

The Lowe Down

Lowe Lippmann Practice Update



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Chartered Accountants & Business Advisors

'Serving the Community for over 60 years'

Caution - small business scammers

The number of scams targeting small businesses has grown in recent years and the importance of owners preparing for possible threats is something to be considered. Without taking the necessary precautions and being in the know about the most common signs to look for, businesses are left exposed and vulnerable to a variety of scams.

Scams targeting small businesses come in many different forms and often, scammers will go to great lengths to convince businesses that their offers or requests are legitimate. Since a lot of these scams look like the real thing, many are able to take advantage of busy office environments and succeed in stealing company money.

Some of the most common scams getting around at present include the following:

Refund scams

These will usually request a confirmation of personal details or an upfront payment in order to reclaim overpaid fees or tax. The scammer will usually pretend to be from a government agency, bank or private law firm.

- To protect a business from such scams, personal information should only be given to out to those that our known and trusted or to those that were in fact contacted by the

business owner or employee themselves.

- Searches at abr.business.gov.au can provide ABN numbers and Deductible Gift Recipient (DGR) details to confirm that the organisation is legitimate.

Overpayment scams

A scammer will purchase goods and services from a company and send a cheque, money order or credit card payment for more than the agreed price.

The scammer will then request a refund for the overpaid amount in hope that the owner will do so before realising that the cheque in fact bounced or that their money order or credit cards were phony.

Office supply scams

These will involve the receipt and billing of non-ordered goods that are usually and regularly purchased by the business. Such items may include paper, printing or maintenance supplies and advertising.

The caller will claim to be the company's regular supplier and offer 'limited time only' offers that are in fact overpriced and of bad quality.

- Requesting an order number, inspecting the quality of goods and checking that they were actually ordered before paying any invoice is good idea.

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Direct entry/ unauthorised advertising

A scammer sends a subscription proposal, disguised as an invoice or renewal notice, for listings and advertisements in magazines or on questionable websites and business registers that were not authorised or requested.

These are often overseas requests and,

although sometimes appearing to be free, will demand payment after the subscription is signed off on.

The scammer may even call to confirm details of a pre-booked advertisement or offer a 'free trial' for which they will in fact charge you for later.

- Company records should always be checked to ensure that these orders were actually placed and any 'free trial' offer should be checked for hidden terms.

Domain name scams

A business will be sent an unsolicited invoice for an internet domain name registration or renewal. The notice could be from a domain name supplier attempting to trick them into signing up to their service, or from a scammer trying to steal money.

- Businesses should always match renewal notices with their current domain name and look for differences such as '.com.au' instead of '.net.au'.



To ensure that a business is protected, business owners should also:

- Keep their filing and accounting systems well organised so that they can easily detect bogus accounts;
- Limit the number of people authorised to place orders and make payments for the business;
- Ensure that computer firewalls and protection software is up to date;
- Report any known scams to the appropriate government agency by visiting the SCAMwatch website.

Personal Property Securities Act (PPSA)

The new Personal Property Securities Act (PPSA), effective from October 2011, will dramatically change the way security is taken over personal property, impacting many businesses and individuals nation-wide.

The PPSA reform will require all forms of security interest, in respect to personal property, to be registered under the Personal Property Securities Register, a new and single online register controlled by the Insolvency and Trustee Service Australia.

Replacing almost all existing Commonwealth, State and Territory laws and registers, the PPSA will affect such securities as:

- Company charges;

- Motor vehicles;
- Stock mortgages;
- Crops and livestock;
- Bills of sale;
- Intellectual property;
- Licences;
- Household items;
- Business and retail stock;
- Financial instruments such as shares;
- Business equipment; and
- Other securities, both tangible and intangible, which affect personal property rights.

Those that are refinancing, leasing assets, selling goods on credit or providing them on consignment should be most aware and should take the necessary steps to protect the interests of their business

and to ensure compliance with the new provisions.

Businesses and individuals will need to:

- Review their business arrangements between group entities;
- Review their terms of supply;
- Review their financing arrangements and contracts;
- Identify the assets that will be affected by the new laws;
- Identify any transactions which need to be registered;
- Update their procedures for making new transactions;
- Update their existing arrangements, not currently considered to be security interests, and ensure that they are registered;
- Review and redraft their standard terms;
- Ensure that registered security interests do not exceed expectations.

Businesses and individuals with ownership of an affected security interest and those that use retention of title arrangements in their business operations, or have used one which will remain in place when the PPSA commences, should seek professional advice now.

Failing to prepare for and accommodate these new laws may result in a loss of assets.



Making use of tablet technology

After almost two years since the release of Apple's first iPad computer, the rising demand for tablet technology continues to soar. With their convenient size, in-built keypad functionality and handwriting recognition technology, incorporating tablet devices into everyday business activities is proving beneficial to many businesses around the world.

Tablet computers have been seen acting as mobile portfolios for designers and architects, note-taking tools for use in company board meetings, for displaying presentations and as on-the go computers for mobile warehouse employees, salespeople, real estate agents and medical staff.

The benefits of using tablet technology in business can mean a reduction in paper and printing costs, improved customer service, better staff-efficiency and, in some cases, even removing the need for employing certain staff.

In addition to this, these aesthetically pleasing devices can lend businesses a certain air of high-tech sophistication and elegance which can assist in improving their company image and developing client trust.

Below are some examples of innovative ways in which businesses are taking advantage of tablet technology that one might consider for their own business:

- Scheduling client appointments with task manager apps like 'Things'.
- Supplying delivery drivers with the



ability to tap into a company's CRM system from the road, obtain customer signatures which can sent directly back to the office and email invoices at the customer's door.

- Replacing wait staff with self-serve menus in restaurants - this could not only cut down costs of wages and printing hard-copy menus but it could also save time by allowing customers to quickly transmit their culinary desires directly to the kitchen and increasing the speed at which tables turn over.
- Participating in online business meetings is possible by either the 2-way audio function or via instant chat.
- Accessing and sharing files through the tablet's easy synch and back-up capabilities.
- In industries such as the media, tablets can be given to news anchors and radio hosts to replace paper scripts and can also double as audio recording devices for a journalist's vox-pops.
- Databases and inventory can be kept by retailers with apps like 'Bento' and

customers can be given the opportunity to search for in-store items, make direct purchases and find out specific details about products.

- Some hotels have incorporated tablets into their guest rooms and suites, offering guests the opportunity to order room service items, make reservations, request wake-up calls and even control the lights and room temperature in their room.
- Car dealerships are utilising the technology as sales tools which can provide a salesperson with information about various car models, provide customers with interactive customisation and quicken the credit-approval process.
- One of the most impressive features is the ability to turn the device into a cash register. By attaching a special card-reader or by simply keying in the card numbers, applications such as 'Square' can process credit card payments and other transactions without the merchant fees involved in EFTPOS rental.

Updates to small business benchmarks

The Australian Taxation Office has released information regarding their annual updates to small business benchmarking, with data from recent financial years.

Small business benchmarks are key financial ratios developed to help business owners compare their performance against similar businesses in their industry and to help the ATO identify those that may not be reporting all of their income.

The following types of benchmarks are made for the small business sector:

- Performance benchmarks, providing key

financial ratios for different industries

- Input benchmarks, showing an expected range of income for tradespeople based on the labour and materials they use.

A number of updates have been made to small business benchmarks and these include the following:

- The addition of new industries to small business benchmarking – including landscape construction, motor vehicle retail, panel beating and smash repairers, lawn mowing and garden services, tattooing services and pharmacy.
- The addition of total expenses to turnover benchmark ratio - allowing

businesses that don't consistently report expenses for either cost of sales or labour, to measure their performance against others in their industry.

- Merging previously divided industries that no longer require separate benchmarks.
- Revising annual turnover ranges (ie. low, medium and high turnovers) for different industries so that businesses with similar characteristics in the recent data are grouped together.

It is recommended that businesses review their small business benchmarks regularly. This information is available from the Australian Taxation Office or via their website.

What is your positioning strategy?

Businesses that fail to declare or report all their cash transactions will be exposed this financial year when the ATO commences their crack down on the cash economy.

An estimated 110,000 taxpayers who are suspected of participating in the cash economy will be contacted by mail in efforts to deal with under-reported or omitted income, and cash transactions used to hide or evade tax obligations.

Business taxpayers will be identified through one of the ATO's cash economy indicators:

- Small business benchmarks
- Data matching
- Allegations of tax evasion by members of

the community.

The majority of letters sent will be to businesses identified as reporting outside the small business benchmarks for their industry.

Letters will contain information on how their business transactions compare with key benchmark ratios, the selection process for business auditing, how benchmarks are used to calculate default assessments and how they can correct their mistakes or make voluntary disclosures.

Eight thousand letters were recently sent to businesses that had reported transactions outside the small business benchmarks for their industry and plenty more are to come.

Taxpayers are encouraged to review their records to ensure they have correctly reported all income – especially cash transactions.

A great read

Book – Snap Selling
Author – Jill Konrath

The way that people buy is changing. Today's consumers, no matter what the industry, have access to more information online and have usually done their research before going to make a purchase. They begin every sales interaction from a position of relative apathy or downright distrust and are under extreme pressure to do more with less money and less time.

On today's consumers, yesterday's sale strategies no longer work and the need for sellers to appear credible, relevant and valuable is an absolute necessity - as is their need to be quick and efficient.

Too often, sales people make selling more complicated than it needs to be. They apply their techniques and sales pitches but fail to focus on the needs of the customer. In her internationally recognised book, 'Snap Selling', Jill Konrath turns this upside down.

Konrath shows business owners how to overcome current obstacles and win sales with today's frazzled customers. She outlines the need for sellers to be aligned with their customers throughout the buying process, to focus on the critical issues and create value, not just with their products and services but through their assistance.

She offers four basic principles for sellers to follow - keep it simple, align with your customer's needs and objectives, be invaluable with your customer service and raise priorities to ensure that the most important decisions remain at the forefront of their mind.

Although seemingly logical, Konrath's advice captures the secret to selling in a modern environment. She shows the steps that top sales professionals take to set themselves apart from everyone else and presents her knowledge in a powerful guide for all business owners and sales professionals.

Her book can be used as an introduction for those just starting out or as a contemporary refresher for the more experienced.

We are sometimes asked if we are able to help additional clients. We are a growing firm and do appreciate your referrals. We consider it a compliment when you recommend us to your friends and business contacts.

WEB WATCH

ESSENTIAL SITES FOR BUSINESS OWNERS

www.allscamsforum.com

All Scam Forum is a user-based forum whereby people can share and discuss online and business scams currently circulating. It gives businesses and individuals the opportunity to warn one another, prepare themselves for possible threats and stay in the know about common scams.

www.userguidemanual.com

For those who misplace user manuals or wish to check up on specifications and the ease-of-use of different technologies before making a purchase, information can be viewed, reviewed and downloaded via this site. User Guide Manual is an open source and contains user information on almost every brand and item of technology out.



REMINDERS FOR YOUR DIARY

October

- 21 Annual pay as you go (PAYG) instalment due.
Quarterly PAYG instalment activity statement, quarter 1, 2011-12 due.
September 2011 monthly activity statement due.
- 28 Quarterly activity statement, quarter 1, 2011-12 due.
Super guarantee contributions, quarter 1, 2011-12 - to be made to the fund.
Due date for annual activity statement for TFN withholding for closely held trusts.
- 31 Income tax returns for all entities where one or more prior year income tax returns were outstanding as at 30 June 2011.
Annual investment income report (AIIR) - due date for lodgment.
Franking account return - due date for lodgment.

November

- 21 Monthly activity statement for October 2011 due.
- 25 Quarterly activity statement, quarter 1, 2011-12 due.
- 28 Superannuation guarantee charge statement and payment due for quarter 1, 2011-12, if the employer did not pay enough contributions on time.