



## CLIENT FOCUS:

# LINDY CHEN

Lindy Chen of ChinaDirect Sourcing Services named the winner of a Gold Award in the **2015 Asia-Pacific Stevie® Awards, Woman of the Year** category.



THE ASIA-PACIFIC STEVIE® AWARDS are the only business awards program to recognize achievement in the workplace in all 22 nations of the Asia-Pacific region. The Awards are widely considered to be the world's premier business awards, conferring recognition for achievement in programs such as The International Business Awards for more than a decade.

This year, more than 400 nominations from organizations across the Asia-Pacific region were considered in categories such as Company of the Year, Executive of the Year, and Website of the Year. Gold, Silver and Bronze Stevie Award winners were selected by more than 50 executives around the world who participated in first-round judging in March and April.

Lindy Chen, of ChinaDirect, was named the winner of a Gold Award in the Woman of the Year category.

Lindy started her import consulting business with just a thumb drive in an internet cafe, and the \$2,500 she had left in her pocket, after a relationship that brought her from China to Australia ended. She has never looked back since.

In 2005, she established ChinaDirect Sourcing Services, which she envisioned to become Australia's most reliable

ChinaDirect a global brand.

To date, she and ChinaDirect have received numerous awards in recognition of her personal and her company's achievements. Lindy is a frequent speaker in numerous educational forums and is also involved in the Queensland Government's Small Business Solutions program, where she

**“Lindy started her import consulting business with just a thumb drive in an internet cafe, and the \$2,500 she had left in her pocket...”**

import consulting firm. ChinaDirect is now on the cusp of establishing multiple franchises in different Australian cities, with the recent opening of its Melbourne franchise. Lindy now has her eyes set on expanding to Auckland, New Zealand, on her way to making

has been a mentor since 2011.

Nicknamed the Stevies for the Greek word for “crowned,” the awards will be presented to winners at a gala banquet at the InterContinental Hotel in Shanghai, China on 5 June.

Congratulations Lindy!



## 2015 FEDERAL BUDGET: \$20,000 INSTANT DEDUCTION FOR SMALL BUSINESS

The Federal Budget released on 12 May 2015 announced a deduction of capital expenditure for assets up to \$20,000 for Small Business Entities (SBE).

A SBE IS AN ENTITY (company, trust, partnership or individual) that has an aggregate business turnover of less than \$2 Million. Points to note regarding the instant deduction measure include:

- Applies to assets purchased from 13 May 2015 to 30 June 2017;
- The purchase price of any individual qualifying asset must be less than \$20,000 (excluding GST);
- Each eligible purchase may be expensed in the year of purchase;
- Used or second hand assets are eligible provided they have been "newly acquired" by the eligible entity;
- The deduction on motor vehicles will need to be apportioned based on business % used;
- Assets exceeding \$20,000 will need to be depreciated at a rate of 15% in the first year and 30% each following year;

- Leased assets are ineligible for the deduction, legal ownership of the asset is required (e.g. hire purchase, equipment loan, chattel mortgage etc). Please contact our office if you require assistance in this regard.

### OTHER SMALL BUSINESS MEASURES

- The tax rate for companies with an aggregated annual turnover of less than \$2 Million will be reduced by 1.5% (that is from 30% to 28.5%) from the 2015/16 income year.
- A 5% tax discount for individual taxpayers with business income from an unincorporated business with an aggregated annual turnover of less than \$2 Million will also be introduced from the 2015/16 income year.
- Primary producers will be able to claim accelerated depreciation for water facilities, fodder storage and fencing from 1 July 2016.

- The rules preventing small businesses from re-entering the simplified depreciation regime for five years after opting not to use it will also be temporarily suspended.
- Start-ups will be able to claim an immediate deduction for professional expenses associated with starting a business from the 2015/16 income year.
- Capital gains tax (CGT) relief will be available to small businesses for a CGT liability arising from the alteration of their legal structure from the 2016/17 income year.
- The fringe benefits tax exemption for portable electronic devices used primarily for work purposes will be expanded from 1 April 2016.
- Further changes will be made to the taxation of employee share schemes.

**PLEASE NOTE:** THE ABOVE MEASURES STILL NEED TO PASS THROUGH SENATE AND RECEIVE ROYAL ASCENT PRIOR TO HAVING LEGISLATIVE EFFECT.



## SALE OR PURCHASE OF COMMERCIAL PREMISES – GST CONSIDERATIONS

A TIMELY REMINDER FOR CLIENTS. Prior to entering into any contract for sale or purchase of a commercial premises, see us first so you know where you stand in respect of GST.

We recently witnessed an interesting case whereby a buyer, who was registered for GST, purchased a vacant commercial property. The contract was marked as 'no GST' applied to the sale of the property, which was correct as the seller was under the compulsory GST registration turnover threshold of \$75,000 p.a. (i.e. the seller was not registered or required to be registered for GST).

Unfortunately due to an error at settlement, the buyer handed over an additional payment for the GST in addition to the purchase price. Problem => the buyer was unable to claim back the GST because the seller was not registered for GST and accordingly could not provide the necessary tax invoice. An expensive mistake for a buyer should the seller fall into an insolvent position post settlement.



## RESIDENT INDIVIDUAL RATES FOR 2014–2015

Thresholds	Income Tax %
0 – \$18,200	Nil
\$18,201 – \$37,000	19%
\$37,001 – \$80,000	32.5%
\$80,001 – \$180,000	37%
Over \$180,000	47%

**PLEASE NOTE:** THE ABOVE RATES DO NOT INCLUDE THE 2% MEDICARE LEVY.

### REMINDER – TEMPORARY BUDGET

**REPAIR LEVY:** As part of the 2014–2015 Federal budget, the Government announced that it will impose a temporary Budget Repair levy of 2% on that part of a person's taxable income which exceeds \$180,000. The levy will apply to the 2014–15, 2015–16 and 2016–17 financial years.



## HOME OFFICE EXPENSES

Every year there is confusion with clients as to what home office expenses are eligible to be claimed as a tax deduction. A brief summary of what items can be claimed is as follows:

### RUNNING COSTS

If you perform some of your work from a home office, you may be entitled to a deduction for the costs you incur in running it, including:

- for home office equipment, such as computers, printers and telephones, the cost (for items costing up to \$300) or decline in value (for items costing \$300 or more).
- work-related phone calls (including mobiles) and phone rental (a portion reflecting the share of work-related use of the line) if you can show you
  - are on call, or
  - have to phone your employer or clients regularly while you are away from your workplace
- heating, cooling and lighting
- the costs of repairs to your home office furniture and fittings
- cleaning expenses.



### OCCUPANCY EXPENSES

As an employee, you are generally not able to claim a deduction for occupancy expenses, which include rent or mortgage interest, council rates, and house insurance premiums. However, if you run a business from home

then you may be entitled to claim a percentage of these expenses. The claim must be made on a 'reasonable basis' i.e. floor area of the home office as a percentage to the total floor area of the premises is an acceptable basis for this calculation.

### RECORDS YOU MUST KEEP

You must keep records of home expenses – these can be:

- receipts or other written evidence of your expenses, including receipts for depreciating assets you have purchased
- diary entries you make to record your small expenses (\$10 or less) totalling no more than \$200, or expenses you cannot get any kind of evidence for, regardless of the amount
- itemised phone accounts from which you can identify work-related calls, or other records, such as diary

entries (if you do not get an itemised account from your phone company)

- a diary you have created to work out how much you used your equipment, home office and phone for business purposes over a representative four-week period.

# 2015 YEAR END TAX PLANNING

With the end of the financial year fast approaching it is important for clients to review their tax position prior to 30 June. Tax planning opportunities may be available to clients, some of which include:



- Making concessional (tax deductible) superannuation contributions. The maximum concessional contribution for individuals is \$35,000 for over 50 and \$30,000 for under 50.
- Deferring/realising capital gains/losses.
- Deferring interest, dividends or rent until post 30 June 2015 as such income is not assessable until received or otherwise paid or credited on your behalf.
- Ensure employee superannuation is paid prior to 30 June 2015.
- Review fixed asset schedule and write-off any assets that have been scrapped.
- Prepayment of rent or interest if a small business entity.
- Write off obsolete or unsaleable stock.
- Ensure minimum pensions are paid prior to 30 June 2015.
- Utilise new immediate deduction for small business entities for newly acquired assets that cost less than \$20,000.
- Write off bad debts before year end.
- Review tax savings as a result of commencing new superannuation pensions if aged 55 or over.
- Restructuring of business affairs, transfer or revaluation of assets. This is particularly relevant where a business is trading out of a Trust structure given the limitations created by the Unpaid Present Entitlement rules.

Please contact our office if you would like to review your tax position prior to 30 June 2015.

## PRACTICAL IDEAS TO INCREASE THE VALUE OF YOUR BUSINESS

BY TIM LUNN

A simple method to assist your business to maximise the value contained in the supply chain, is the creation of a Supplier Matrix that ranks your current supplier against viable alternative suppliers.

The preparation and maintenance of a Supplier Matrix ensures that you are utilising the best available supplier for your business, as well as knowing your alternatives in the event of supply disruptions. The criteria in the example

below is a guide and can be altered to suit your business. Innovation has been included in the list of criteria as research and product development can be enhanced and assisted with the support of suppliers.

TYPE OF PRODUCT	SUPPLIER OPTIONS	PRICE (Score 1–10)	QUALITY (Score 1–10)	LEAD TIME (Score 1–10)	SERVICE (Score 1–10)	INNOVATION (Score 1–10)
GOODS No.1	SUPPLIER #1 (current)					
	SUPPLIER #2					
	SUPPLIER #3					
GOODS No.2	SUPPLIER #1 (current)					
	SUPPLIER #2					
	SUPPLIER #3					
SERVICES No.1	SUPPLIER #1 (current)					
	SUPPLIER #2					
	SUPPLIER #3					

Sample Supplier Matrix. Tailor your criteria to suit your needs and requirements. Score each supplier from 1–10, with 10 being best.



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