

# Accounting and Tax for Start-Ups - May 2016

Prepared for Vibewire by Ryan Miller - Keeping Company



# About Us

[keepingcompany.com.au](https://keepingcompany.com.au)

We are a Chartered Accounting practice specialising in:

- Cloud Accounting
- Business Advice
- Taxation

# Cloud Accounting

- No software to install
- Works on all computers
- Browser based (XERO)
- Real time data
- Efficient
- Fast
- Secure
- Cheap

# XERO

- Leader for SME market
- Monthly affordable tax deductible subscription
- Bank feeds and rules
- Add on software
- Mobile and tablet access
- No version control issues
- Online invoicing
- Unlimited users
- Payroll, inventory, fixed asset register

# Dealing with the ATO

- ABN and TFN
- Income Tax returns
  - Due 31 October with no tax agent
  - Due 15 May with tax agent
- BAS
  - Quarterly
  - 28 days after quarter end with no tax agent
  - 28 days + 1 month with tax agent
- IAS
  - Monthly if PAYG > \$25K pa
  - Due 21 days after each month end

# Dealing with the ATO

- GST Registration
  - If turnover > \$75,000 pa
  - NFP If turnover > \$150,000 pa
  - Looking forward rule
  - Harsh penalties for non compliance
  - Cash or Accrual
- Penalties
  - Late lodgement penalties \$170 per month up to \$850 per statement
  - General Interest Charge 9.28%
- Audit
  - Non compliance
  - Fraudulent lodgements
  - Tax avoidance

# Tax Invoice Template

## 1 Tax invoice

2 Windows to Fit Pty Ltd  
ABN: 32 123 456 789 3

15 Burshag Road  
Festler NSW 2755

4 Date: 1 August 2013

To: Building Company 8  
254 Burshag Road  
Festler NSW 2755

Qty	Description of supply	Unit price	GST	Total
50	Window frames	\$150	\$15	\$8,250
10	Deadlocks	\$40	\$4	\$440
			6	
TOTAL AMOUNT PAYABLE				\$8,690

The total price includes GST

7

# What is the best structure for me?

- Sole Trader
  - No set up
  - Marginal tax rates
  - Exposure
- Company
  - Expensive to set up + ASIC fees
  - Flat 28.5% rate
  - Limited liability
  - Retain profits
  - Rules how to access cash
  - Personal Services
- Trust (not trading, holding shares)
  - Expensive to set up
  - Forward thinking
  - Stream dividends
  - CGT down the track (possibly new rules from 1 July 2016)

# Am I a Contractor or Employee?

- Complex area with confusion
- ATO audit activity and focus
- Companies, trusts, partnerships always contractors
- Sole traders possibly employees
- Open to interpretation
- Not all points must be fulfilled

# Employee or Contractor Decision Table

<b>Employee</b>	<b>Contractor</b>
Cannot subcontract or delegate	Can delegate
Paid by hour, day, activity or commission	Paid for result based on quote
Your employer provides tools	You provide tools
Takes no commercial risks and paid to rectify any defects	Takes full commercial risks and rectifies defects possibly for free
Not operating independently	Operating independently

# Am I entitled to Superannuation contributions?

- If greater than \$450 per month
- 18 years of age or older
- 9.5% of ordinary time earnings (OTE)
- Contractors can be entitled despite confusion
- Contract “wholly or principally for labour”
- Ability to Delegate is key
- Open to interpretation
- ATO decision tool useful

# Other Start-Up Business Tips (to come)

- Business Names and Trading Names registration
- Insurances
  - Workers Comp
  - Business
  - PL
  - PI
- Tax deductions
- Employing people
- Engagement letters
- Debtors and collection
- ASIC
- Finance
- Depreciation and fixed assets

# Special Offer 50% discount on basic fees\*

\* first year only

- Financial statements and income tax returns
- Quarterly Health Check and BAS preparation
- XERO setup or conversion

**Contact Us...**

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