



THE A-Z OF ATO PAYMENT ARRANGEMENTS

When hit with a tax bill, most small business operators seek out a payment plan. You can do much better than that, writes **John Corias**.

Part of our role as small business accountants is to act as a barrier or intermediary between the tax office and the small businesses of Australia.

It's not that we don't trust the two different interests to get along but it's more about using our experience and knowledge to protect the best interests of the client.

Small business owners will understand the time pressures placed upon them and being caught off-guard by a representative of the tax office can be a genuine issue. Often clients are not able to converse about their business finances in a way that gets the true picture across.

Dealing with payment arrangements for small businesses to pay off overdue debts to the tax office is a daily

occurrence in our office. Some of the reasons for these debts occurring can involve:

- Poor cash flow management.
- Using the wrong legal structure.
- Accounting for GST on the wrong basis.
- Not budgeting for cyclical cash flow.
- Business owners spending unassigned cash in the bank.
- Not using accountants or bookkeepers to monitor future tax amounts to be paid.
- Rarely are these issues caused by 'acts of nature', but this can be a factor as well.

So the issue here is how to deal with the tax office and keep your debts under control once they have happened.

Negotiating a payment arrangement with the tax office is normally the first option clients look to. Our advice is

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Sadly, many small businesses think this is where the process stops but this is not the case. Once a payment arrangement is in place it is your obligation to make your regular payments as well as your current lodgements for both income tax and BAS purposes. Should you stick to your arrangement but not lodge and pay your most recent BAS on time then your arrangement defaults? Every time you default it becomes increasingly difficult to negotiate a new arrangement. This is how businesses fall further and further behind.

The key piece of advice in this lesson is not to fall behind. The way to keep on top of your obligations is to know what they are and when they are due. You can only do this by taking up the services of a bookkeeper or accountant from the very start of setting up your small business. So many of our new clients have waited a year or two before seeking help and end up paying two years of tax in one year. This is a recipe for disaster and places further cash flow stress on new small businesses that are already running in a very lean state. ▲

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LIVING IN A POWDER KEG

Unfair dismissal is blamed for one in three disputes with staff, new data reveals. Employment relations specialist **Employure** provides tips to help employers minimise employee claims.

Unfair dismissal is the main reason employees make a formal claim against their employers, and of these claims, nearly a quarter centre around serious misconduct (12%) or misconduct (12%).

The figures were released by Employure and were taken from 990 inbound calls to the company, from employers, between February 2014 and May 2015. They reveal that over a third of calls were from employers contacting Employure for the first time, to seek advice on unfair dismissal.

Employure managing director Edward Mallet says, "Disputes between employers and their staff occur when an employee's conduct is called into question, but they feel wrongly accused. This is a difficult situation and usually the employer has no official guidelines on conduct in place. They then call a service like ours to explore their rights and obligations."

In 2014, 17,806 unfair dismissal claims were lodged by employees with the Fair Work Commission, the highest number of annual claims ever recorded. The figure amounts to 70 claims a day.

"There is no doubt this is a major issue for employers," Edward says.

"Unfair dismissal was brought about to protect employees from unjust employers; however, the number of claims has blown out. The actual figure is considerably higher as not all claims are taken to the Commission, some are settled internally by the company concerned. Because it is such a prevalent issue, employers need to ensure they have robust policies in place to be clear and equitable in these matters."

"Around two thirds of the companies that contact Employure in the first instance have employment compliance

issues or are involved in a workplace incident and need expert advice and assistance. Around one in five companies in the general business population have workplace issues that result in formal claims being made."

EDWARD MALLET'S TOP FIVE TIPS TO AVOID EMPLOYEE DISPUTES

1. Have clear descriptions of unacceptable behaviour: Employers need to train staff on good conduct and include clear descriptions of unacceptable behaviour in employee handbooks. This can cover every aspect of employee functions from absenteeism, sick leave, performance and, most importantly, conduct.

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2. Don't keep policies in a drawer: When you have gone to the time and trouble to craft workplace policies, make sure your staff know about them. Consider introducing a written or computer test and set the pass mark high to make sure employees have read and understood policies.

3. Consistency is key: Ensure all disputes are dealt with consistently. Adhere to your own policies and procedures to the letter, in every case.

Don't make allowances for some staff members or come down hard on other employees. Consistently addressing conduct issues will help your employees to perceive what is appropriate workplace behaviour and what is not.

4. Have meetings before the situation gets out of hand: If an employee is stepping out of your defined code of conduct, you are within your rights to schedule a disciplinary meeting to clearly outline the employee's unacceptable behaviour. Following this meeting, you may be justified in issuing a formal, written warning. If the misconduct is repeated or it constitutes serious

misconduct, this could ultimately justify dismissal.

5. Get the best advice: Employers often don't know how to manage employees effectively and deal with claims by their employees. Get expert advice to develop solid employee contracts, workplace policies and performance management programs to put you in the best position possible. Use your adviser to gain knowledge of your rights and obligations as an employer. ▲

RANKING BY REASON FOR TERMINATION		
1	Unfair Dismissal – Other reasons	43%
2	Serious Misconduct	12%
3	Misconduct	12%
4	Redundancy	10%
5	Performance	7%

* Taken from 990 claims from February 2014 to May 2015.