

THE ONLY CONSTANT IS CHANGE!

by **John Hart**, Chief Executive Officer, Restaurant & Catering Australia

The changes to the modern award(s) are about to gather momentum with the 'momentary' conditions to take effect on July 1.

To service what will be a critical time to inform members on the award, Restaurant & Catering is increasing resources in the workplace relations advisory service and is offering a series of workshops. As no more Government support is available, Restaurant & Catering has had to levy a modest fee to attend this next round of seminars.

If you need any information on your award call your local Association or 1300 722 878 (1300 RCAUST).

The rates of pay that will apply from July 1 have not been published yet because they will need to include the outcome of the minimum wage review that will be handed down in June. The last two weeks in June are likely to be the only period in which Restaurant & Catering will be able to get wage tables to you.

There have been many changes made to the industrial relations system in recent years. The next change will have the shortest implementation period thus far so please keep an eye out for the information flowing through.

"If you have not attended one of the sessions yet, I urge you to do so. There are a large number of changes that you really need to be aware of."



Tax Planning for restaurants and caterers

By **Peter Pryn FCA & John Christopoulos CPA**,
Directors of Sothertons Melbourne



Back in the good old days, you lodged your Taxation return, the Australian Taxation Office (ATO) reviewed your return issued an assessment and by and large that was the end of the matter.

Now, your assessment will automatically issue with little chance of adjustments. However the ATO reserves the right to conduct an audit of your books with respect to Income Tax, GST, Capital Gains Tax, Employee PAYG Tax and/or Superannuation Guarantee, at any time in the following four years.

Tax Planning for your restaurant will depend on your situation, your turnover and whether you account to the ATO on a cash or accruals basis.

There are various measures you can take to legally minimise your income tax position before 30 June.

Accelerate Deductions

- Ensure items that are of a capital nature and allowable recurring expenditure, are clearly reviewed.
- Consider bringing to account expenses pre 30 June (subject to prepayment rules) – this includes staff bonuses!
- Undertake repairs etc pre-30 June, rather than post.
- Make additional superannuation contributions.
- Ensure your superannuation contributions are physically paid before 30 June (contributions paid after this date can only be claimed in the following year).

Inventory

- Inventory can be a hidden tax issue, especially when your restaurant serves liquor. Ensure your stock is accurately recorded at 30 June, not only as to quantity but also value, i.e. the lower of cost or net realisable value.
- Obsolete stock should be written off before 30 June.

Government Incentives

- The Investment Allowance which applies to applicable assets purchased and or ordered before 31st December 2009, needs to be properly documented, and should not be overlooked.
- Ensure that where applicable you take full advantage of the Small Business Entity (SBE) provisions.
- With a tax rate of 15% for Superannuation it makes a lot of sense to invest as much as you can into your future (superannuation) before 30 June.
- Depending on your age and circumstances, in some cases your affairs can be structured so there is an effective NIL tax rate on your superannuation.

Planning

Tax planning is now more than "playing around the edges at 30 June" it is:

- Ensuring your business can survive the rigours of an ATO audit – it will happen to at least one in five restaurants before 2015.
- Planning your business cash flows to ensure you are aware and have planned your tax liabilities 12 months before the event – not the week before a \$10,000 tax bill is due!

With proper planning well in advance of 30 June you can legally minimise your tax and adequately plan for your commitments.

This article should not be taken as professional advice; you should consult with your professional advisors before taking any action.

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