

End-of-year admin tasks

The end of the year is the perfect time to catch up on administration tasks that have fallen to the wayside throughout the year.

Consider completing the following admin tasks before closing down for the holiday season:

Update employee details and client lists

If you know of employees planning on resigning over the new year period, it would be wise to ask for the return of any business belongings, such as the company car, uniforms, lift pass and so on. Removing the employee from software including staff email, the payroll system, etc. are also smart things to do to save you doing it in the new year. For employees starting in the new year, make appropriate adjustments so that there are no holdups and everything is set-up for them on their first day.

Make arrangements if you know you will be losing any clients, such as cancelling their direct debit payments and removing them from mailing lists.

Review annual performance

The end of the year is a perfect time to review

and analyse how successful it has been, in terms of marketing, customer satisfaction, profit margins and so forth. Evaluate the practices that have made you money and that have been successful. Establish how to improve upon these in the new year. Also, cut ties with the practices that have cost you money or haven't made you any.

Set goals for the new year

Establish the goals you want to accomplish in the new year. Focus on the different aspects of your business you want to improve upon and brainstorm with your team ways to accomplish these goals. Areas you may want to focus on include:

- Improving customer service and satisfaction
- Streamlining office processes such as introducing automation for payroll, rostering, etc.
- Increasing profit margin
- Strategies to reduce spending

Make appropriate payments

Before the start of the holidays, ensure you have made appropriate payments



to employees, including quarterly super contributions, wages, and any holiday bonuses. It would also be worthwhile to make sure clients are up to date with any payments or bills owing.

Review cyber security

Before wrapping up for the year, invest time to check your cyber security is up to par. Ensure that all malware and antivirus software is up-to-date and renew any software licenses where appropriate. If you are closing down for the holiday season, remove any saved passwords or cached information such as credit card details.

Kickstart your holiday marketing

The festive season often presents a time of increased sales for small businesses.

Proactively seeking out seasonal opportunities can help to boost not only your sales but your business' customer base.

Here are five ways to kickstart your holiday marketing efforts:

Join force

Pair up with a similar local business that complements your business' products and services to provide a combined holiday offer. A holiday partnership can open up opportunities to reach new customers that you might not have come into contact with through your own business. The key is to find the right partner - ideally a non-competing business with similar customers to yours.

Get creative

The festive season is a great opportunity to show off your creativity. For example, you can create a store window display or decorate your office (if you are service-based), give

clients a customised thank-you gift, provide gift suggestions and so forth. To boost your online profile, you may want to add a holiday banner to your website, develop landing pages for specific products and promotions, and send out a holiday focused email marketing campaign. If the holidays are your slow season, tailor campaigns for the new year instead.

Exhaust your social media

Social media can boost your business' reach and visibility immensely, so use it to your advantage. Launch a holiday marketing campaign and advertise it heavily on all your social channels. Use your social presence to create a holiday thank you video, post holiday messages, advertise your opening hours and advise of any last-minute cancellations or openings.

Target new customers

The holiday season is the perfect time to attract new customers and hopefully convert them into long-term, repeat customers. Use sales promotion techniques such as discounts,



competitions, free samples, giveaways, vouchers, and limited-time offers to create demand and reel in new customers.

Add perks

For some businesses, it is simply not feasible to use sales promotion techniques such as discounts at this time of year. Alternatively, you can add value to your existing products and services by including some additional perks such as free shipping, gift-wrapping, guaranteed-before-Christmas delivery, and rewarding loyal customers with a bonus. If you are a service-based business, consider extending your availability for appointments.

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Preparing your team for the EOY shutdown

The holiday season often means closing down the office for a week or two, but before doing so; carefully consider the most appropriate and harmonious way to do this.

Legally, you are required to give notice to your



employees. The notice you are required to give is dependent on the industry and the award that covers your business. You may be required to give four weeks notice or you may be required to give less, but you should consider giving as much notice as you think your staff will need to make arrangements, particularly if they aren't entitled to paid leave for this period.

Christmas and the new year are an expensive time of year, so the more notice and time you allow for staff to prepare, the less likely they are to become disgruntled.

Consider how this will impact on your employees and work towards creating a scenario that will satisfy most, if not all, of your staff. Some employees may not have accrued enough annual leave to cover the office closing down period, meaning they will need to take unpaid leave. You may be able to offer alternatives, such as working from home or covering some of the administrative tasks that will need completion whilst being shut down.

It is always wise to notify employees formally, whether that be through a printed memo, email, etc. This time of year can be very busy and chaotic, and by only telling employees in a conversation, it can be very easy for them to forget. By having the shutdown plans in writing, you can also prove you have given adequate notice should any issues arise.

Coming back to work after the EOY shutdown can be quite tumultuous, particularly if the employees haven't completed appropriate tasks before closing down. Appropriate tasks would include:

- Notifying clients of the office's closing dates and reminding them that there won't be anyone to help them for the set time frame
- Diverting calls and emails
- Wrapping up any projects such as annual reports before going on leave
- Office clean up such as cleaning out the fridge, taking out rubbish, turning off appliances, etc.

Deadline for 7-year sub-trust arrangements

The ATO has published a Practical Compliance Guideline PCG 2017/13 for those who used a 7-year sub-trust arrangement to deal with unpaid present entitlements (UPE) owed by a family trust to a related entity.

The guideline provides assistance on the administration of these sub-trust arrangements once the 7-year loan period expires. As many entered into these sub-trust arrangements on or before 30 June 2011, the period is close to expiry for many no later than 30 June 2018.

The sub-trust arrangement formed as an option to deal with unpaid present entitlements. A UPE is an amount of trust income which the trustee of a trust appoints, but does not pay, to a private company beneficiary.

Under this arrangement, UPE funds in the sub-trust are held for the sole benefit of the private company beneficiary if they are lent to the main trust under a 7-year interest only loan with the principal of the loan repayable at the end of the 7-year interest only loan.

The terms of the sub-trust arrangement

compromised that the terms of the investment agreement must be legally binding and documented, and that the trustee had an obligation to repay the principal of the loan at the end of the loan term.

This means the trustee must repay the principal of the loan before the 7-year period expires. If the trustee fails to do so, any unpaid principal of the loan will be treated by the Commissioner as the provision of financial accommodation and therefore a Division 7A loan.

The trustee of the sub-trust would then need to enter into a 7-year complying loan agreement by the private company's lodgment day. This provides a further period for the amount to be repaid with periodic payments of both principal and interest.

If the 7-year complying loan is not put in place between the sub-trust and the private company prior to the private company's lodgment day, a deemed dividend will arise at the end of the income year in which the loan expires.

Furthermore, where the facts and circumstances indicate there has never been an intention to repay the principal of the

loan at the end of the 7-year interest only loan, the Commissioner may consider that the arrangement was a sham, and/or that there was a fraud or evasion.

In these circumstances, the Commissioner may go back beyond the period of review and deem a dividend in the income year in which the provision of financial accommodation originally arose.



The gift of FBT-free giving

The holiday season is a time in which many employers look to thank their employees for their hard work throughout the year.

Employers will often plan a work Christmas party, or decide to give their staff a Christmas gift to show their appreciation. While throwing a Christmas party is a great end-of-year celebration, employers should be aware of the tax consequences of holding such an event to avoid a nasty fringe benefits tax (FBT) bill.

A number of benefits are exempt from FBT, including the work Christmas party, providing they follow certain rules. The ATO allows employers a \$300 threshold per employee for Christmas parties. The most tax-effective option is to host the Christmas party on the business premises, on a working day and extend an invitation to current employees only. Expenses such as food and drink are exempt from FBT for employees and thus, a tax deduction or GST credit cannot be claimed.

Employers can also extend invitations to

associates such as spouses and be exempt from FBT, provided the combined cost for the employee and their associate remains below \$300.

In addition to hosting a Christmas party, employers can also provide employees with gifts that cost less than \$300 per employee. Therefore, employers can avoid an FBT bill providing they host a party that costs less than \$300 per employee and also give each employee a Christmas gift worth no more than \$300.

Non-entertainment gifts below this price are usually exempt from FBT, and an employer can also claim tax deductions and GST credits for every non-entertainment gift they give to staff members. Types of gifts typically include beauty or skincare products, flowers, wine, gift vouchers or hampers.

When giving non-entertainment gifts exceeding the value of \$2000 within an FBT year, employers should also be aware that some fringe benefits may need to be included on payment summaries.



Benefits of a business valuation

Knowing the value of your business is critical, especially nearing the end of the year. It allows you to enter the new year with an informed understanding of the business' worth and potential.

There are numerous benefits of getting a business valuation, including the following:

Understanding your business' worth

Conducting a business valuation can provide you with accurate, reliable data as to how much your business is actually worth. Your prediction as to what your business is worth may be completely off. Whether your belief is that the business is worth a considerable amount more or less, actually knowing the worth can allow you to act accordingly.

Evaluating business growth

A business valuation will provide you with the data to adequately assess how successful your business has been. In fact, a business valuation at the end of each year can help you evaluate how to implement strategies for the new year to increase profit and business value.

Strategic planning

Without knowing the true value of the business, strategic planning for the future becomes extremely difficult; it is not based on true data. Knowing how much your business is worth allows you to reassess how effective your marketing and business practices are, and how to improve upon them.

Going green in the new year

There's no better time than the new year to transform your office into an ecological, environmentally-friendly space.

While there are initial up-front costs of switching to green, the long-term savings will be substantial and you will also be reducing your carbon footprint which is great for everyone!

Consider implementing the following changes:

Go paperless

Reducing paper use and printing is great for the environment and will save you money in buying paper, printing, and administration costs



if you end up automating processes that you would otherwise need an employee to do, such as filing.

Save energy

Switch to more energy efficient products through:

- Replacing lighting with LED lighting
- Taking advantage of natural lighting
- Turning off appliances at the powerpoint at the end of the day
- Sell a product that is green

Not only can you alter office practices, but you can also adopt more environmentally-friendly business practices, such as sourcing products from an underprivileged community, or partnering with a charity and donating a percentage of profits to said charity. This is a great way to bring in more customers and keep them loyal to the business, making you more money in the long run.

Encouraging smart commuting

Provide incentives to employees who ride, take public transport or carpool to work.

Lead by example

The best way to encourage your employees to practice green behaviours is to set a standard for them to follow. An example of how to do this is by using and encouraging keep cups for takeaway coffee and reducing plastic packaging,