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BUSINESS & PROFIT MATTERS

Practical insights to help your business grow and stay protected

AUTUMN 2026

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- *Performance Management. What Is It Really Costing You?*

And More...

Has Your Business Been Impacted by a Natural Disaster?

Natural disasters can strike with very little warning, leaving business owners dealing with physical damage, lost income, disrupted operations, and enormous stress. If your business has been affected by a declared disaster, it is important to know that help is available and that acting quickly can make a real difference to your recovery.

WHAT FINANCIAL SUPPORT IS AVAILABLE?

If your business is located in a declared disaster area, you may be eligible for financial assistance through government disaster recovery arrangements. This can include:

- Grants to help with clean-up, repairs, equipment replacement, and getting back up and running
- Low-interest loans to support working capital and ongoing costs
- Short-term income relief where disasters have significantly reduced your revenue or forced you to close

Beyond direct financial support, there are also services to help with insurance claims, tax and compliance issues, and connections to recovery specialists who can advise on rebuilding and reopening.

Free financial counselling and business advisory services are particularly valuable if your cash flow is under pressure or if you are unsure which support options apply to your situation.

WHAT TO DO RIGHT NOW

During any emergency, people come first. Make sure your staff are safe, follow official emergency procedures, and stay up to date with warnings.

Once the immediate threat has passed, the focus turns to recovery:

- Photograph and document all damage as soon as it is safe to do so
- Contact your insurer early and start the claims process without delay
- Keep detailed records of all losses, costs, and expenses incurred
- Reach out to available government support and advisory services promptly

The sooner you act, the better your chances of a smoother recovery. Being prepared in advance — with an emergency management plan, clear communication processes, and a checklist of critical actions — also significantly reduces the disruption when disaster does strike.

FROM YOUR ACCOUNTANT

If your business has been affected by a natural disaster, please do not try to manage this alone.

We can help you navigate the financial and compliance implications, identify what support you may be eligible for, and help you put together the documentation you need to access grants and government assistance. Please reach out to us as soon as you are able.

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Why Cash-in-Hand Payments Can Cost You More in the Long Run

When times are tough, it can be tempting to find shortcuts. One of the most common and most dangerous is paying workers cash-in-hand. It might seem like a simple way to reduce costs or give someone a bit more take-home pay. But the reality is very different.

Paying employees off the books means not reporting income to the tax office, not withholding the right amount of tax, and not making the superannuation contributions you are legally required to make. In most cases, this is illegal full stop.

THE FINANCIAL CONSEQUENCES ARE SEVERE

Tax authorities are sophisticated and increasingly effective at identifying payroll discrepancies. If your business is audited, you could be required to repay all unpaid taxes and superannuation contributions, plus interest and penalties. What looked like a small saving can very quickly become a major financial liability that threatens the business itself.

YOU COULD FACE LEGAL ACTION

Deliberately avoiding tax and employment obligations is not just a financial issue — it can lead to prosecution. Business owners and directors may be held personally liable under relevant laws. Even if criminal charges are not pursued, legal costs and enforcement action can seriously disrupt your operations and damage your credibility.

WORKPLACE INJURY CLAIMS COULD DEVASTATE YOU

If a cash-in-hand worker is injured on your premises, your workers' compensation insurance may not cover the claim because the individual was never formally declared as an employee. A single serious injury could expose your business to costs that threaten its survival.

YOUR REPUTATION IS AT STAKE

Trust is everything in business. Clients, suppliers, and staff expect you to operate ethically. If you are publicly identified for payroll non-compliance, the reputational damage can be long-lasting, making it harder to win work and attract good people.

There is also a broader issue here. When a business cuts corners on payroll, it sends a message that the rules are flexible. That mindset can spread into other parts of the business in ways that create even bigger problems down the track.

Doing the right thing — proper payroll systems, accurate reporting, and transparent employment practices — protects far more than just your tax position. It builds the kind of business that can grow sustainably.

FROM YOUR ACCOUNTANT

If you are unsure whether your current payroll arrangements are fully compliant, now is the time to find out before someone else does.

We can review your payroll processes and help you put the right systems in place. Please get in touch with our team. The short-term savings from cash-in-hand are never worth the long-term consequences.

The information in this newsletter is general in nature. Please seek professional advice before acting on anything contained herein.

Performance Management. What Is It Really Costing You?

Most businesses have some form of performance management in place. There are annual reviews, goal-setting templates, rating scales, and perhaps a performance improvement plan when things go wrong. On paper, it all looks organised. But here is the real question: what is your current approach actually costing you?

The obvious costs are easy to see. Managers spend hours preparing reviews. HR time goes into systems and documentation. Employees fill in self-assessments. Add up those hours against salary costs and the administrative burden alone is substantial. But the hidden costs are far greater and that is what most business owners miss.

01 LOST PRODUCTIVITY

When employees are unclear on what is expected of them, they naturally focus on the wrong things. Without regular feedback, small performance gaps quietly grow into much bigger problems. The result is missed deadlines, wasted effort, and talent that is simply not reaching its potential. Poor performance management drains output every single day, often without anyone realising it.

02 STAFF DISENGAGEMENT AND TURNOVER

People do not leave businesses — they leave poor management and unclear expectations. When feedback is rare, inconsistent, or overly negative, engagement drops quickly. Your best people, in particular, will not stay in a stagnant environment. Replacing one employee can cost between 50% and 200% of their annual salary once you factor in recruitment, onboarding, and the time it takes a new person to get up to speed.

03 MANAGER BURNOUT

Many managers are promoted because they are excellent at their technical work — not necessarily because they are natural people leaders. Without proper training and support, performance conversations become something managers dread, avoid, or handle poorly. When difficult conversations are delayed, they tend to become even more difficult. The emotional toll on managers is real, and the flow-on effects to the business can be significant.

04 DAMAGE TO YOUR BUSINESS CULTURE

How you manage performance shapes the culture of your entire business. If staff experience reviews as a tick-box exercise or feel they are being watched rather than supported, they become defensive rather than motivated. Innovation slows. Collaboration drops. Over time, this affects your reputation as an employer and makes it harder to attract the right people.

WHAT GOOD PERFORMANCE MANAGEMENT ACTUALLY LOOKS LIKE

At its core, performance management is not a once-a-year event — it is an ongoing conversation. It means setting clear expectations, providing regular feedback, recognising good work, and addressing issues early before they escalate. Businesses that move from annual reviews to a continuous coaching culture tend to see real improvements in engagement, productivity, and staff retention.

The real cost of performance management is not the time you spend doing it. It is the much greater cost of not doing it well.

If you feel your business is losing money to underperformance, disengagement, or high staff turnover, this is something worth taking seriously.

We can help you look at the financial impact on your business and identify where the leaks are. Give us a call, we'd love to help you build a more profitable and resilient team.

FROM YOUR ACCOUNTANT

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Buying vs Renting Your Business Premises: What's the Right Move?

As your business grows, the question of whether to keep renting or buy your premises becomes more pressing. It is not just a financial decision, it is a strategic one that can shape your cash flow, your flexibility, and your long-term wealth.

THE CASE FOR RENTING

Leasing commercial space gives you flexibility. If your business is growing quickly, testing new markets, or still finding its feet, renting allows you to adapt without being locked into a long-term asset. Your upfront costs are lower, which means more capital available for staff, marketing, equipment, or technology.

Renting also means you are less exposed to property market ups and downs. Maintenance responsibilities may be shared with your landlord, which can reduce unexpected costs.

The downside? Rent is an ongoing expense that tends to increase over time. You are subject to your landlord's decisions, and you have limited control over modifications to the space. You are also building no equity.

THE CASE FOR BUYING

Purchasing your premises turns a regular outgoing into an investment. Instead of paying rent to a landlord, you are building equity in a property that may grow in value over time. Ownership provides stability — no surprise rent increases, no risk of the landlord not renewing your lease.

You also gain full control over your space — how it is fitted out, how it is branded, and how it evolves with your business. For established businesses with strong, predictable cash flow, ownership can strengthen your balance sheet and even create additional borrowing capacity for future growth.

The trade-off is reduced flexibility and a more complex exit if you outgrow the space. Buying also requires significant upfront capital and takes on ongoing responsibility for maintenance, rates, insurance, and property management.

SO, WHICH IS RIGHT FOR YOU?

The honest answer is: it depends. It depends on your business's growth stage, how stable your industry is, how much cash you have in reserve, and how comfortable you are with a long-term commitment. Early-stage and fast-growing businesses often benefit most from flexibility. Mature, stable businesses may find ownership aligns well with long-term wealth creation.

Before making any decision, it is essential to model the cash flow impact of both options carefully and get proper financial advice.

FROM YOUR ACCOUNTANT

This is exactly the kind of decision where the numbers need to stack up not just in theory, but for your specific situation.

Before you sign anything, whether a new lease or a contract to purchase, please come and talk to us. We can help you model both scenarios, understand the tax implications, and make a decision you will be confident in for years to come.

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Working in a Trade? Know Your Deductions!

Whether you are an apprentice just starting out or a business owner running a trade, understanding what you can legitimately claim as a work-related tax deduction can make a real difference at tax time. But not every expense qualifies, and getting it wrong can cost you.

THE THREE RULES FOR CLAIMING A DEDUCTION

To claim a work-related deduction, three things generally need to be true:

- You paid for the expense yourself (not reimbursed by your employer)
- The expense directly relates to earning your income
- You have a record to prove it — a receipt, invoice, or logbook

WHAT YOU MAY BE ABLE TO CLAIM

Common deductible expenses for apprentices and tradespeople can include:

- Protective clothing and uniforms: steel-capped boots, high-visibility clothing, safety glasses, and other safety gear required for the job. Laundry costs for this protective clothing may also be claimable.
- Tools and equipment: tools you use for work can usually be claimed. Smaller items are often claimed in full in the year of purchase, while higher-value tools may need to be depreciated over time.
- Training and licences: courses, textbooks, and licences required to perform your job may be deductible.
- Work-related travel: travel between job sites or to off-site training may be claimable. However, travel from your home to your regular workplace is generally not.
- Other expenses: union fees, trade publications, and the work-related portion of your phone or internet costs may qualify.

Note that personal expenses such as regular clothing or private travel cannot be claimed, even if you sometimes use them for work.

WHY GOOD RECORDKEEPING IS ESSENTIAL

The ATO expects you to be able to substantiate every deduction you claim. Without receipts or evidence linking an expense to your work, deductions may be disallowed if you are reviewed or audited. Good recordkeeping throughout the year is also the best way to avoid accidentally over-claiming, which can lead to penalties.

A NOTE FOR EMPLOYERS

If you employ apprentices or tradespeople, be careful about giving specific tax advice unless you are qualified to do so. Make it clear what you reimburse versus what employees pay themselves, and ensure allowances are correctly documented through payroll. The best thing you can do is encourage your team to speak with a professional.

Tax time can be stressful, but it does not have to be. If you are a tradesperson or apprentice — or you employ them — we can help make sure you are claiming everything you are entitled to, and not a dollar more than you should.

Give us a call before the end of the financial year so we can review your situation together. A little planning now can save a lot of stress later.

FROM YOUR ACCOUNTANT

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The Document That Could Cost You Thousands If It's Lost

Recent natural disasters including the devastating flood events in Queensland have reminded us of how important it is to protect certain business documents. Among the most critical, and most overlooked, are trust deeds and company constitutions. Losing these documents can create serious legal and financial problems that surface long after the disaster itself.

WHAT IS A TRUST DEED?

A trust deed is the legal document that governs how a trust operates. It tells the trustee how to manage the trust's income and assets, who the beneficiaries are, who has the power to appoint or remove the trustee, and how decisions are to be made. Every trust deed is unique. Even if two trusts were set up from the same template, there may be important differences between them.

WHAT IS A COMPANY CONSTITUTION?

A company's constitution (or articles of association for older companies) sets out the rules for how the shareholders and directors are to act in relation to the company. Just like trust deeds, constitutions vary between companies and contain specific provisions that may be critical in a dispute or major business decision.

WHY THESE DOCUMENTS MATTER SO MUCH

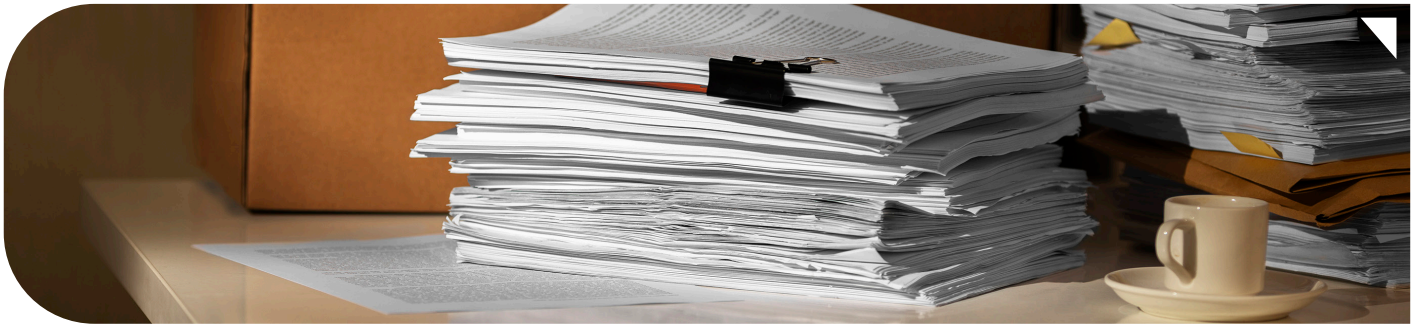
In a conflict: If two directors or trustees disagree, or a beneficiary is unhappy with how the trust is being managed, lawyers will be called and the very first thing they (and eventually a court) will ask for is the trust deed or constitution. Without it, you will incur significant costs and may face court proceedings to resolve even basic questions.

For tax purposes: Without a trust deed, the ATO may assess all trust income at the top tax rate of 47%. If you need to make a change to the trust and cannot produce the deed, the state government may impose stamp duty on the full value of the trust's assets, and the ATO may treat the change as the creation of a new trust triggering capital gains tax.

WHAT HAPPENS IF THESE DOCUMENTS ARE LOST?

Unfortunately, there is no easy fix. Replacing a company constitution requires agreement from all shareholders which is almost impossible to achieve if the document is missing because of a dispute. In many cases, the matter ends up in court. The cost and time involved can be enormous.

Treat your trust deeds and company constitutions like gold. They are irreplaceable legal documents that underpin the structure of your business and your wealth. Do not keep them somewhere that could be destroyed in a flood or fire, and always have secure copies stored separately.



FROM YOUR ACCOUNTANT

We strongly encourage all our clients to make sure they know exactly where their trust deeds and company constitutions are kept and that copies are stored safely in a second location.

If you are unsure whether we hold copies on file for you, or if you would like us to securely store these documents on your behalf, please get in touch with our team today. This is one of those things that is easy to sort out now and potentially very expensive to sort out later.

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Lessons from an Accountant's Ferrari: What the FBT Ruling Means for You

You might expect an accountant to know better. But a recent case before the Administrative Review Tribunal in Australia serves as a powerful reminder that the rules around luxury cars in business are strict — and the consequences of getting it wrong are severe.

WHAT HAPPENED

A Perth-based accountant purchased a $346,000 Ferrari through his company, claiming a tax deduction and taking the position that no Fringe Benefits Tax (FBT) was owed. The ATO disagreed. The Tribunal ultimately ruled against him (MXSN and Commissioner of Taxation [2026] ARTA 186), and the accountant now faces FBT liability calculated at 20% of the car's value for every year it remains in the company — going all the way back to 2011. That is approximately $70,000 per year in FBT. The total tax bill now exceeds the original value of the car.

WHAT WE CAN ALL LEARN FROM THIS

Never fabricate logbooks. The accountant presented logbooks to the Tribunal, but the court found they had been fabricated and dismissed them entirely. The ATO scrutinises logbooks very carefully and will cross-check trip entries against things like toll records. Once his credibility was gone, so was his case.

Every luxury car sale is reported to the ATO. When a luxury vehicle is purchased in the name of a company or trust, the ATO is automatically notified. They will be watching for FBT returns, and if those returns are not lodged, expect an audit.

Always lodge your FBT returns even nil ones. For small businesses, the ATO can generally only amend a return for the last two years. Had this accountant lodged nil FBT returns each year since 2011 (even incorrectly claiming no FBT was owing), the ATO's ability to go back in time would have been limited. Filing nil returns is cheap insurance. We recommend it to all our clients.

Luxury cars generally do not belong in your business. The ATO takes a dim view of luxury vehicles being held in companies or trusts. If you want to own a luxury car, the simplest approach is to pay the relevant income tax and then buy it in your own personal name. You can still use it for business, keep a valid logbook, and claim the business-related expenses in your personal income tax return.

Thinking about purchasing a vehicle luxury or otherwise through your business? Please talk to us before you sign anything.

The structure of a vehicle purchase has significant tax implications, and getting it right from the start is far less expensive than trying to fix it later. We can help you work through the options and make the decision that is right for your situation.

FROM YOUR ACCOUNTANT

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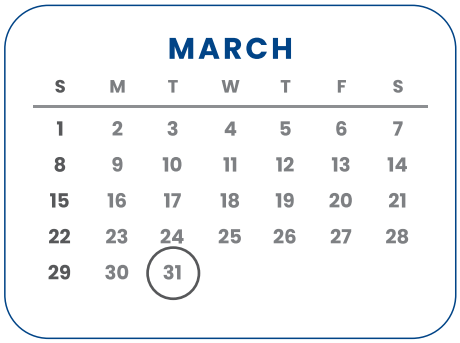
Fringe Benefits Tax (FBT): What Every Business Owner Needs to Know Before 31 March

The Fringe Benefits Tax (FBT) year ends on 31 March every year. If your business provides any non-cash benefits to employees, you may need to lodge an FBT return — and you need to act now.



KEY DEADLINES

21 MAY — If you lodge the return yourself: due by **21 May**

25 JUNE — If we lodge it on your behalf: the deadline extends to **25 June**

Even if you believe you owe no FBT, it can still be well worth lodging a nil return. This limits how far back the ATO can go if they ever audit your business in future years.

WHAT COUNTS AS A FRINGE BENEFIT?

A fringe benefit is anything you provide to an employee (or their family members) in place of, or in addition to, salary or wages. If it is paid in cash, it is taxed through normal payroll processes. If it is a non-cash perk, it may be a fringe benefit.

Common examples include:

- Company cars (including when employees use them privately)
- Discounts on your products or services
- Low-interest or interest-free loans
- Gifts, such as a bottle of wine

Even small perks like tea and coffee at work technically count as fringe benefits — but many of these are exempt from FBT, so do not panic.

WHY FBT EXISTS

FBT was introduced to ensure that employees pay broadly the same amount of tax regardless of whether they are paid in cash or in benefits. Over the years, many loopholes have been closed. However, there are still legitimate and tax-effective ways to structure employee benefits.

BENEFITS THAT ARE EXEMPT FROM FBT

Not everything you provide to employees triggers FBT. Some common exemptions include:

- Work-related devices such as laptops, mobile phones, and smart watches (where provided primarily for work use)
- Small gifts and entertainment valued under $300 per benefit

Getting the structure right can mean your business receives a tax deduction for providing the benefit, while the employee pays no FBT — a genuine win-win.

FROM YOUR ACCOUNTANT

With the FBT year ending on 31 March, now is the time to act.

We recommend reviewing all benefits you provide to employees and asking two key questions: do we need to lodge an FBT return (even a nil one), and are there smarter ways to structure employee benefits to reduce our tax? Please get in touch with us before the deadline — we can help you stay compliant and make the most of the options available to you.

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