



# BUSINESS ACCELERATOR MAGAZINE

Your Quarterly Business, Tax & Accounting  
newsletter to help you grow your business

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Build Your Business & Grow Your Wealth



## Protecting your company from business email compromise (BEC)



### Safeguarding your digital finance footprint

#### Understanding the BEC threat and how to avoid fraud.

Businesses are increasingly vulnerable to online fraud, and Business Email Compromise (BEC) is a significant threat in 2023. The Australian Cyber Security Centre reports over \$98 million in business losses annually.

To be proactive about increasing cyber threats and protect your business financial footprint, it's important to understand ways of safeguarding your business.

#### Understanding the growing threat of BEC

BEC is a cybercrime where hackers manipulate or impersonate legitimate emails to dupe employees into divulging sensitive information or making fraudulent transactions.

BEC has emerged as a significant threat across industries. BEC can devastate a business by exploiting vulnerabilities in communication channels and human interactions. According to the Australian Competition and Consumer Commission (ACCC), in 2022 alone, BEC scams resulted in \$142 million in losses reported by Australian businesses.

#### Types of BEC attacks

**Invoice manipulation** – cyber criminals intercept legitimate invoices from your suppliers and alter the banking details to direct payments to fraudulent accounts.

**CEO fraud** – attackers impersonate high-ranking executives within your organisation and request urgent fund transfers or sensitive financial information.

**Vendor impersonation** – hackers pose as legitimate vendors and send emails requesting changes to banking details for future payments.

**Payroll diversion** – criminals target payroll processes and manipulate employee information like bank account details to redirect salary payments to fraudulent accounts.

#### Safeguarding your business

Every business is vulnerable to cybercrime, but some steps help protect your financial data and information.

- Verify payment requests, especially sensitive financial information or changes to banking details, using a dual-authorisation system that confirms requests through a phone call or in-person verification.
- Educate staff to recognise and report suspicious emails and promote a culture of cybersecurity awareness, healthy scepticism, and caution regarding financial transactions or sensitive information.
- Implement email security measures, including utilising advanced spam filters, enhancing email authentication protocols, and secure file transfer and encryption for sensitive information.
- Stay updated with the latest BEC trends and tactics used by cybercriminals to adapt your defences accordingly.

#### The legal landscape of compliance and data breach notifications

Your business needs to understand the compliance requirements and regulatory landscape surrounding data breaches and the mishandling of sensitive financial information.

Under the Australian Government's [Notifiable Data Breaches \(NDB\) scheme](#), organisations or agencies must notify affected individuals and the Office of the Australian Information Commissioner (OAIC) when a data breach is likely to result in serious harm to an individual whose personal information is involved. Understanding these obligations and ensuring compliance is essential to protect your business and maintain customer trust.

#### Proactive protection of your business from BEC

In 2023 all businesses must take proactive steps to protect themselves from the growing threat of Business Email Compromise (BEC). By understanding the risks, implementing effective strategies and being informed about emerging threats, you can minimise the risk of BEC and reduce the risk of fraudulent transactions.

**Take a proactive approach to protecting your business data and preventing fraudulent transactions.**

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## Tax and electric vehicles for Australian businesses in 2023



### Maximising efficiency and minimising costs when EVs are part of your fleet

#### Supporting a global shift to sustainability

The adoption of electric vehicles (EVs) is on the rise in Australia, driven by a growing awareness of their environmental benefits and tax incentives. According to the [Australian Electric Vehicle Council](#), the number of EVs on the road almost doubled in 2022, with [business accounting for around a quarter](#) of all sales.

Navigating the tax implications can be daunting for businesses considering integrating EVs into their fleet. Let's take a look at:

- the types of EVs and their tax calculations
- pros and cons of EV types – and what might suit your business model
- how your accountant may optimise tax benefits and ensure compliance with EV tax rules and initiatives.

### The three types of electric vehicles and their tax calculations

#### 1. Battery Electric Vehicles (BEVs)

BEVs use an electric motor and rely solely on electricity for power. BEVs produce zero emissions and are charged using a standard power outlet at home or by connecting to a public charging station.

Tax calculations for BEVs are primarily based on their purchase price, including any applicable luxury car tax (LCT) and goods and services tax (GST). Since July 2022, employers no longer pay fringe benefit tax (FBT) on eligible electric cars and associated expenses.

##### Pros

- Zero tailpipe emissions
- Lower operating costs than fossil fuels
- Potential access to government incentives and grants.

##### Cons

- Limited driving range and longer charging times
- Higher upfront purchase costs
- Limited availability of charging infrastructure.

#### 2. Plug-in Hybrid Electric Vehicles (PHEVs)

PHEVs combine an internal combustion engine with an electric motor and battery, offering flexibility and extended driving range.

Tax calculations for PHEVs consider both the electric and combustion components, with the electric portion attracting tax incentives.

##### Pros

- Flexibility to switch between electric and combustion modes
- Extended driving range
- Reduced emissions compared to conventional vehicles.

##### Cons

- Higher purchase cost compared to conventional vehicles
- Ongoing maintenance and cost of internal combustion engine
- Reliance on fossil fuels for longer trips.

#### 3. Hybrid Electric Vehicles (HEVs)

HEVs use a combination of an internal combustion engine and an electric motor to achieve improved fuel efficiency.

Tax calculations for HEVs typically focus on the combustion engine's emissions and fuel consumption, reflecting their environmental impact.

##### Pros

- Improved fuel efficiency
- Self-generate electricity through regenerative braking
- Lower cost than fully electric vehicles.

##### Cons

- Less carbon emissions reduction than BEVs
- Dependency on fossil fuels for longer trips
- Limited incentives and grants compared to fully electric vehicles.





## Choosing the EV to suit your business

With different options available, it's important to take the time to choose the right EV for your business, your needs and your overall financial goals. Some of the considerations are:

Operational needs and driving patterns – does the EV suit your:

- daily driving distance
- frequency of long trips
- access to charging infrastructure?

Environmental goals – does the EV align with your:

- commitment towards reducing carbon emissions and promoting sustainability?

Financial considerations – do the EV costs line up across:

- upfront costs
- ongoing maintenance expenses
- potential tax benefits associated with each EV type?

## How your accountant can support your EV investment

In the fast-changing EV environment, it pays to partner with an expert who is on top of the latest taxation and regulatory implications for your business. This includes understanding advantageous tax structures, identifying all relevant tax incentives and ensuring ongoing compliance with relevant tax laws and regulations to help you get the most from your EV investment.

Your accountant can help with:

- analysing depreciation schedules and tax incentives specific to EVs
- advising on tax planning strategies to maximise deductions and credits
- conducting cost-benefit analyses to assess the financial viability of integrating EVs into the business fleet.

## EV tax minimisation and optimisation strategies

Like any vehicle upgrade, it's important to consider the financial implications of incorporating EVs into your fleet. Your accountant will be able to advise you on the most appropriate strategies for your business. Some of the options and questions to evaluate include:

- Opting for eligible EVs that qualify for government incentives, grants, or exemptions.
- Structuring leases or financing arrangements to optimise tax deductions.
- Strategically timing EV purchases to align with favourable tax periods.

- Implementing efficient record-keeping systems to track expenses and claim applicable tax benefits.
- What are the available tax incentives, grants, and rebates specific to EVs in Australia?
- How can we optimise the depreciation schedule for EVs and maximise our tax benefits?
- What compliance requirements should we be aware of when incorporating EVs into our fleet?
- Are there any specific reporting obligations or record-keeping practices related to EV tax considerations?
- Engaging with energy providers to explore cost-effective charging solutions.

## Stay across EV tax implications and initiatives

The EV market is continuing to evolve as more vehicles become available and government policy adapts. EVs can play a role in helping you to reduce your carbon footprint, but it's important to consider your environmental goals within a broader context.

As businesses look to introduce EVs to their fleet, it's crucial to understand the tax implications and get expert support that's tailored to your business. An accountant can help you to understand and optimise tax calculations, including the pros and cons of each EV type. This means you can make an informed decision that's aligned to your operational needs and financial goals – while making moves towards a low carbon future.

## Optimise your investment when you add EVs to your business fleet.

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## How and why to choose your profit margin calculation: gross, net or operating



### Select the right profit calculation type to steer your business in the right direction

Deciphering profit can be a complex process. Ensure your numbers paint an accurate picture of your business's financial performance.

#### Understanding different profit margin calculations

What is the most important metric for tracking business success? It's not sales, but rather the percentage of sales that turn into *profit*.

In the realm of business finance, profit margin calculation plays a vital role in assessing the financial health of an organisation. While profit margin is a commonly used metric, it's important to understand the differences between the three primary calculation types:

- gross profit margin,
- net profit margin
- operating profit margin.

Each calculation offers uniquely nuanced insights into different aspects of a business's profitability. So, how do you identify which profit calculation type is best for your business? Which one will provide the insights you need to steer your business in the right direction?

In this article, we delve into the intricacies of each – exploring their formulas, advantages and disadvantages, as well as their suitability for different scenarios.

#### Profit calculation type 1: Gross profit margin

Gross profit margin represents the proportion of revenue that remains after deducting the cost of goods sold

(COGS). It provides a broad overview of the profitability of a company's core operations, excluding other expenses such as operating costs and taxes.

Gross profit margin concentrates solely on the relationship between revenue and COGS. By analysing gross profit margin, businesses can assess their production and pricing strategies, as well as their ability to control direct costs. Higher gross profit margins indicate better efficiency in managing the cost of production.

#### Gross profit margin formula

$(\text{Revenue} - \text{COGS}) / \text{Revenue} * 100$

#### Pros:

- Provides insights into product pricing and production efficiency.
- Allows businesses to evaluate the impact of changes in direct costs.
- Helps identify opportunities for cost reduction and improvement in profit margins.

#### Cons:

- Does not consider key operating expenses, such as salaries, utilities and marketing costs. A company with high expenses may have a low gross profit margin even if it is profitable.
- Does not factor in changes to sales volume. A company that experiences a large increase in sales may see gross profit margin decline, even if it is still profitable.
- Does not consider how much profit is generated by the core business. A company that earns significant profits from its investments, interest earnings, a legal settlement or other non-core business may have a low gross profit margin.
- Offers limited insights when comparing companies across different industries, because different industry sectors vary greatly in COGS.

**Suitable for: Businesses (particularly product-centric) wanting to assess profitability in isolation of operating expenses.**

#### Profit calculation type 2: Net profit margin

Net profit margin provides a comprehensive overview of a company's profitability after considering all operating expenses, including COGS, operating costs, interest payments, taxes and any other deductions. This metric



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reflects a business's overall ability to generate profits, taking into account the impact of taxes and interest payments. Higher net profit margins indicate effective cost management and revenue generation.

## Net profit margin formula

$(\text{Net Income} / \text{Revenue}) * 100$

### Pros:

- Offers a comprehensive view of a business's overall profitability.
- Incorporates all expenses, including COGS and operating costs.
- Helps assess the impact of taxes, interest and other non-operating expenses.

### Cons:

- Does not consider a company's total expenses or always accurately reflect a company's performance. A company may have a low net profit margin but have a high sales volume.
- Can be distorted by external factors like taxes, interest rates and one-off events – like selling an asset or setting up a new location.
- May vary across industries, making it less comparable.

**Suitable for: Businesses wanting to evaluate their overall financial performance and profitability, irrespective of industry.**

## Profit calculation type 3: Operating profit margin

Operating profit margin, also known as operating margin, measures the profitability of a company's core operations by excluding non-operating expenses like interest and taxes. It helps evaluate a business's operational efficiency and profitability without the influence of taxes, interest and other non-operational factors. By assessing operating profit margin, businesses can determine the extent to which their core activities generate profit. Higher operating profit margins imply better management of operating costs and higher revenue generation from core operations.

## Operating profit margin formula

$(\text{Operating Income} / \text{Revenue}) * 100$

### Pros:

- Focuses on core operations, excluding non-operating expenses.
- Provides insights into the efficiency of a business's core activities, enabling potential investors to distinguish revenue channels.

- Helps identify potential areas for cost optimisation and revenue generation.
- Can be used to compare competitors within an industry, assessing how efficiently a company runs its operations in comparison.
- Enables comparison of a single profit margin across multiple quarters or financial years to determine whether a business is getting more profitable and efficient over time.

### Cons:

- Excludes non-operating expenses, which may impact overall financial health, and therefore not give a true picture of a company's financial footing. A company could be suffering net losses while showing a positive operating income.
- May not account for industry-specific factors that affect profitability.
- Cannot be used as a single metric measure. Instead, it needs to be compared to other profitability ratios, between companies and over a period of time.

**Suitable for: Businesses looking to assess the efficiency and profitability of their core operations, regardless of external factors.**

## Make sure your profit metrics paint an accurate picture

Selecting the appropriate profit margin calculation is crucial for gaining an accurate understanding of your business's financial performance. While gross profit margin emphasises production efficiency, net profit margin provides a broader view of overall profitability, and operating profit margin hones in on core operational effectiveness. By analysing these metrics, you can make informed decisions to optimise costs, enhance revenue generation, and ultimately drive long-term profitability. If in doubt, it pays to get advice from an expert accountant who can run the numbers for you.

**Decipher your profit with expert accounting advice.**

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## What are the financial implications of sustainable business practices in 2023?



### Get across the costs and benefits of going green

**You don't need to go out of business to save the world. Discover how a well-considered sustainability strategy can pay dividends for people, planet and profit.**

#### The rise of sustainable business

Sustainability in business is no longer a trend but a business imperative. So, what is it exactly and why does it matter?

Simply put, sustainable business is the practice of operating a business without negatively impacting the environment. A sustainable business considers more than just profit, placing equal importance on the wellbeing of people and the planet.

So, why has sustainable business become so important? A few reasons:

1. Customer demand, with many customers now happily paying a premium for sustainable and socially responsible products.
2. Newly implemented regulatory commitments around environmental impact.
3. The longevity of our planet.

Far from a fad, sustainable business has a crucial role to play in ensuring the future of a livable planet – and us as a species. We know it's a must-do, but what are the financial implications of going green? In this article, we explore the potential costs and some surprising benefits.

#### Financial benefits of sustainability

Are you worried about how much sustainability will cost? Maybe you're thinking it will be a deep, dark money pit? Think again. Of course, greening your business involves an initial outlay, but over time running a sustainable business actually has the potential to save you money and pay dividends for your back pocket.

Experience the financial benefits of going green by:

- **Moving to energy-efficient tech** – using more efficient lighting or implementing solar power will knock significant dollars off your energy bills.
- **Reducing waste** – get creative and reuse existing materials for other purposes, saving waste from landfill (and expensive disposal costs) and money spent on new materials.
- **Optimising your supply chain** – transitioning to a sustainable supply chain can positively impact your market share, stock price and profitability. It also mitigates risks associated with environmental and social issues like water scarcity, logging, and slave labour.
- **Avoiding fines:** do the right thing to ensure you're compliant with environmental regulations and avert costly fines and penalties.
- **Improving your access to finance:** companies with sustainable supply chains and operations enjoy better access to external investment, finance and lower borrowing costs.

#### Improve brand reputation and customer loyalty

In 2023, polluting the environment, neglecting human rights and prioritising profit at all costs equals bad PR – and bad business. On the flipside, businesses that actively practice and publicise a sustainable business approach gain a clear competitive advantage.

Customers are increasingly interested and invested in sustainable products and services. It matters to the planet and therefore it matters to them. Going green shows potential customers you care too and creates a potent affinity that leads to ongoing loyalty – and even a willingness to spend a premium on your sustainable products and services.

By creating a brand identity anchored in green values, businesses enjoy increased sales, profit and market share.



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## Australian tax incentives and grants

So, you're sold on going green, but how do you fund the transition? The good news – there's plenty of help available.

There's a range of grants, incentives and subsidies from the Australian government and other organisations to support sustainable business. Here are some examples:

- The [Small Business Energy Incentive](#) provides businesses with an annual turnover of less than \$50 million with an additional 20% deduction on spending that supports electrification and more efficient use of energy.
- The [Research & Development Tax Incentive](#) aims to help businesses stay ahead of the curve and innovate by reducing a company's income tax liability.
- The [Clean Energy Finance Corporation](#) (CEFC) is an Australian Government statutory authority that runs a range of programs targeting clean energy and energy efficiency, and partners with external organisations to provide funding.
- The Energy Efficiency Council's [Tax Incentives Guide](#) outlines other tax incentives that can be used to facilitate energy upgrades.

## Integration with financial planning and budgeting

In addition to useful grants and incentives, making sustainable business a reality requires some good old-fashioned financial planning. So, how do you integrate sustainability into your forecasting processes, balancing both financial performance and sustainability goals?

1. **Identify your goals** – assess your current environmental impact and identify the key areas where you want to go green, setting realistic and measurable goals for improvement.
2. **Make a business case** – align your sustainability goals with your overall business strategy, documenting how these goals can benefit your value proposition, brand identity, risk management and profitability.
3. **Plan and track your spending** – allocate your resources and prioritise initiatives with the potential for greatest ROI. Track your spending and results, enabling you to adjust your plan if required.
4. **Keep an eye on the road ahead** – anticipate future trends, tech and scenarios that may impact your sustainability strategy, so you can adapt and innovate to maintain a competitive advantage that delivers for both your business and the planet.

## Managing the risks of sustainability integration

Of course, with significant transformation comes significant risk. When plotting your transition to green, ensure you keep three key risks front of mind:

1. Changing customer and industry demand.
2. Greener competitors – both existing and new.
3. Evolving legislation and compliance regulations.

With so many businesses undergoing a sustainability transformation, the concept of sustainability risk management (SRM) is gaining momentum. SRM aims to ensure sustainable business practices are implemented without compromising the bottom line – enabling businesses to align their economic goals with their new environmental policies and processes.

## Go green and get ahead

The importance and perks of going green in business are now black and white. With some smart investment upfront, sustainable business will pay dividends for profit, people and the planet. If in doubt about how to become a more sustainable business, it pays to get advice from an expert accountant who can plan your transition while integrating your sustainability goals with your financial plan.

**Plan your sustainability finance strategy with expert accounting advice.**

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## How to find the real value of AI for your business in 2023



### From efficiency gains to business growth

**AI has arrived and it's transforming businesses in unexpected ways. Discover how this exciting tech can save you time, money, mistakes and deliver deep insights to drive business growth.**

#### Crunching the numbers like never before

AI is quickly becoming the go-to solution for businesses looking to save time, lower costs, free up resources and reduce human error.

Crunching the numbers is an obvious place to start, with AI-based accounting tools providing many benefits for the finance department including automation for increased efficiency and accuracy, improved customer services and enhanced security.

There are many ways to use AI in business in 2023, especially in accounting and finance. Some of the ways you can leverage AI tools includes:

- **Accounts payable and receivable:** Process a higher volume of invoices faster with zero errors to improve vendor and customer relationships.
- **Audit planning:** Assess the scope of audits, complete risk assessments and enable automated tracking of transactions for reporting.
- **Expenses management:** Automate the processing of expenses to ensure zero errors and fast detection of fraud and data breaches.
- **Cashflow:** Collate data from many sources, reconcile financial activities quickly and predict future cash requirements.

- **Support:** Solve user queries quickly, track outstanding invoices and automate the collection process with AI-chatbots.

#### Mining big data for deep insights

Beyond the efficiency of saving time and boosting accuracy, using AI to mine data and produce real-time analytics around financial performance and market trends enables next-level decision making.

#### What is AI Analytics?

Combining AI-powered machine learning and analytics, AI Analytics automates data collection and analysis, generates deep insights and provides predictions to inform decision making for improved outcomes.

AI takes business intelligence to the next level with unmatched accuracy and speed, enabling businesses to not only understand what happened, but why it happened and what's likely to happen next.

By leveraging the insights gleaned from AI Analytics around internal performance, market trends, customer behaviour and competitors, businesses are empowered to:

- improve products and services
- develop more effective marketing strategies
- optimise pricing strategies
- enhance customer experience
- elevate customer loyalty
- increase operational efficiency
- get ahead of competitors to secure market share.

#### Simplifying supplier management

Supply chain AI is another rapidly developing field that can transform the complex and time-consuming process of supplier management across procurement, review and compliance.

To start, AI can streamline the supplier selection process and speed up decision making by automating the analysis of supplier databases, performance metrics, and important factors like cost, quality, reliability and sustainability.

Next, AI-powered tools can collate and centralise access to all your supplier details including contact information, pricing agreements, product catalogues and payment terms. This eliminates time-consuming documentation and searching, and enables easier collaboration.

As your business grows, so does your supply chain – and the work involved in managing supplier relationships and



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expectations. More suppliers across a globalised supply chain network means less visibility and greater difficulty keeping a handle on your exposure to risk. Cyberattacks, governance failures and questionable ethical practices – such as modern slavery and environmental harm – threaten the reputation of your brand and your back pocket with costly fines and penalties. Not only do you need to be across your immediate supplier chain, but also their suppliers too. Ensuring supplier compliance is where AI really comes into its own.

## Managing supplier compliance

It's a complex process, but collecting and aggregating information from your supply chain to ensure compliance is a must, with regulatory bodies and consumers expecting complete transparency.

AI can help you assess supplier risk, diversity and compliance, and benchmark performance across your supply chain for improved business performance – and protection.

In today's highly automated procurement ecosystems, electronic transactions communicate information between businesses and their suppliers. Thousands of business rules dictate how business should be done across all aspects of manufacturing, order management and transportation. AI automates the management of these electronic transactions, monitoring them to ensure they satisfy business rules.

Rather than relying on human intervention to keep up, AI can quarantine a bad transaction before it happens, preventing costly fines. Over time, this information informs KPIs for better or worse, potentially informing the decision to seek an alternative supplier.

## Results that speak for themselves

Case studies are now emerging that demonstrate the compelling return on investment (ROI) of AI usage.

For example, Aiwyn is a leading AI-based technology company that helps accounting firms streamline their work-to-cash cycle and practice management operations. In 2022, it announced the collective results of customer case studies conducted in 2021 quantifying how the company's Intelligence-Based Billing™ (IBB) platform consistently delivers measurable and valuable results for CPA firms.

The IBB platform delivered the following year over year improvements for individual firms, in the first 30 days of use:

- 41% increase in overall collections
- 300% increase in online payments collected
- 69% increase in the number of clients who paid an invoice < 7 days of invoice issuance

- 1 in 4 clients paid more than one invoice (vs. precedent behaviour of one by one payment)
- 450% increase in credit card payments.

Aiwyn CEO, Justin Adams, said, *"The accounting profession embraced our transformative technology and has paved the way for AI to support firms and their clientele. We're looking forward to evolving the accounts receivable processes further with the introduction of even more sophisticated, yet user-friendly, technologies."*

## Innovate with AI and get ahead

Embracing AI is no longer a task to tackle 'one day' but a business imperative if you want to keep up with competitors. With the capability to transform many functions of your business, make sure you prioritise those that will deliver most value. If in doubt about how to plan your transition, it pays to get advice from an AI-informed accountant who can guide you through the process.

**Leverage AI to transform your business with expert accounting advice.**

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## Are SMSFs still worth it for self-employed business owners?



### Get across the ins and outs of going solo for super

Contrary to common myths, SMSFs offer compelling benefits for those in the know. Discover if the pros outweigh the cons for SMSFs for self-employed business owners.

#### The nuts and bolts of SMSFs

Most people have their superannuation in a fund managed by a third party – usually a fund manager, large investment corporation or an industry body. A self-managed super fund (SMSF) allows you to take your super investments into your own hands with a superannuation fund that you manage yourself.

Sounds simple, right? Not so fast – SMSFs require a big investment in time, skills and risk management. And if things go wrong, it could leave you much worse off in retirement.

A SMSF works much the same as a regular third-party super fund, but there are some differences in how it is administered and regulated. Key rules include:

- funds can have no more than six members
- funds must be run by all the members collectively
- members cannot be an employee of another member – unless they are related.

A SMSF is in essence a trust, and like any trust, is run by the trustees. There are two SMSF trustee structures:

1. Members appointed as trustees in their individual capacity
2. Company appointed as the trustee, with the SMSF's members being the directors of that company.

Certain individuals cannot act as a trustee, including those who have been convicted of an offence involving dishonest conduct, are insolvent or under administration, or subject to civil penalty under the superannuation legislation.

#### SMSF myths

SMSFs have long been shrouded in mystery, so let's bust some common myths:

1. **You need a balance of at least \$200k to start:** Wrong. Whilst sub-\$200k balances make it challenging to compete with mainstream returns, new technology and electronic administration means lower balances can now be competitive.
2. **SMSFs are only for the over-60s:** Incorrect. Young and middle-aged investors are increasingly embracing SMSFs as a way to take control of their investments and financial future.
3. **SMSFs are too complex and expensive:** Not necessarily. New technology, online education courses and professional advisory firms mean it's easier and cheaper than ever before to set up and manage an SMSF.
4. **SMSFs are too risky:** It depends. Risk is connected to the ability of trustees to make good investment decisions. Provided you have the skills and knowledge, or seek quality advice from a licenced professional, the opportunities of diversified investment should outweigh the risks.

#### SMSFs for self-employed business owners

A SMSF becomes a particularly compelling prospect in the context of small business ownership. At its core, a SMSF gives you more control over what you choose to invest your super funds in. This works especially well for small business owners as it enables you to use your super as an investment strategy to support your business goals.

Benefits of SMSF for small business owners include:

1. **Maximise the value of your business by using SMSF to fund assets** For example, you could use your SMSF to purchase commercial property and then lease the property back to your business. Owning the property that your business resides in gives you something to fall back on in the event of bankruptcy and can also provide additional income by leasing unused spaces in the property to other businesses.
2. **Enjoy tax breaks** Claim the rent you pay as a business expense, along with repairs and maintenance, renovations and other improvements, and property management fees. If you choose to sell commercial





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property purchased by your SMSF you'll pay little to no capital gains tax, adding significant wealth to your SMSF.

3. **Set yourself and your family up for the future** You've worked hard to build a successful business. A SMSF enables you to leverage your achievement and multiply it by taking control of your investments and maximising your wealth for the future.

## Choosing your SMSF support team

While the appeal of choosing a SMSF is complete control, unless you have a high degree of investment knowledge, plus plenty of free time, it's likely you'll need some professional help. SMSF service providers can assist with legal, taxation, auditing, administration and investment advice.

While there are many providers available, not all are created equal. It's important to remember that even if you outsource some tasks, as a trustee of your fund you're liable for fines and penalties if it all goes pear shaped. So, it pays to get quality support.

When selecting your SMSF support team, look for:

- **Qualifications and licences:** For example, investment advisers need to be licenced by ASIC and accountants should be appropriately qualified.
- **Track record:** Look for providers with several years' experience across diversified investment portfolios and a long list of satisfied clients.
- **Fees:** Make sure you fully understand the fee structure, checking the fine print for any hidden fees and making sure you won't be locked into lengthy service contracts.

## Planning your SMSF exit strategy

SMSFs don't last forever with trustees choosing to wind them up for many reasons. It could be the death of a trustee, management being too time consuming or costly, or the investment strategy performing poorly. Whatever the case, it pays to be prepared with a thorough exit strategy to ensure you can get out smoothly and funds end up in the hands of the right people.

Given the complexities of exiting a SMSF, it pays to get professional advice and assistance, but in brief the process is usually as follows:

1. Hold a trustee meeting to ensure everyone is on the same page regarding the exit
2. Calculate outstanding expenses, tax and refunds
3. Dispose of assets and calculate member entitlements
4. Transfer entitlements
5. Pay outstanding expenses and tax
6. Complete final accounts and lodge annual return
7. Notify the Australian Tax Office and members

8. Receive confirmation that the fund's ABN has been canceled and bank accounts closed

9. Keep the fund's records for ten years.

## Go solo and reap the rewards

For self-employed business owners, a SMSF offers compelling benefits – provided you have the time, skills and support to maximise opportunities and manage the risks. If in doubt about whether a SMSF is right for you or how to make it happen, it pays to get advice from an expert accountant with proven SMSF experience.

**Make a SMSF work for you and your business with expert accounting advice.**

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