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MERRY CHRISTMAS

We would like to take this opportunity to wish all our clients and their families a very happy Christmas.

We will be taking a short break over the Christmas period.

OUR CLOSING DATES ARE:
23rd Dec 2020— 5th Jan 2021

END OF YEAR UPDATE '20

THE END OF YEAR GUIDE FOR YOU AND YOUR BUSINESS

KEYPOINT
Business Consultants.

Marketing for holiday season

The pandemic has led to financial suffering for small and large businesses.

Holiday season could be an ideal time to recover from some of the loss experienced throughout this year. Individuals and families will be looking to make large purchases for the holiday season, and with the right plan for marketing, businesses may be able to utilise this period for their benefit.

Enjoyable customer experience

Holiday season can be as stressful as it is enjoyable for many people. Businesses should aim to simplify the customer experience and try to make it less stressful for customers. This could be as simple as adding a chat function to your website so that customers are able to ask for more information about a product online rather than go through the hassle of calling or coming into store for clarification.

Start your marketing campaign early

Provide customers with the opportunity to buy their presents in advance through early-start marketing campaigns. For existing customers, send out holiday advertisements so that they are aware there are sales to motivate early buying.

This will also promote a spread of purchasing over time rather than crowding around the holidays which is extremely important at the moment.

Businesses who have struggled to make consistent income may want to pursue this option to encourage buyers into their stores.

Webroom your products

Webroom allows clients to view a given product from every angle (as they are able to do in showrooms). Customers may be hesitant to go into stores due to concerns of their safety, having a webroom will simplify this process and make it easier for them to purchase products.

Email marketing

Holiday season doesn't leave customers a lot of extra time for dedicated phone calls or in-person encounters. Sending targeted emails that let customers know about new products and alert them of sales is an excellent way to simplify the search process for customers.

Planning and preparing marketing strategies will make it easier for both the buyers and businesses. It will allow for a less stressful holiday period when there is a sudden increase in sales.

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COVID Safe Christmas parties

COVID has transformed the way we celebrate. This means that changes will need to be made to how businesses and organisations conduct their christmas parties.

Businesses should take into consideration the communities and locations which their employees will be coming from. Certain regions have higher or lower community spread at differing times. Staying updated with this information will be helpful in determining whether hosting a christmas party at a given time is ideal.

To further limit risks, businesses should try to restrict the number of people at a gathering. For example, if possible, having a small event or party for teams as opposed to the entire office. Although this is not ideal, it may be a necessary decision to ensure safety.

Monitoring the wellness of individuals when they arrive at the event or their behaviour during the event is also important. It is important to restrict sharing of food and utensils, wear masks and use hand sanitiser. Businesses should ensure that they make these options easier for individuals.

Where possible, businesses should opt for outdoor events. In the ACT, the National Capital Authority (NCA) will waive fees for hiring their land for christmas parties to encourage safer events. Businesses should confirm what the specific regulations associated with outdoor and indoor events are for their state or territory to ensure they are compliant.

It is more ideal to have a christmas party that abides the various recommendations than not one have one at all. Recognising employees' hard work and showing appreciation for working through the year will foster a sense of loyalty and togetherness in the team. It will also help motivate employees for the year ahead and be an excellent opportunity to let out some steam after the stressful year.



End of year checklist

At the end of the year, it is important for businesses to set time aside to reflect and ensure a strong finish and a fresh start.

- Review last year's revenue goals: Reviewing your goals can let you know if any changes need to be made before the final holiday season stretch.
- Run year-end financial reports: Gives you an opportunity to look at the bigger picture rather than the day-to-day details.
- Update employee and payroll information.
- Update vendor information and files.
- Checking physical inventory: Important for tax purposes as well as evaluating which products do or don't do well.
- Back up of data: Conduct an end of year data back-up as well as regular back-ups.
- Website check: Ensure your website is updated with any end of year sales/information.
- Consider potential staffing needs: Reflect on the load and whether hiring new staff could be beneficial.
- Business accomplishments: Noting down your business' accomplishments can be motivating and increase morale.

FBT and gifts for employees

Employers may want to reward their employees with gifts during the holiday season but may be concerned about whether fringe benefit tax (FBT) applies.

As a general rule, minor benefits (such as gifts) are exempt from FBT. To be considered a minor benefit, each individual benefit must have a 'notional taxable value' and it must be unreasonable to treat it as a fringe benefit.

To qualify as a minor benefit, the benefit must be valued at less than $300. This does not include benefits provided to associates.

Five different criteria need to be considered when determining whether it would be unreasonable to treat the gift as a minor benefit.

- Regularity and frequency of the benefit: More frequent and regular benefits means more likely to be considered minor;
- Total of the notional taxable values of minor benefit: Greater total of minor benefit (or similar benefits) means less likely to be considered minor;
- Likely total of notional taxable values of other associated benefits: Greater total value of other associated benefits, less like to be considered minor;
- Practical difficulty in determining the notional taxable value of the minor benefit: Difficulty of keeping necessary records considered; and
- Circumstances in which benefit or associated benefit is provided: Unexpectedness of event and whether it can be considered as being remuneration.

If the above criteria is met, the gift is likely to be classified as a minor benefit, and be exempt from FBT.

Gifts provided by employers as reward during the holiday season which are under $300 will classify as minor benefits and therefore will be exempt from FBT.

Creating a budget for the new year

Businesses should review their yearly financials and aim to create a budget which reflects any adjustments that need to be made.

Gaining a good understanding of your revenue is the first step that you should complete when creating a budget for the new year. Ensure you have taken all income sources into consideration and determine the revenue, not the profit. By separating this income into the past months, up to a year if possible, and using information from the previous year will provide information about seasonal patterns and changes you might need to prepare for.

Fixed costs are the simplest to take into account. These may be recurring expenses or one off-costs which you can anticipate before the year begins. These can include rent, supplies, payroll and a range of other expenses that might be unique to your business.

Variable expenses are more difficult to calculate. The data you accumulated at the first step may help with determining these costs. Although these costs won't be identical to the previous year, they may provide some indication as to the types of variable expenses that may occur. These can include professional development or marketing costs.

Although the previous year might give some indication of anticipated costs, it is best to set aside a contingency fund for the coming year. This year and the global pandemic is an example of unexpected costs that may arise. Spending this extra money on other expenses may be tempting, but saving them for emergencies in the long term will prove beneficial.

Create a profit and loss statement which contains all the information you have gathered. This will allow you to project into the future and make educated decisions. Using your profit or loss statements, examine the trends you need to watch out for and how you can move forward using that information.

Hiring workers for holiday season post COVID-19

Holiday season often requires businesses to take on employees for the surge of shoppers during this period.

While in the past businesses might have known what their strategy for hire is going to be for this period, the current situation may have led to some confusion.

The unpredictability of the current situation has meant that it is difficult to plan how hiring will take place. But if businesses are looking to onboard staff, they should consider the following:

- Hiring the minimum number of staff required: Businesses should aim to hire the minimum number of staff members that will be required so that they are meeting safety requirements and minimising inefficient spending.
- Practicing safety when onboarding: Ensure that the hiring process takes any guidelines regarding safety into consideration. Conducting online interviews and training new employees on safety procedures is an effective method to tackle this.
- Conduct health checks and minimise cross-location shifts: Businesses should conduct regular checks and assessments of employees health and restrict employees to one location to avoid infection to multiple facilities.



Additional factors to consider

Across Australia, states and territories are at different stages of their COVID-19 recovery. Therefore, businesses should reflect on their circumstances and hire workers that have the skills to support different types of roles that might be needed. For example, a business may choose to hire online support staff rather than retail workers. This would be particularly helpful if it seems that restrictions will remain strict in your relevant industry.

Businesses should also explore the support provided by the government for hiring. The Budget introduced support for hiring staff through the JobMaker. Businesses should utilise this benefit particularly during the holiday period.

Reasons to change business structure

Changing your business structure might be the appropriate next step following COVID-19 and the impact it has had. Following are potential reasons to change business structure:

- Economic downturn or downsizing: Downsize or simplify the business structure in response to economic changes.
- Change in management: Addition of a business partner might mean that you change the structure of your business to partnership from sole trader.
- Change in ownership: Acquiring a new business could mean that you need to change the structure to suit your needs.
- Financial reasons: Changing the structure might assist in meeting financial objectives and improve profitability of your business.
- Operational reasons: Internal functions and roles may have changed during this period and you may want to change the structure to reflect this.
- Business growth: Your business may have profited during this period or expanded into different areas, such as online forums, therefore requiring restructuring.

Remember that changing business structure has implications on the business' tax and legal obligations. It may also have additional implications on your personal liability. You should take these into consideration before making changes.

2020-2021 Federal Budget Summary

Job Maker

The JobMaker hiring credit provides eligible employers with support to hire employees aged between 16 and 35 years. Eligible employers will receive $200 per week for individuals who are aged between 19 and 29 and $100 per week for individuals who are aged between 30 and 35. There is eligibility and additionality criteria which businesses must meet in order to receive this support. There is also criteria that potential employees are required to meet if employers are to receive support. Employers will be able to claim benefits quarterly in arrears from the ATO from 1 February 2021.

Lower taxes

Businesses are being encouraged to invest through the provision of multiple taxation policies.

- Temporary full expensing will allow businesses with a turnover of up to $5 billion tobe able to deduct the full cost of eligible depreciable assets of any value in the first year they are used or installed ready for use, from now till end of June 2022. Temporary loss carry-back allow businesses with a turnover of up to $5 billion to be able to offset tax losses against previous profits on which tax has been made to generate a refund.
- For individuals, the government has brought forward their plans for tax cuts to make sure that employees are keeping more of what they earn. Taxpayers will be receiving relief of up to $2,745 for singles and $5,490 for dual income families.

Insolvency

In recognition of the fact that not all businesses will be able to remain viable due to COVID-19, the government has introduced a number of permanent and temporary measures to expand the availability of insolvency practitioners to deal with the expected increase in the number of businesses seeking to restructure or liquidate. These include a debt restructuring process, provision of liquidation pathways, and temporary relief measures being further extended to 31 December 2020.

Super

Numerous changes are being made to address shortcomings in the superannuation system.

- Creation of multiple unintended accounts will be reduced by 'stapling' an account to an employee so that no new accounts are created unless the individual specifically chooses to do so.
- The 'YourSuper' tool will assist with comparing different superfunds to reduce the fees that customers pay to unused accounts.
- MySuper products will undergo an annual performance test and be required to notify their members if they fail this test. Upon failing this test twice consecutively, super funds will not be able to admit new members till their performance has been rectified.
- Super trustees will need to act in the best financial interest of members, demonstrate reasonable basis to support their actions and provide members with key information regarding spending to increase accountability and transparency.

Tasks businesses should complete at the end of the year

The end of the year is an excellent time to review the year and start preparing for changes that could be useful in the future.

Review your documentation

Utilise this time to update documentation. There may be paperwork that you no longer need or that you no longer need to store in certain premises. Updating and reviewing paperwork can help correct any mistakes that may have been made and alert you of any new documentation that needs to be attained. Making sure that your records are in good order for the New Year will mean there is one less thing you need to worry about.

Prepare tax paperwork

Once your documentation is updated, consider reflecting on your taxation. Ensure that you have fulfilled all the necessary requirements and your business is abiding with all regulations. Resolving any issues during this period rather than waiting till the last minute will prevent further complications. Consulting an advisor regarding any concerns might simplify this process and make it more efficient.

Provide feedback to employees

Taking the time out to provide your employees with specific feedback is integral to progress. This information will let them know what they are doing well and what your expectations are for areas you believe require improvement. This is also a good time to ensure that your employee agreements and records are correct and reflect accurate and up to date information.

Goal-setting

Reflect and analyse your business at the end of the year so that you can prepare for the year ahead. Assess whether your business is performing according to the goals you had set. Different strategies will need to be adopted depending on if you are or are not meeting these goals. Goal-setting will allow you to plan early on what type of strategies are appropriate.

Executing these tasks will prepare you for the New Year and relieve additional stress that may come with starting up after the holiday season.



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