



**AGS**  
FINANCIAL GROUP

*Partners in advice, growth & security*

**BUSINESS NEWS**

# Welcome

to the Winter 2016 edition of Business News

## **Succession Planning.**

It is imperative to plan for a time when you are no longer here.

## **Protecting the family business.**

History shows that succession is the Achilles Heel of the family business.

## **New withholding tax regime.**

For purchases of taxable Australian property.

The newsletter exclusively for AGS business clients



# Succession Planning

If you are the owner and manager of your business it is imperative to plan for a time when you are no longer there. How would you answer these questions right now?

1. Regardless of your age or short-term goals, do you have a clear plan for where your business will head after you have hung up your boots?
2. Do you have a professional adviser your replacement can rely on should the unexpected occur?
3. Or do you have a “hodgepodge” of advisers who manage different aspects of your business and personal wealth which could cause delays and extra costs in getting everything back on track?
4. If you have developed a complex nature of family relationships and business structures, are you certain that your current family wealth management strategy will benefit all stakeholders in the event of your retirement or death?

In short, are you creating a legacy or a nightmare for your loved ones?

## Start with the simple things

If you haven't planned for your succession, start thinking now about personal things such as:

- Where your insurance policies are kept;
- Is your will current and where is it?
- Have there been any recent changes that could affect your estate?

Then what about your business? A succession plan should start with the simple things, which are often forgotten. Such as:

- Can anyone else access the business bank account and other important online services to ensure operations continue?
- Are your financial reports and taxes current?
- What if you're unable to sign cheques? Do you have a second signatory on the business bank account?

## The bigger decisions

Those are just the basics but what about decisions that require a higher level of input?

It is common for family businesses to have an implied succession plan based on family hierarchy; however a formal intergenerational succession plan not only documents who will take control of your business, but how others in your business and family will be affected. These decisions will be the make or break of your legacy. Are these decisions documented and where is this information kept?

Choosing a successor from within the family group can prove difficult with nearly half of family business owners citing lack of motivation and ability among eligible family members as an impediment to successful leadership succession. Are you planning on keeping the business in the family, or selling to an outside party?

The word “succession” comes from the word “succeed”, but it does not necessarily follow its root. To succeed in your succession, make certain you have planned carefully and seek the guidance of a professional adviser to help you along the way.

**At AGS Accounting, we offer services that assist you in determining when and how you exit your business, consulting and working with you to best identify your retirement needs and maximise your total value no matter what you want to do with your business.**

# Protecting the family business

A person is seen from behind, sitting on a rocky ledge and looking out over a vast, rugged landscape. The landscape features a winding river through a deep canyon with layered rock formations. The sky is filled with soft, white clouds, suggesting a bright but slightly overcast day. The overall scene conveys a sense of contemplation and the enduring nature of the business being discussed.

History shows that succession is the Achilles Heel of the family business. An international study on family-owned enterprises by PriceWaterhouseCoopers found that only 24% of Australian business owners were planning to pass their business onto the next generation. 38% plan to sell or float.

Regardless of what your intention is, here are six steps to help ensure that your succession is a success:

1. Board meetings or formal family meetings should be held regularly. There must be a defined business agenda and open discussions encouraged to ensure no break-down of communication between all of the family members involved in the business.
2. Plan for the exit of the older generation by setting dates and establishing retirement funds to ensure that they are well provided for. If you fail to have the total support of the older generation they are unlikely to relinquish their position.
3. Who replaces the older generation at the helm of the family business is a vital issue because in order for the business to succeed it may not always be appropriate for the eldest child to automatically take the lead (whether he or she expects to or not!). There must be full and frank discussions on this issue and firm decisions made.
4. Seek professional advice. It is crucial that all-important planning issues are discussed with your accountant, solicitor and financial planner.
5. Dates for future meetings must be set so that discussions continue until a plan that provides for all family members in the business has been completed.
6. It is imperative that you keep your plan current. Succession plans require periodic revision and updating to ensure that what you have agreed upon remains relevant.

The simple and common sense approach of preparing in advance, seeking professional advice supported by sound, unemotional management, will set the future of the business in good stead.



# New withholding tax regime for purchases of taxable Australian property

**As of July 1 2016 amendments have been made to the Tax and Superannuation Laws Amendment (2015 Measures No. 6) Act 2015 which alters the withholding obligations on purchasers of certain Australian assets where the vendor may be a foreign resident.**

Broadly, the new regime imposes a 10% withholding obligation on purchasers of the following categories of TAP for CGT purposes, where they are acquired from certain foreign residents:

- Taxable Australian Real Property ('TARP');
- indirect Australian real property interests ('indirect ARPI'); or
- an option or right to acquire TARP or an indirect ARPI.

The new regime applies to applicable assets acquired for CGT purposes (i.e., generally when a contract to purchase is entered into) on or after 1 July 2016.

There are however excluded transactions. The most common exclusion is where the CGT asset acquired is TARP or a company title interest whose market value is less than \$2 million.

Consequently, most property sales won't be caught by the new withholding regime.

Other exclusions include where the transaction is on an approved stock exchange, or where the foreign resident is a company under external administration or an individual and the transaction arises from the administration of a bankrupt estate.

Once it has been established that the purchaser must make a withholding, the withheld amount must be paid to the ATO on or before the day the purchaser becomes the CGT asset's owner (i.e., generally, upon settlement of the contract of sale). Purchasers must register as a withholder and notify the ATO of the withheld amount. An approved online form, which will be known as the 'Purchaser Payment Notification', must be completed on or before settlement date.

The ATO expects the Purchaser Payment Notification form to be available on its website before 30 June 2016.

Purchasers (other than exempt Australian government agencies) that fail to make payments to the ATO when required under Subdivision 14-D will be liable to pay an administrative penalty equal to the amount that should have been paid.

A further penalty of 10 penalty units (currently a total of \$1,800) will apply under the offence provision in S.16-25(2), and the general interest charge will apply to any amounts not paid to the ATO by their required date.

# Key Lodgement Dates

Date	Obligation
21 July	Lodge and pay June 2016 monthly activity statement.
	Lodge and pay 2015–16 quarter 4 PAYG instalment activity statement for head companies of consolidated groups.
28 July	Lodge and pay quarterly activity statement for quarter 4, 2015–16 – paper. Pay quarterly instalment notice (form R, S or T) for quarter 4, 2015–16. Lodgment is only required if you vary the instalment amount.
	Employers must make super guarantee contributions for quarter 4, 2015–16 to the funds by this date.
	Employers who do not pay minimum super contributions for quarter 4 by this date must pay the super guarantee charge and lodge a <i>Superannuation guarantee charge statement</i> – quarterly (NAT 9599) with us by 28 August 2016.
	<b>Note:</b> The super guarantee charge is not tax deductible
14 Aug	Lodge the PAYG withholding payment summary annual report for: large withholders whose annual withholding is greater than \$1 million payers who have no tax agent or BAS agent involved in preparing the report.
21 Aug	Lodge and pay July 2016 monthly activity statement.
25 Aug	Lodge and pay quarterly activity statement for quarter 4, 2015–16 – tax agents and BAS agents – if you are lodging using: - electronic lodgment service (ELS) - electronic commerce interface (ECI) - Tax Agent Portal - BAS Agent Portal - practitioner lodgment service (PLS).
28 Aug	Lodge the Superannuation guarantee charge statement – quarterly and pay the super guarantee charge for quarter 4, 2015–16 if the employer did not pay enough contributions on time. Employers who lodge a <i>Superannuation guarantee charge statement</i> – quarterly can choose to offset contributions they paid late to a fund against their super guarantee charge for the quarter. They will still have to pay the remaining super guarantee charge to us.
	<b>Note:</b> The super guarantee charge is not tax deductible Lodge Taxable payments annual report – building and construction industry.
21 Sept	Lodge and pay August 2016 monthly activity statement.
30 Sept	Lodge the PAYG withholding payment summary annual report for payers whose registered agent (BAS agent or tax agent) helped prepare the report. If a payer has only closely held payees and their tax agent helps prepare their report, they may be eligible for a concession to lodge this report by the due date of their tax return.
	Lodge Annual TFN withholding report 2016 when a trustee of a closely held trust has been required to withhold amounts from payments to beneficiaries.
21 Oct	<i>Pay annual PAYG instalment notice</i> (Form N). Lodgment is only required if you vary the instalment amount or use the rate method to calculate the instalment.
	Lodge and pay quarterly <i>PAYG instalment activity statement</i> for quarter 1, 2016–17 for head companies of consolidated groups.
	Lodge and pay September 2016 monthly activity statement.

# Key Lodgement Dates

Date	Obligation
28 Oct	<p>Lodge and pay quarterly activity statement for quarter 1, 2016–17 – paper lodgments. Pay quarterly instalment notice (form R, S, or T) for quarter 1, 2016–17. Lodgment is only required if you vary the instalment amount.</p> <p>Employers must make super guarantee contributions for quarter 1, 2016–17 to the funds by this date.</p> <p>Employers who do not pay minimum super contributions for quarter 1 by this date must pay the super guarantee charge and lodge a <i>Superannuation guarantee charge statement – quarterly</i> (NAT 9599) with us by 28 November 2016.</p> <p><b>Note:</b> The super guarantee charge is not tax deductible.</p> <p>Lodge and pay annual activity statement for TFN withholding for closely held trusts where a trustee of a closely held trust withheld amounts from payments to beneficiaries during the 2015–16 income year.</p>
31 Oct	<p>Final date to appoint a tax agent to the income tax role for any new client. If you advise us of your appointment after this date, the client's 2016 tax return may not be covered by your lodgment program.</p> <p><b>Note:</b> The lodgment program is a concession to registered agents. We can ask for documents to be lodged earlier than the concessional due dates.</p> <p>Lodge tax returns for all entities if one or more prior year returns were outstanding as at 30 June 2016.</p> <p><b>Note:</b> This means all prior year returns must be lodged, not just the immediate prior year If all outstanding prior year returns have been lodged by 31 October 2016, the system will reset the 2016 tax return due date as in the normal program. SMSFs in this category must lodge their complete <i>Self-managed superannuation fund annual return</i> by this date.</p> <p>Lodge and pay <i>Self-managed superannuation fund annual return</i> (NAT 71226) for new registrant (taxable and non-taxable) SMSF where we have advised the SMSF the first year return will have a 31 October 2016 due date.</p> <p>Lodge tax return for all entities prosecuted for non-lodgment of prior year returns and advise of a lodgment due date of 31 October 2016:</p> <ul style="list-style-type: none"> <li>– Some prosecuted clients may have been given a different lodgment due date – refer to the letter you received for the applicable due date.</li> <li>– Payment (if required) for individuals and trusts in this category is due as advised in their notice of assessment.</li> <li>– Payment (if required) for companies and super funds in this category is due on 1 December 2016.</li> </ul> <p>SMSFs in this category must lodge their complete <i>Self managed superannuation fund annual return</i> (NAT 71226) by this date.</p> <p>Lodge <i>Franking account tax return</i> when both of the following apply: The return is a disclosure only (no amount payable). The taxpayer is a 30 June balancer.</p> <p>Lodge <i>PAYG withholding annual report</i> no ABN withholding (NAT 3448).</p> <p>Lodge <i>PAYG withholding from interest, dividend and royalty payments paid to non-residents</i> (NAT 7187) annual report. This report advises amounts withheld from payments to foreign residents for: interest and unfranked dividend payments that are not reported on an <i>Annual investment income report</i> (AIIR) royalty payments.</p> <p>Lodge <i>PAYG withholding annual report – payments to foreign residents</i> (NAT 12413). This report advises amounts withheld from payments to foreign residents for: entertainment and sports activities construction and related activities arranging casino gaming junket activities</p>

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