



### THE SOFTWARE DEBATE

“Which software should I use?” Although we can use them all, there is not a “one size fits all” answer. The three most widely used programs that we see are MYOB, XERO and Quickbooks. Below is a table which will focus on the main features of each software.

	MYOB	XERO	Quickbooks
<b>Online/Cloud Version</b>	AccountRight (“AR”) is online and MYOB Essentials (“ME”) is cloud based	Xero Starter plus add-ons is cloud based	Quickbooks Online (QB) plus add-ons is cloud based
<b>Ease of Use</b>	Easily learned and familiar as MYOB has existed in the market far longer. In our experience this has been the preferred choice.	Designed for the non-accountant, however half of our clients that made the conversion say it isn’t as user friendly, as advertised. Not time efficient for high level / number of transactions.	One client called it ‘SlowBooks’. It was designed to hide complex tasks to avoid confusion, and be easier, however this has made certain functions more difficult to find and time consuming.
<b>Ability to fix errors easily</b>	Yes able to fix easily	Not always easy to fix errors	Yes able to fix easily
<b>Bank Feeds &amp; Reconciliation</b>	Available but still need to allocate transactions through BankLink.	Available but still need to allocate transactions.	Available but still need to allocate transactions.
<b>Reporting Function</b>	ME is simple and limited, less suitable for large businesses. AR provides a larger variety of reports without add-ons. Suitable for all sizes of businesses. (Cannot upgrade from Essentials to AR.)	Reporting depends on package obtained, limitations do exist, however can upgrade to next package as business grows. More suitable for small businesses.	Seen as having the edge of excellent reporting. Again reporting can also depend on which subscription package paid for, and can upgrade as business grows. Suitable for all sizes of businesses.
<b>Mobile App Facility</b>	ME is simple and provides; invoicing, contacts information and payments. AR is not a mobile solution.	Multiple mobile app options. User can create invoices, upload files, send receipts, manage contacts, view bank and take third party payments.	QB offers quoting, bank reconciliations, invoicing, ease of emailing invoices to clients and reporting.
<b>Payroll</b>	Good—no limit to number of staff.	Good—limit of number of employees exist in each package. Need add-ons for fancy stuff.	Good— limit of number of employees exist in each package.
<b>Inventory System/ Currency Conversion</b>	ME— no inventory or currency conversion. AR—good on both.	Xero tracks inventory and currency converts with appropriate add-ons.	QB tracks inventory and currency converts with appropriate add-ons.
<b>Superannuation</b>	MYOB online accounting software comes with SuperStream compliance built in.	Auto Superannuation payment facility built in.	QuickBooks Online Payroll integration with ClickSuper built in.
<b>Pricing</b>	Packages start from \$25 up to \$60	Monthly packages start at \$35 for single employee, \$45 for multiple employees	Monthly packages from \$15 up to \$35 with a 30% discount for first year
<b>Conclusion</b>	Great product offering overall. Its strength and shortfall lies in simplicity, with huge range of valuable reports. Still appears to be client’s number 1 software.	Advanced product with user in mind, reports, however not as easy or user-friendly as made out to be. Needs add-ons to be comparable.	Advertised as a great product offering, with excellent mobile app, value for money, however initially very difficult to learn and navigate around.

#### Inside this Issue

Accounting	1
Software Debate	
Superannuation Changes	2
Small Business Restructure Relief	2
New Portal System	3
Owners Wages vs Drawings	3
Financial Advice Restrictions	3
Office News	4

#### Reminder of Up and Coming Due Dates

- December Monthly BAS is due to be lodged with the ATO by **21 February 2017**, and December Quarterly BAS is due to be lodged with the ATO by **28 February 2017** (extension given due to Christmas)
- All Superannuation for the October—December Quarter must be paid by **28 January 2017**
- 2016 income tax returns where they have not already been lodged must be lodged by **15 May 2017**

**Quote of the Day**

When do accountants laugh out loud?

When somebody asks for a raise.



**SMALL BUSINESS TAX OFFSET REMINDER**

Effective from 1st July 2015 individuals operating a business as a sole trader, partnership or trust that has an annual turnover of less than \$2 million are eligible for a small business tax discount.

The small business tax discount is 5% of the income tax payable on the business net income. It is structured as a small business income tax offset (SBITO) and is limited to a maximum amount of \$1,000 per annum.

**SUPERANNUATION—Update from the Budget**



The Government passed through significant changes to superannuation recently, below is a table, detailing the different superannuation changes. You have just under 6 months to prepare and take action.

	<b>Now</b>	<b>From July 1, 2017</b>
Concessional Contributions Cap	Contributions of \$30,000 a year, \$35,000 if you're 50 or over	Cap reduces to \$25,000 for everyone
Superannuation Catch up	No catch up option	From 1 July 2018 individuals with account balance of \$500,000 or less can carry forward unused concessional caps for a 5 year period
Deduction to claim personal contributions	Deduction for personal contributions for those earning less than 10% of their income from employment	Removal of 10% rule and allowing tax deduction for personal contributions for everyone, including employees
Non Concessional Contribution Cap	\$180,000 a year and 'bring forward' rule allowing 3 years of contribution if you're under 65 i.e. \$540,000	Cap of \$100,000 a year if total superannuation balance is less than \$1.6 million and 'bring forward' rule up to \$300,000
Ability to contribute to superannuation	Individual has to meet work test if 65 or over	Unchanged, individual has to meet work test if 65 or over
Division 293 Tax (Higher Income Superannuation Charge)	30% tax on contributions if you earn more than \$300,000 (being income plus low tax contributions)	Threshold lowers to \$250,000 of income plus low tax contributions, still 30% tax
Tax Concessions on Pension accounts	No limits on how much can be moved into pension phase	From 1 July 2017, introduction of \$1.6 million transfer for all new and existing pensions
Transition to Retirement Streams	Fund earnings tax free	From 1 July 2017, removal of the tax exemption and fund earnings taxed at up to 15%
Tax Offset for spouse contributions	Offset available if spouse earns less than \$13,800	Threshold increases to \$40,000

**Small Business Restructure Relief**

From 1 July 2016, small businesses will be able to change the legal structure of their business without incurring an income tax liability.

The Small Business Restructure Rollover will make it easier for small businesses to adopt, or evolve into a more appropriate legal structure without incurring tax liabilities on the transfer. For example, if your business changed from a Trust entity to a Company structure, this would generally cause you capital gains tax and income tax liabilities, this new rollover allows you to change the structure with none of these tax liabilities.

Specifically, the new rollover will allow small business entities to transfer active assets to or from other small business entities as part of a genuine restructure of an ongoing business, provided it does not change the ultimate economic owners of the assets.

If you are in the process of or considering restructuring your small business, business restructures can be complex, so we ask that you consult and speak to one of our accountants first.



## NEW PORTAL SYSTEM

Chapell & Associates have undergone a major improvement in our internal document management system (modernising) and with that comes a new way to communicate with clients when sending correspondence and tax returns. We are going paperless (at least trying to head that way).

We now have three options for clients:

1. We can send everything to you by post - the traditional way;
2. We can send you all correspondence, including your tax returns via email (we have been using this method with a number of clients); **OR**
3. We can send you correspondence via a Portal System (the way of the future – paperless). The Portal System allows you to review your tax return on-line on a private secure website that only you have access to.

### THE PORTAL SYSTEM

One of the benefits of using the Portal System is that it allows you to sign your tax returns electronically. Using this method, once you are happy with your return there is a box that you click on to indicate that you have accepted and signed your return. We then receive an email to say that your return has been signed and is ready to be lodged.

### PRIVACY

If you are part of a group, and have other family members, partners involved, we can define who sees what. So it is your decision who has access to the different documents that we send to you via the Portal. You can choose for just yourself to see all documents, or both yourself and your partner to see all documents on the Portal.

For your children, we will set it up so all that they see is their own personal tax returns.

### BENEFITS OF THE PORTAL INCLUDE

1. Faster, secure communications with no paper;
2. Your tax returns and other correspondence will remain on the Portal for at least 5 years;
3. You will be able to access and print these documents whenever you wish and for whatever purpose you need them for.

### CORRESPONDENCE

Once you have joined our Portal System we will send you all correspondence, including your tax returns and the newsletter via the Portal. General enquiries regarding your affairs (tax and business advice) will still be dealt with in the normal way (meetings, telephone or email).

Shortly you will receive an email from us asking which method of correspondence that you would like to use. We are happy to use whichever method you are most comfortable with. If you would like to discuss this matter further, please do not hesitate to contact our office.

## OWNERS WAGES VS DRAWINGS

During the year Owners take money from their business but often don't know if it should be classified as wages, as a dividend, or as a distribution of Profits. During the year, these drawings are often allocated to a loan account held in the name of the owner.

Often the client then comes to us, after the end of the financial year, to ask us how their drawings should have been allocated in the business' records. The answer can vary depending on the desired outcome for the client. Sometimes to recognise it as a wage is better than as a profit distribution.

Unfortunately, if you come to us after the Empduppe File (the file you lodge with the ATO, advising them of wages paid) has been lodged with the ATO, our hands are tied and we cannot record your drawings as wages.

We therefore recommend that in May or June, before the end of financial year, that you come to us to discuss what you have drawn from the business and how it has been recorded in the business records.



## OUR HANDS ARE TIED

From 1 July 2016, Accountants are now restricted as to what advice we can give to client's regarding their financial affairs. While we are permitted to provide taxation and business advice, and information regarding compliance with laws and regulations relating to tax and superannuation, we can no longer advise clients on such things as: if you should set up a self-managed superannuation fund (SMSF); how much you should specifically contribute to you super fund; if you should enter into a salary sacrifice arrangement or if you should enter into a re-contribution strategy. We can provide advice on how it works but we cannot recommend that you should do it.

For example; we can tell you that the legislation allows you to put up to \$35,000 into your SMSF (depending on your age) but we cannot advise you on how much to put in, based on your current situation.

### CHRISTMAS TRADING HOURS—Where have your accountants gone?

The office will be closed from end of business Thursday 22 December 2016 and will re-open on Tuesday 3 January 2017.



## Congratulations Una

We would like to congratulate **Una Wrynn** and partner Billy, on the birth of their second child, a baby girl, **Aoife Brunkard Wrynn** on 14 August 2016 (6 lb.'s and 46 cm).

Una has decided to take 6 months maternity leave in order to enjoy some sleepless nights and precious moments with baby Aoife.

We wish her all the best, and hope big brother Senan is helping out.



## Farewell Devon



We are very sad to announce that we are farewelling Devon Smeda from our office at the end of December 2016. He is off to broaden his accounting and taxation experience and knowledge by working for one of the big city slicker firms.

We wish him all the best and success. Your friendly personality will be missed around the office.

## Welcome Back

However, as we wave goodbye to Devon, we welcome back Aoife Kilroy and Una Wrynn with open arms. Aoife and Una are looking to return in January 2017 and February 2017, after both of them have been on maternity leave. Both Aoife and Una will return on a part time basis.

## Staff Event

To celebrate Melbourne Cup this year, Greg decided to take his staff on a Supa-Golf excursion, to release some stress (or cause more, if you kept missing the ball).

As we know Greg always likes to set a competition, and this time he **won!!** Whether he won, because he choose a sport that he excels at, or *\*cough\* \*cough\** he cheated (as we were using the super size golf balls), Greg won and was very happy.



## Message from the Boss



As the holidays are nearly upon us, I would like to say "thank you" for your business over the last year. No business can thrive without good clients, so your support is really appreciated. No doubt 2017 will bring opportunities and challenges - and as ever, Chapell & Associates is here to help. We all look forward to speaking with you in the New Year.

Hope you have an enjoyable, safe and peaceful break over the next few weeks.



Thank you for your business, we wish everyone a very  
**Merry Christmas and a Safe and Prosperous New Year**



**IMPORTANT:** Professional advice should be considered before acting in any area. Clients and readers should not act solely on the material contained in this newsletter which is in the nature of general comments only. Material may or may not be applicable to your particular circumstances and changes in legislation occur quickly.

## Chapell & Associates

UNIT 6 /  
63 SHEPPERTON  
ROAD  
VICTORIA PARK  
WA 6100

Telephone:  
(08) 9361 3711  
Facsimile:  
(08) 9361 4711

## Our Services

- Preparation of Tax Returns
- Preparation of Financial Statements
- SMSF Tax & Audit
- GST & BAS Lodgement
- Tax & Strategy Planning
- Bookkeeping
- Corporate Secretary Management
- Dashboard Reporting
- Due Diligence Review
- Financial Planning