

Noble News

News & Information from Noble & Associates

3rd Quarter 2007



Deliver customer service

Every business has a basic obligation to provide customers with quality goods or services. That is quality in the sense of delivering what you say or on a promise. It's the business' responsibility to make sure they are not selling shoddy or unsafe products or services.

However, whilst we would like every customer to be fully satisfied with our products or services, the reality is that sooner or later everyone is going to have some unhappy customers.

It is sometime reassuring to dismiss dissatisfied customers as chronic complainers, but try to think of any complaint or question as an opportunity to improve your products, services, and/or performance. By developing a customer feedback and complaint-handling procedure, you can turn negative situations into opportunities to build customers for life. In your complaint program, incorporate some or all of the following principles:

- **Acknowledge.** As a first step acknowledge customers concerns. Regardless of how a problem has arisen, simple recognition of a concern will make the resolution process far more effective.
- **Apologise.** Saying "we're sorry" is an important first step in letting customers know you care when they have a problem.

- **Don't blame the customer.** When you blame a customer, they see it as a personal attack. Often misunderstandings are due to businesses creating false expectations in the minds of their customer.
- **Admit your errors and solve the problem.** Every business makes mistakes. Be determined to get to the root of the problem, make it better for the customer, and prevent the problem occurring again.
- **Refrain from using the excuse "it's company policy."** No phrase is more dismissive, making your customer feel powerless and intimidated. The first step in any resolution is to place you and the customer on equal ground.
- **Empower employees to solve minor problems.** When you do this you will have happier staff and you could save your customers a bureaucratic nightmare.
- **Encourage feedback.** Make it easy for customers to let you know how they feel. Providing feedback forms to customers allows them to rate your products or services. It also gives them a chance to let you know what you're doing right.
- **Don't win the battle and lose the war.** Trying to save a few dollars but losing a customer is penny wise and pound foolish. There may be a small percentage of customers who will take advantage of you, but the majority will be even more loyal if they know you'll fix problems.

KEEPING YOU ON THE RIGHT TRACK

We can help your business and your personal finances stay on the right track. Call us now and we'll arrange a meeting to discuss:

- Strategies to help your business improve its efficiency and profitability
- Reducing the burden of taxes on your business
- The tax issues that affect you and your family
- Maximising your wealth
- Retirement planning strategies for you and other family members

Noble & Associates

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

ABN 74 202 576 199

Noble & Associates

LEVEL 1,
52 DAVIDSON TCE
JOONDALUP WA 6027

•
TEL (08) 9400 7400

•
FAX (08) 9400 7444

•
E-MAIL
info@nobleaccounting.com.au

•
WEBSITE
www.nobleaccounting.com.au

•
PARTNERS
Andrew Noble
Audrey Tooze

Accounting & Taxation,
Self Managed Superannuation
Funds,
Budgets & Business Plans,
Rental Property & Property
Development Specialists

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Ten time saving tips

Running a business often means dealing with all kinds of administrative tasks. Rather than focusing on building new business, attention is often directed to paying bills, sending invoices or returning forms to the government. Pretty soon you feel overwhelmed and things start falling through the cracks, not to mention there is no time left for marketing.

Here are ten ways to make the most of your time and reduce administrative hassles:

1. Develop an Operations Manual. As you deal with a task, jot down the steps you've taken to complete it. That means you won't have to re-invent each process every time. Also, it makes it much easier to train employees if you have any.

2. Create templates. Instead of re-creating forms, letters or emails you use repeatedly, create blank templates of documents such as invoices, statements, proposals, product/service descriptions, basic letters-of-agreement, and so on. You may find some generic templates form part of many software applications.

3. Prepare standard answers to email or phone inquiries. It's likely that you get many of the same questions from potential

or current customers. It is also a good idea to ensure that all members of your team adopt the same process.

4. Make a "To Do" list: Keep it somewhere where you can see it all the time. Look at it frequently and revise it daily. Check off tasks as you complete them – that gives you a sense of accomplishment.

5. Set priorities. Often the things that are most important to your business don't have deadlines. Make sure those vital tasks are on the top of your "to do" list.

6. Set time aside: Make "appointments" with yourself to do important tasks and don't allow interruptions. Make certain you schedule time for marketing so you can build your business. And also schedule time to send out invoices. You can't get money in if you don't send invoices out.

7. Reduce shopping: Keep a list of all the things you need so you reduce the number of trips you make. Stock up on supplies so you don't have to make a frantic trip when you run out of printer ink. Try having office supplies delivered.

8. Colour code files. Use files of different colours – or at least different coloured labels – so you can quickly find information you need on your desk or in file drawers. Doctors and other professionals use this approach because files are easy to identify and it reduces misfiling.



9. Keep frequently-used files handy. Get a desk with at least one file drawer so you can access the files you need without having to get up and go to a filing cabinet.

10. Handle mail once: Deal with mail as soon as you read it. If you don't need to keep it, throw it out. If it should be filed, file immediately. If you have to take action, do so. Eliminate that pile of mail getting ever higher on your desk.

Greater care required recording car fringe benefits

The Australian Tax Office recently released a statement outlining the area in which employers are failing to meet their fringe benefits tax (FBT) obligations in relation to recording of car benefits.

The primary issues identified were:

- Logbooks provided inadequate information of car usage
- Failing to record business travel

in log books in circumstances that employers use the operating cost method to calculate FBT and the motor vehicle is garaged at the employees' residences

- Employee contributions are incorrectly treated for income tax and GST purposes.

When the choice is made to adopt the operating-cost-method to determine the taxable value of a car fringe benefit, the following details should be recorded for

each business journey:

- The date(s) on which the journey started and ended
- The odometer readings at the beginning and completion of each journey,
- The distance traveled in kilometres travelled and
- The purpose of the journey.

Entries made under 'purpose of the journey' must be made in English and sufficiently detailed establish that they legitimate business journeys. Avoid general descriptions such as 'business' or 'miscellaneous business'.

It is also important to be aware of fringe benefits obligations that may arise under the 'home garaging rule'. It means in most circumstances a car that is garaged at an employee's home is deemed to be available for private use.



Small business concessions review

The Tax Laws Amendment (Small Business) Act 2007 replaces the simplified tax system (STS) and the concept of an STS taxpayer. Previously, the law contained a number of 'small business concessions', each of which had its own set of eligibility criteria.

The main objective of the Tax Laws Amendment (Small Business) Bill 2007 is to make it simpler for small business to determine eligibility for small business tax concessions. It does this by establishing a single definition of a small business entity.

The changes make it easier for small business to access a number of existing concessions covering the following areas of tax:

- Capital gains tax (CGT)
- Income tax
- Goods and services tax (GST)
- Pay as you go instalments (PAYG), and
- Fringe benefits tax (FBT).

Changes apply from 1 July 2007 and provide small business greater choice and flexibility by simplifying eligibility criteria for these concessions.

Eligibility

Businesses with turnover of less than \$2 million are eligible for this range of concessions. Businesses that turnover more than \$2 million may still be eligible for the CGT and FBT concessions, under the existing eligibility rules.

Businesses that satisfy eligibility requirements can decide on the concessions that best suit their needs, reducing red tape and compliance costs.

New rules for SMSF's

In a recent speech the Deputy Commissioner of Taxation said despite a large increase in the number of Self Managed Super Funds (SMSF's), the primary concern is that registrants may not fully understand their obligations.

In future all new trustees (whether it is a new fund or existing fund) will be required to sign a declaration stating that they understand their role as trustee and there are administrative penalties for not signing a trustee declaration.

The aim is to ensure that all trustees are aware of the primary administrative obligations associated with running a

Small businesses with turnover of less than \$2 million may be eligible for the following concessions from 1 July 2007:

- Choice to account for GST on a cash basis
- Choice to pay GST by instalments
- Simplified rules for trading stock
- Simplified depreciation rules
- Entrepreneurs' tax offset
- Annual apportionment of GST input tax credits
- CGT 15-year asset exemption
- CGT 50 per cent active asset reduction
- CGT retirement exemption
- CGT roll-over provisions
- PAYG instalments based on GDP-adjusted notional tax
- Two-year period for amending assessments (exceptions may apply)
- Immediate deductions for certain prepaid business expenses, and
- FBT cark-parking exemption (will apply from 1 April 2007).

Changes to GST

Changes to GST announced in the 2007-08 Budget are designed to provide small businesses greater flexibility and a less complex tax system.

The primary GST changes applying from 1 July 2007 are:

1. GST registration threshold increased from \$50,000 to \$75,000 for businesses, and from \$100,000 to \$150,000 for non-profit bodies. The increase of the GST registration threshold will mean clients that have a GST turnover of less than \$75,000 (or \$150,000 for non-profit bodies) will have the option to:
 - Cancel their GST registration (this would eliminate claims for fuel tax credits)

SMSE, including the lodgment and payment requirements, and a range of new penalties will apply.

Trustees also need to ensure that their fund falls within the definition of a SMSF. From 1 July 2007, the Commissioner's regulatory powers will be extended to deal with funds that no longer meet the definition of a SMSF. This may be where the membership and/or trustee structure has changed, meaning they no longer meet the definition of a SMSF.

As an example, members of SMSF with a corporate trustee must also be directors of the corporate trustee. If a director of the corporate trustee resigns as a director but remains a member, the fund will fall outside the definition and have six months to

- Choose to report and pay GST annually or continue with their current GST arrangements.

2. The threshold for when a valid tax invoice is required to claim GST credits increased from \$55 to \$82.50 (including GST). The change to the tax invoice requirement means that a valid tax invoice is no longer required to claim GST credits for business purchases of \$82.50 (including GST) or less. It is also no longer a requirement to issue a valid tax invoice for sales made up to \$82.50 (including GST). In addition, the threshold for withholding from a supplier that does not provide a valid ABN has also increased from \$50 to \$75 (GST exclusive).

If you have any questions in relation to small business concessions and how they may effect your business, please feel free to call our office.

Super changes for employers

The superannuation system is changing from 1 July 2007. The changes mean most people will receive more from their super, and most employers and fund managers will find super easier to administer. Below is a summary of the key changes to super which are relevant to employers:

- Employees' tax file numbers need to be passed on to their super fund.
- A full tax deduction can be claimed for all employer contributions, or before-tax contributions, to super for staff who are less than 75 years of age.
- Eligible termination payments will change to employment termination payments.
- Reasonable benefit limits (RBLs) will be abolished.

These changes will not affect your super guarantee obligations. You must continue to make super contributions of at least 9% of each employee's earning base to their chosen super fund.

remedy this failure. The fund would have to remove the member, or the member would need to be reinstated as a director in order to continue to meet the definition. Under amended legislation effective from 1 July 2007, if the fund has failed to restructure to meet the definition within the required six months, the Commissioner can continue to regulate the fund such as appointing an acting trustee to wind up the fund.

Simpler trademarking for all

The world of trade marks can at times be daunting and complex, particularly for companies seeking to register a trade mark for the first time. The process has often served to discourage small business from taking steps to protect one of their most valuable assets.

In 2005 IP Australia launched a pilot of the Assisted Filing Service to help overcome some of these difficulties. Aimed primarily at first-time trade mark filers, the service offered a responsive and personalised approach, providing an assessment of the likelihood of successful registration of a

proposed trade mark at an early point in the process.

In late 2006 IP Australia completed an evaluation of the Assisted Filing Service to determine areas for improvement. As a result there were a number of exciting new enhancements to the service. These changes included a re-naming of the service to TM Headstart. In addition, a new website was developed with improved information, designed to be more accessible and usable.

TM Headstart has a fundamental role in supporting the trade mark application process for those seeking a trade mark registration for the first time. TM Headstart gives users direct access to a trade mark

examiner. In addition, applicants receive an assessment promptly, enabling them to identify potential barriers to registration, and if necessary, an opportunity to modify the request before filing a trade mark application. These benefits are of significance to first time filers who may be unfamiliar with the trade mark registration process.

For more information on filing a trademark using the TM Headstart service go to www.ipaustralia.gov.au.

WEB WATCH

ESSENTIAL SITES FOR BUSINESS OWNERS

Australian Workplace www.workplace.gov.au

Australian Workplace provides job seekers, employees and employers with information about finding a job, starting work and workplace issues.

Australia Trade Commissions www.austrade.gov.au

Useful information on how to export, selecting a market and our services. It also includes corporate information such as where Austrade is located, news, student information and employment.

A Great Read

The New Managers Handbook:
24 Lessons for Mastering Your Role

Author: Morey Stettner
(McGraw Hill)

If you are a new manager, aspire to a managerial position or have recently promoted an employee to a managerial position, this manual is required reading. In fact, every new manager should be given a copy of the book along with the promotion. From difficult employees to demanding customers, you never know where your next problem is coming from. What you do know is that you'll be expected to solve that problem-- and solve it quickly and effectively. The New Manager's Handbook outlines 24 lessons for mastering your new role as a manager and explains the rules of this new game, providing invaluable tips and pointers for teaming with your employees while inspiring them to breakthrough performance and results. Anyone studying business management should also read this book, since it provides good, practical "in the trenches" advice that's hard to find in textbooks.

Business and personal planning need not be left until the end of the tax year - talk to us now about tax and financial strategies for you and your business.

We are sometimes asked if we are able to help additional clients. We are a growing firm and do appreciate your referrals. We consider it a compliment when you recommend us to your friends and business contacts.

REMINDERS FOR YOUR DIARY

JULY

- 14 Pay As You Go (PAYG) withholding. PAYG withholding payers must issue payment summaries to payees (ie employees and other workers).
- 14 Reasonable benefit limits - Reasonable benefit limits (RBL) reporting - all RBL reportable benefits paid in June 2007 must be reported to the Tax Office on or before this date.
- 21 Activity statements - June 2007 monthly activity statements: final date for lodgment and payment.
- 28 Activity statements, PAYG Instalments, GST Instalments, Quarter 4 (April - June 2007) activity statements: final date for lodgment and payment
- 30 Superannuation - Superannuation guarantee contributions for quarter 4 2006-07 (1 April - 30 June) are to be made to the fund by this date.

AUGUST

- 11 Activity statements - Quarter 4 (April - June 2007) activity statements: final date for electronic lodgment and payment.
- 14 PAYG withholding - Final date for lodgment of the PAYG withholding payment summary - individual non-business - annual report.
- 14 Superannuation - Departing Australia superannuation payment (DASP) data records for the 2006-07 year that form part of the PAYG withholding payment summary annual report.
- 21 Activity statements, GST Instalments - July 2007 monthly activity statements: final date for lodgment and payment.
- 28 Superannuation - Superannuation guarantee charge statement - quarterly (if required contributions were not made by the due date) for quarter 4 2006-07.
- 31 Reasonable benefit limits - Reasonable benefit limits (RBL) due date for funds to correct any errors on previously lodged RBL reports.

SEPTEMBER

- 21 August 2007 monthly activity statements: final date for lodgment and payment..