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KOTHES ACCOUNTING GROUP

STP required for all Australian small businesses

Australian lawmakers have passed legislation that requires even the smallest of employers to electronically file each pay run with the tax office using Single Touch Payroll, starting July 1. It's a big ask for the nation's 2.3 million small businesses, which employ 40 percent of all workers. It's also a big opportunity.

See full story on the next page.

Prevent phishing in your business

Both Facebook and Google have been victims of a sophisticated phishing attack which stole $100 Million over two years.

It's surprising that two major tech companies could fall for such a scam, but the truth is that phishing is now a big business and the criminals behind it are getting better at it every day.

What is phishing?

Phishing is when a scammer sends out an email claiming to be from a well-known organisation in an attempt to gather personal and financial information. You typically see these emails come from banks, mail carriers etc.

Several recent phishing campaigns targeting Australians have featured precise replicas of the imitated organisation's brand design and competent use of English, where the typical fake email might historically have been easier to identify thanks to spelling errors, poor grammar and inconsistent design.

Red flags

- *Links*: Be wary of hyperlinks in emails, even if they look legitimate they could be linking to an entirely different URL.
- *Typos*: Bad spelling and grammar can be signs of a scam email, also if the email starts with a generic greeting. However, some phishing emails are getting more sophisticated and targeted so bad spelling may not always be present.
- *Threats:* Many phishing emails contain threats or negative consequences if action is not taken. These are usually in the form of account closure or legal action if payment is not made immediately.
- *Sender:* Was the sender someone you don't normally deal with, or was it out of the blue? Never click on links in an email from a sender you don't know.

How to prevent phishing

If you suspect that an email you received is a phishing scam but you aren't sure, contact the organisation. Make sure you independently search for their contact info, and don't use the details provided in the email.

You should ensure your staff are trained and know how to spot a phishing email. Consider conducting phishing tests on your staff and holding regular training.

Remember to always stay vigilant about what links you click and what information you provide. It's also important to have a working Disaster Recovery Plan in place in case everything goes belly up.

**Source: Strategic Group, Australian IT company*

kothes.com.au
admin@kothes.com.au
02 6491 6491

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Australian Tax Office targets holiday home rental deductions

Incorrectly claimed rental deductions, specifically ones relating to holiday homes, are being targeted for audit by the ATO. The focus on deductions being claimed will be based on information being shared between the ATO and holiday rental providers. The target will be over the next four years, however any consistent misuse of the rental deduction may bring a backdated audit process.

For clients who have holiday homes being claimed in a rental schedule, a clear understanding of the allowable deductions is pertinent. Visit the ATO website here for a detailed article which includes several examples of what you can claim:

- https://www.ato.gov.au/general/property/in-detail/holiday-homes/

If you have any questions about managing your holiday home from a tax and accounting perspective please give your Kothes accountant a call on (02) 6491 6491.

STP now required for all Australian small businesses, continued…

Many employers still use a combination of spreadsheets, ATO paper tax tables and Post-it notes to process payroll. They have yet to embrace cloud-based solutions that save time and simplify their lives. In fact, some 90,000 micro-businesses use no software at all, according to the ATO.

“This will be a sea change for small businesses that have clung to outdated desktop software,” said Susan Montanari, the Perth-based chief operating officer of Nexia, a business advisory firm.

Single Touch Payroll in Xero adds just two clicks to businesses’ workflow and keeps them ATO compliant. Wherever small businesses are in the digital journey, they can be assured Xero has an STP solution for them.

For the estimated 400,000 micro-businesses that have four or fewer staff, we announced a standalone solution last week that will ensure they remain compliant with the ATO.

This Payroll-only product will process, pay and report information for up to four employees, with an expected price of about $10 a month.

And for larger employers, Xero’s premium plans have them covered. As well as the Payroll suite, they get online tools to track workers’ hours and approve leave, offer controlled access for employees, reimburse expenses, and be SuperStream compliant. It also gives businesses access to an ecosystem of over 700 time-saving apps.

For our accounting and bookkeeping partners, today’s STP legislation should make their lives simpler. There will be no need to set up different workflows for different payroll clients. Xero STP will look the same whether it’s for a client with one employee or 200. Xero partners will be able to add Payroll to a ledger or GST cashbook subscription covering up to four employees (price to be determined).

It’s the first time Xero has offered Payroll as a standalone product, and will deliver these new solutions by 1 July 2019.

- *Article Source – Xero Blog*

If you would like more information about STP cloud accounting solutions for Xero, MYOB or Quickbooks, or have a question about STP in general please contact Kothes.

Upcoming Date Reminders

- **28 February 2019** December quarterly BAS due and December quarter PAYG instalment due
- **21 March 2019** February monthly BAS due
- **23 April 2019** March monthly BAS due

PAYG withholding obligations

From 1 July 2019, you will only be able to claim deductions for payments you make to your workers (employees or contractors) where you have met the pay as you go (PAYG) withholding rules for each payment. If you are having trouble please contact the ATO or your Kothes Accountant.