

TAX UPDATE

Rental Property Deductions

The 2018 financial year will be the first year to be impacted by changes introduced to limit deductions that can be claimed by individual residential property investors.

Firstly, travel expenditure (car expenses, airfares and accommodation) incurred inspecting and maintaining a residential rental property are no longer deductible and are not added to the cost base of the property for capital gains tax purposes.

Secondly, individual investors can only claim a deduction on newly acquired depreciable assets installed for the use in residential property. Unfortunately, this means that no claim is available for 'previously owned' depreciating assets connected with the purchase of a second hand property.

It is worth noting the above changes do not apply to companies and taxpayers carrying on a business.

Single Touch Payroll Reporting (STPR)

The introduction of the STPR will streamline the way employers report employee information to the ATO and takes effect as follows.

- 1 July 2018 for employers with 20 or more employees
- 1 July 2019 for employers with less than 20 employees

The main changes under STPR are:

- Real time reporting of salary and PAYG information
- Employers require SBR-enabled software
- New employees can complete TFN and superannuation forms online
- STPR reports replace the current activity statements for PAYGW
- PAYGW information will be prefilled on the BAS/IAS

If you have not already done so, we recommend you contact your accounting software provider to ensure you will be STPR compliant.

We enjoy helping businesses succeed.

*We also enjoy our clients telling their friends and business associates about us. If you know someone who may benefit from our help, please pass on our details or call us on **(07) 3221 4465** or email **david@dbsy.com.au** or **john@dbsy.com.au**.*

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PROFIT VALUE GROWTH CASH FLOW SUSTAINABILITY

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SIGNAL

WHAT OUR CLIENTS SAY

"Even from our initial discussions, John was able to give me some clarity on what I needed to achieve. John has been very positive towards my goals but also pragmatic when it came to the project's feasibility. I can't thank John and his team enough for all they have done for me. I can now run my business with ease."

Dr Sara Tabrizi, Hello Smiles Pty Ltd

CLIENT PROFILE

Gillard Group



The Gillard Group is one of Australia's leading independent lighting designers and one of the first in the world to offer Lighting as a Service (LaaS). Founded by Jenni Gillard in 2005, the business delivers award-winning lighting designs for clients. Now it also offers world-leading solutions for managing installed LED, achieving NET positive returns and delivering services that help clients prepare for new light-based technologies.

Jenni holds a Masters in Lighting and is recognised as a world leading architectural lighting designer. Her lighting journey started with World Expo 88 in Brisbane and she has been a pioneer in the lighting industry, being the first female in Australia to:

- Graduate in a degree wholly devoted to lighting
- Graduate with a Masters in Lighting
- Qualify as a Certified Lighting Designer (2nd in Australia and 9th globally)
- Achieve full membership of the International Association of Lighting Designers
- Own and operate an independent lighting design studio

THIS EDITION:

- **Client Profile**
 - Gillard Group
- **Outsourced CFO**
 - Can you 'pitch' your business model in under 5 minutes?
- **Tax Update**
 - Rental Property Deductions
 - Single Touch Payroll Reporting (STPR)



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Continued over page

CLIENT PROFILE cont'd

The catalyst for the Gillard Group's global leadership position was to foresee the disruption of the traditional lighting industry as early as 2012. Lighting divisions of household names such as Osram, Phillips and GE have been sold off. The impact of Light Emitting Diodes (LED) has been profound. Conventional lamps are being banned or phased out. The fixed-life bulb-turnover business model of the last hundred years is dead. LED is the future of artificial illumination. Quality LED is not only low energy and long life - it is digital friendly. LED has wide ranging commercial and environmental advantages.

However, quality LED fades away and requires new solutions and good capital management to optimise benefits. Jenni and her team are currently developing the "MinMin" light system, which is most likely the world's first product agnostic solution to calculate installed LED life. The Gillard Group LaaS offer is OPEX-based and a long-term partnership. LaaS offers clients with large light portfolios very smart and cost-effective ways to manage LED lifecycles and prepare for tomorrow. "John de Blonk Smith is part of our clever team to ensure clients obtain sustained value for money", says Jenni.

"In the area of lighting, Australia lags behind most of the world. Most consumers and businesses are blind to the risks and opportunities associated with LED. LED is a global paradigm shift. When understood, you will appreciate how it will transform the way we live, work and play and the value of preparing now", says Jenni.



SEA Aquarium Singapore



Spectrum Apartments

The Gillard Group has a growing list of high profile clients including the Brisbane Convention and Exhibition Centre, Michael Hill International, Scentre Group and government authorities. Examples of projects the Gillard Group has contributed to or designed directly, include:

- SEA Aquarium Singapore (the world's largest Oceanarium)
- Roma Street Parklands
- Multi-award-winning St Brigid's Church (Red Hill)
- Queens Plaza, Brisbane CBD
- Multi-award-winning Spectrum Apartments

As LED is digital-friendly, bulbs cover most of the Earth and nothing is faster than light - the Internet of Light dawns. The interconnectivity of smart LED will host a myriad of new digital services. While the domestic market appears ill-prepared for the opportunities and threats arising from the rapid intake of LED, the Gillard Group is best prepared and undeterred.

The Gillard Group is working with a range of professionals, like DBSY, CEO's and clients to deliver greater value for businesses and the environment.

If you would like to learn more about the Gillard Group or view the extensive gallery of work, please visit their website: www.jennigillarddesign.com.au

OUTSOURCED CFO™

Can you 'pitch' your business model in under 5 minutes?

As a business owner there are many reasons you need to be able to succinctly and clearly explain your business model.

Some reasons we have seen first hand recently include business owners wanting to:

- Establish a new business opportunity arising from their existing business
- Get funding for their business
- Explain the opportunity in their business to a potential new investor
- Work out how to generate more value from the IP generated in their business
- Restructure the business after the exit of a partner
- Start a new business

All of these required a clear understanding of their business model.



Your business model is effectively the way you **deliver value** to customers that they are happy to **pay a fair price** for and that **generates a profit** for you.

The value in being able to clearly articulate this includes:

- Clarity for **targeting appropriate customers** in your marketing and advertising efforts
- Clear understanding of what activities **generate your profits** (and what activities aren't really needed)
- Better **engagement of staff** through improved understanding of their role and the 'end game'
- Improving your ability to focus on **what really matters** within your business
- Ensuring your **business partners and your bank** understand what you are planning to deliver



When trying to articulate your business model you need to be considering:

- Your **customer segments** – who are they and what are their key characteristics?
- Your **value proposition** – what is it for each customer segment?
- Your **channels** of communication – what ones do you use and what ones do your customers want?
- Your **customer relationships** – how are these managed?
- Your **key activities** and the **key resources** – needed to deliver your value proposition
- Your **key partners** – who enables you to deliver aspects of your business?
- Your **cost structures**
- Your **revenue streams**

To get the best outcome, you should consider engaging your senior team members in your business modelling process. They have a wealth of experience from working for you and from working for other businesses that could provide great insights and practical ideas.

If you would like help to get a business modelling process underway on your business, please feel free to call **David or John** on **3221 4465** and we would be happy to answer your questions or facilitate your process.