Payment of amounts deemed to be dividends under Division 7A.
- Benefits provided to volunteers and contractors; and
- Exempt benefits such as certain benefits provided by religious institutions to their religious practitioners.



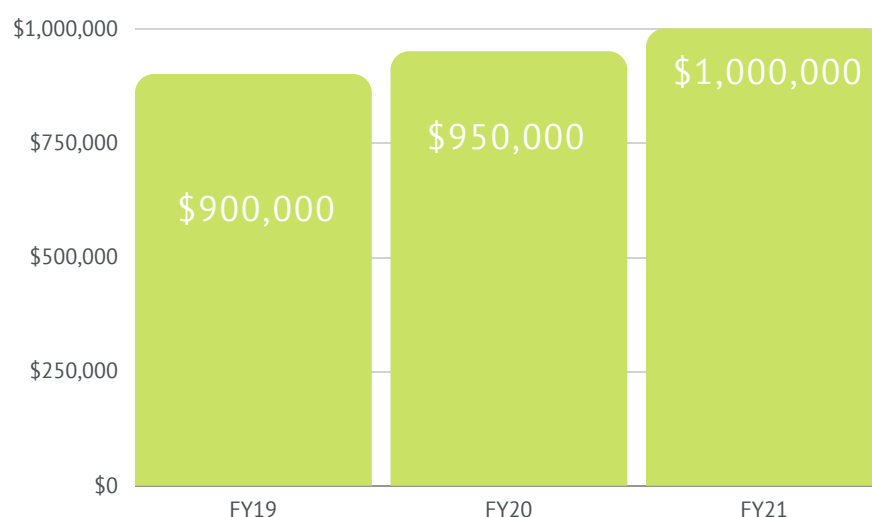
PAYROLL TAX.

Payroll tax is state and territory assessed tax on wages paid or payable by an employer to its employees, when the total wage bill of an employer (or group of employers) exceeds a threshold amount.

Returns are lodged, and payment of liability made, at an agreed frequency (monthly, quarterly or annually) to respective revenue offices at state level.

NSW Government threshold in FY2021 will be \$1 million, with other states having similar thresholds.

As it stands the current payroll tax threshold in NSW is as follows:



010**SMALL BUSINESS
SUPERANNUATION
CLEARING HOUSE.**

If you have 19 or fewer employees, registering with the Clearing House will allow you to pay your employee superannuation contributions to a single location instead of multiple superannuation funds. The Clearing House will then distribute your superannuation contributions to the relevant superannuation funds on your behalf, for free.



011 DNA OF A SUCCESSFUL BUSINESS.

	YES/ NO	IF YES EXPLAIN	IF NO, ACTION REQUIRED
<p>1. A Competitive Advantage</p> <p>I can easily identify the value my business brings to its customers</p>			
<p>2. A Strategy that works</p> <p>I have a clear articulated strategy and everyone in my business understands their role in delivering the strategy</p>			
<p>3. Expertise in Execution</p> <p>We do what we say, and hold each other accountable – we are ready to have constructive conflict with each other</p>			
<p>4. A Brand your Consumers love</p> <p>My brand identifies the key values of my business. Do people keep coming back? Why?</p>			
<p>5. Attitude and Culture that adapts</p> <p>Are my people with me? Will they work with the team for the benefit of the business?</p>			
<p>6. Systems that Measure what it is</p> <p>I have systems that provide me with information on how well the business is executing its strategy, accurately and timely. We measure the right things right.</p>			
<p>7. Enough Capital</p> <p>The business has sufficient capital to execute the strategy and achieve its objective</p>			

GET IN TOUCH.

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