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TRANSFER OF ASSETS

Lea Williams | Director

There are times when your business changes and assets must be transferred to continue providing you with the best operating structure. Reasons to transfer assets may include providing better asset protection, succession, or simply outgrowing your current structure.

Whatever your reasons, transfers are deemed to have happened at market value, even if the transfer is for lower or no consideration. This can lead to unexpected tax and duty outcomes if not managed carefully.

The types of assets that are commonly transferred include:

Business assets

- Trading stock
- Livestock
- Equipment

Capital assets

- Goodwill
- Real property

The tax office understands that business assets are transferred and allows this to happen tax-effectively using rollovers. Rollovers enable you to transfer the above business assets between structures at their tax value without tax consequences. If rollovers are not utilised, the existing business owners are deemed to have sold their assets to the new owners/entity at market value which would likely result in a taxable sale and tax payable.

Examples of the common asset transfers between structures we see include:

- The transition from a sole trader to a new entity to include others
- Inclusion or retiring of partners from a partnership
- Transfer from a partnership to a trust
- Transfer from one trust to another trust
- Transfer from a trust to a company

Capital assets are more complicated to transfer between entities due to capital gains tax and transfer duty. Some exemptions can apply for capital gains tax, but the criteria to qualify are complex. Very simply, the criteria are as follows:





Not considering all the options may result in significant financial costs to you and your business.



- **Small business classification:**

This requires turnover to be below \$2 million or net assets not exceeding \$6 million. Ineligibility for small business classification precludes access to the exemptions. It is important to note that these values are not indexed, making qualifications more challenging for some clients.

- **Active assets status:**

The transferred asset must be (or have been) an active asset in your business for a specified time period.

- **Ownership connection:**

The person/entity who owns the asset must be connected to the operating business entity.

Every circumstance will be different, so an analysis will need to be prepared specific to your situation to determine if you qualify for these concessions. If you are eligible, they can significantly reduce your capital gain.

Transfer duty is also payable on the transfer of capital assets. Farmland may qualify for a Family Farm Duty Exemption on the transfer of farmland between family members. This exemption is also complex and must be considered for each circumstance.

So next time you are considering your business structure and capital asset ownership, please speak to us, and we can assist you in considering which rollovers and exemptions you may be eligible for. Not considering all the options may result in significant financial costs to you and your business.



BOOSTING SMALL BUSINESS GROWTH: THE NEW 20% BONUS FOR TECHNOLOGY INVESTMENTS AND SKILLS & TRAINING

Glenn Waldock | Director

In a bid to drive innovation, enhance productivity, create jobs and support the growth of small businesses, the Australian government has unveiled two new initiatives:

1. Small Business Technology Investment Boost, and the
2. Small Business Skills and Training Boost

The benefits of these measures are said to include:

- Enhanced Productivity
- Competitive Advantage
- Innovation and Growth
- Job Creation
- Tax Savings
- Economic Impact

The 20% Small Business Technology Investment Boost:

The SBTI Boost is a targeted incentive program that encourages small businesses with an aggregated turnover less than \$50 million to embrace technology by offering them a 20% bonus tax deduction on eligible technology investments and eligible depreciating assets related to technology.

What you Can Claim

Eligible expenses may include but are not limited to:

- digital enabling items – computer and telecommunications hardware and equipment, software, internet costs, systems and services that form and facilitate the use of computer networks



A 20% bonus tax deduction on eligible technology investments, eligible depreciating assets and structured employee training



- digital media and marketing – audio and visual content that can be created, accessed, stored or viewed on digital devices, including web page design
- e-commerce – goods or services supporting digitally ordered or platform-enabled online transactions, portable payment devices, digital inventory management, subscriptions to cloud-based services and advice on digital operations or digitising operations, such as advice about digital tools to support business continuity and growth
- cyber security – cyber security systems, backup management and monitoring services.

Where the expense is partly for private purposes, the bonus deduction can only be applied to the business-related portion. You can receive a maximum bonus deduction of \$20,000 per year, hence a maximum of \$40,000 in total.

Eligibility Criteria

To access the boost, your business needs to be a small business entity with an aggregated annual turnover of less than \$50 million for the income year in which you incur the expenditure.

The expenditure, capped at \$100,000 per year, must:

- already be deductible for your business under taxation law
- be incurred between 7:30 pm AEDT 29 March 2022 and 30 June 2023
- If the expenditure is on a depreciating asset, the asset must be first used or installed ready for use for a taxable purpose by 30 June 2023.

The 20% Small Business Skills and Training Boost:

The SBST Boost is a targeted program to encourage small business with an aggregated turnover of less than \$50 million to invest in the training of new and existing employees by offering them a 20% bonus tax deduction on eligible training courses.

What you Can Claim

- The bonus deduction is available for expenditure for the provision of training to one or more employees of your business. The training provider must meet certain registration criteria for the bonus deduction. You can check for registered providers at training.gov.au

- Training expenses can include incidental costs related to the provision of training, provided they are charged by the registered training provider, such as the cost of books or equipment needed for the course
- Where deductions are to be claimed over time such as for capital deductions, the bonus deduction is calculated as 20% of the full amount of the eligible expenditure. It can be claimed upfront in the first income year in which the bonus deduction is available.

Eligibility Criteria

To access the boost, your business needs to be a small business entity with an aggregated annual turnover of less than \$50 million for the income year in which you incur the expenditure.

The expenditure must be:

- for the provision of training to employees of your business, either in-person in Australia, or online
- charged, directly or indirectly, by a registered external training provider that is not you or an associate of yours
- already deductible for your business under taxation law
- incurred between 7:30 pm AEDT 29 March 2022 and 30 June 2024.



Where the training is a component of a larger program or course of training, the enrolment or arrangement relating to the relevant expenditure must be made or entered into at or after 7:30 pm on 29 March 2022.

Please speak to your [Byfields accountant](#) if you have any queries.



WORKSAFE WA AGRICULTURAL INQUIRY REPORT RELEASED

Stephanie Pyle | Senior HR Advisor



The agricultural industry inquiry report has been released by WorkSafe WA and independent inquirer Ms Pamela Scott.

On the 23rd of June 2022, WorkSafe WA's Commissioner Darren Kavanagh announced an independent inquiry into the WA agricultural industry, following the 12th fatality in the industry within 12 months.

The independent inquiry was conducted by Former Chief Industrial Relations Commissioner Ms Pamela Scott and the report has been released alongside the WorkSafe Commissioner's response.

What are the key takeaways?

Eight formal recommendations were identified by Ms Pamela Scott which can be found in the full report.

Here is a summary of what we can expect to come as a result of the findings:

WorkSafe will prioritise the allocation of resources towards the agricultural industry. This includes the establishment of a dedicated specialist Agricultural Team within WorkSafe comprised of inspectors and liaison officers. WorkSafe have commenced the process of appointing an additional 3 inspectors to establish a specialist Agricultural Team of 6 inspectors.

Specialist Agricultural Team activities will involve:

- Proactive and reactive regulatory and advisory inspections
- Participation in industry events and implementation of an Agriculture Communication Strategy
- Developing content and updating the agricultural safety pages of the WorkSafe website
- Development of a newsletter directed at farmers and their workers
- Selected materials to be translated to languages most relevant to the sector
- WorkSafe budgets will prioritise communication, education and awareness to specifically target the agricultural sector
- The development of user-friendly and industry-relevant information such as codes of practice specific to the agricultural sector is being considered as a priority
- WorkSafe will establish an Agriculture Advisory Assistance Program. This means free educational services will be provided to the farming sector by consultants who will visit various regions and provide onsite education. These consultants will be separate from inspectors, meaning they provide proactive support as opposed to issuing penalties



The agricultural industry has been deemed the most dangerous industry in Australia following the release of the agricultural inquiry findings



- WorkSafe will investigate establishing an Agriculture Advisory Assistance Fund. This will be discussed with the State Government with further details to come
- WorkSafe to reinstate the Agricultural Safety Advisory Committee
- A proactive campaign targeting both farmers and machinery/equipment manufacturers will take place to draw attention to the need for machinery and equipment to be fit for purpose and for safe operational practices to take place
- WorkSafe will continue to communicate best practice advice and provide educational material to the agricultural industry. WorkSafe will consider how timely information on causes of fatalities and serious injuries including preventative actions can be released to the industry

These actions will be subject to a two-year review period to determine their success and desired outcomes.

How did we get here?

The agricultural industry has been deemed the most dangerous industry in Australia following the release of the agricultural inquiry findings today, reporting the highest number of deaths of any industry sector.

Ms Pamela Scott's report highlights the following causes of fatalities and serious injury in WA within the agricultural industry.

- A failure to use safety equipment and personal protective equipment
- Use of unsafe methods, particularly in dealing with plant and equipment and large animals
- A lack of awareness of the location of bystanders and others working

Findings demonstrate that:

- Approximately 90 per cent of the fatalities were men
- Nearly half of the men were aged over 55

In descending order the circumstances involved:

- being crushed or struck by a tractor or other large machinery which was either being repaired or it was idling while awaiting engagement of the gears
- a quad bike crash resulting in the driver being crushed and asphyxiated, or having head or neck injury
- vehicle roll-over or crash, or a vehicle being reversed or moved and crushing an unsuspected bystander
- being crushed by livestock
- falling from the roof of a shed under construction.

WorkSafe WA

You can find both the report to WorkSafe WA and the Commissioner's response at the link below.

<https://www.wa.gov.au/organisation/worksafe-commissioner/agricultural-industry-inquiry>

More information

If you would like to discuss this, or any other WHS issue, please call (08) 9316 9896, or email enquiries@processworx.com.au.





How ProcessWorx can help your business:

With over 10 years of experience working with small businesses, ProcessWorx knows the importance of understanding and protecting your business from ongoing changes to the Industrial Relations landscape, while ensuring you remain compliant.

If you need assistance implementing any changes in your business or would like a review of your current workforce planning and contracts, please contact ProcessWorx and we can assist you with your IR compliance.

If you would like more information about Industrial Relations for your business, please contact ProcessWorx on **(08) 9316 9896** or email **enquiries@processworx.com.au**

PROS AND CONS OF HAVING YOUR OWN EMAIL DOMAIN VS A FREE EMAIL SERVICE

Mike Conforth | Byfields IT Manager

In the digital age, email communication is a fundamental part of our daily lives. When setting up an email address, individuals often face a critical decision: whether to create a custom email domain (e.g., yourname@yourdomain.com) or rely on a free email service like Gmail (e.g., yourname@gmail.com). Each option comes with its own set of advantages and disadvantages.

Pros of Having Your Own Email Domain:

Professionalism:

Having a custom email domain exudes professionalism and credibility. It demonstrates that you are associated with a legitimate business or organisation, making it essential for businesses, freelancers, and professionals who want to build trust with clients and partners.

Branding:

A custom email domain allows you to reinforce your brand identity. It serves as a branding tool, reinforcing your company's name in every communication, helping with brand recognition and recall.

Control:

When you have your own email domain, you have full control over email account management, security, and customisation. This control enables you to tailor the email experience to your specific needs and preferences.

Security:

Custom email domains often come with enhanced security features and encryption options, providing better protection against hacking, phishing, and data breaches, compared to some free email services.

Customisation:

You can customise your email server settings and rules, set up multiple email aliases, and create unique folders and filters to streamline your email management and organisation.

Scalability:

With a custom email domain, you can easily scale your email infrastructure as your needs grow. This is crucial for businesses that anticipate increased email traffic over time.

Cons of Having Your Own Email Domain:

Cost:

One of the most significant drawbacks is the cost associated with hosting and maintaining a custom email domain. You'll need to pay for domain registration and hosting services, which can add up over time.



Free email services often scan your emails for targeted advertising, raising privacy concerns for some users.



Technical Expertise:

Setting up and managing your own email server can be complex and may require technical expertise. It might not be feasible for individuals or small businesses without IT resources.

Maintenance:

Custom email domains require ongoing maintenance, including software updates, security monitoring, and troubleshooting, which can be time-consuming.

Limited Storage:

Some hosting providers may offer limited email storage space compared to the generous storage provided by some free email services like Gmail.

Pros of Using a Free Email Service (e.g., Gmail):

Cost-Free:

The most obvious advantage is that free email services don't require any upfront investment, making them accessible to anyone with an internet connection.

User-Friendly:

Free email services like Gmail are known for their user-friendly interfaces, making them easy for even non-tech-savvy individuals to set up and use.

Reliability:

Major email service providers invest heavily in infrastructure and redundancy, ensuring high availability and reliability for their users.

Ample Storage:

Many free email services offer substantial storage space, so you can store a large number of emails and attachments.

Cons of Using a Free Email Service (e.g., Gmail):

Lack of Professionalism:

Using a generic email address (e.g., yourname@gmail.com) may convey a less professional image, which can be a drawback for businesses and professionals.

Limited Control:

Free email services restrict customisation options and control over your email experience. You are subject to their terms of service and policies.

Privacy Concerns:

Free email services often scan your emails for targeted advertising, raising privacy concerns for some users.

Dependency:

Relying on a free email service means you are dependent on their infrastructure and policies. If they experience downtime or change their terms, it can affect your email communications.

If you would like to discuss this further please contact your [Byfields accountant](#).

IMPORTANT UPDATES

Carbon Credits

The legislation is now in place (ITAA 1997 s420-13) for carbon credits to be taxed as primary production income and thus be eligible for averaging and FMDs. However there are a few intricacies of the legislation.

These are:

- The carbon credits must have been issued after 1 July 2022
- The carbon farming project must be carried on the same farmland or connected land to a primary production business
- At all times, the same entity which is undertaking the carbon farming project must also be undertaking the primary production activities

While this does limit the structuring options, there may still be value in keeping these assets separate from a succession and asset protection perspective.

In our next edition we will discuss the Carbon for Farmers Voucher Program

Audit Protection Insurance

During Covid and in the years following, the ATO had reduced their compliance and audit activity. We are now noticing a significant increase in review and audit activity from the ATO.

With this in mind we are encouraging our clients to consider taking up audit protection insurance. This insurance covers any legal and accounting fees needed to deal with the ATO audit.

Also if you have accessed the small business capital gains tax concessions or are planning to, we strongly encourage you to take up this insurance given the higher chance of ATO audit in this area.

Please contact your [Byfields accountant](#) if you would like more information.



[Register here](#)

October 18th 2023
9.00am - 10.30am

Employer Obligations | Tips & Traps

Presented by:
Director Gordon Richards

BYFIELDS DIRECTOR ANDREW NORTHCOTT RETIRES

Everyone at Byfields wishes Andrew the very best in his retirement.

Andrew worked at Byfields for 29 years and was a director for 20 years. He was instrumental in the development and mentoring of many staff and a trusted adviser to his clients throughout his time at Byfields.

Andrew is looking forward to spending some time with his family, taking some time to get away and focus on his passions.

Congratulations

Director Dale Woodruff on 30 years of service!

Director Scott Smith on 15 years of service!

CSA Sue Darch on 10 years of service!

Accountant, Ryan Dallimore & Senior SMSF Accountant, Leanne Montaldo on 5 years of service!