

# DECEMBER 2022 EDITION

- Update from Mel
- Christmas closure dates
- Avoiding the FBT Christmas Grinch!
- Missed the Director ID deadline?
- Flood Grants





# Merry Christmas

This Christmas, our office will be closing 5pm  
Friday 23 December 2022 and reopening at 8:30am  
Monday 16 January 2023.

From all the team at Martel Wheatley, we wish you  
a safe and happy Christmas.

## UPDATE FROM MEL

With the festive season fast approaching it is a great time to reflect on the past 12 months. As always, it has been a pleasure working with so many of you and I want to take this opportunity to thank all our clients for your continued support. For those newer clients that have joined us during the year, we thank you for choosing our firm as your professional partner and we hope that we have met or exceeded your expectations. We look forward to working with you all again next year.



This year, Martel Wheatley have welcomed four new staff members, Brittany, Cynthia, Jacqui and Maddy to our team. In the new year, we have an accounting graduate, Bella also starting her accounting career with us.

On behalf of Sam and myself, I would like to wish everyone a very Merry Christmas and a safe and healthy New Year. Thank you again to all of our clients for your loyalty and continued support, we look forward to a wonderful 2023.

"WHEN YOU'RE AT  
THE END OF YOUR  
ROPE, TIE A KNOT  
AND HOLD ON."

FORMER US PRESIDENT THEODORE  
"TEDDY" ROOSEVELT

# AVOIDING THE FBT CHRISTMAS GRINCH!

It's that time of year again - what to do for the Christmas party for the team, customers, gifts of appreciation for your favourite accountant (just kidding), etc. Here are our top tips for a generous and tax effective Christmas season:

## For your business

### What to do for your customers?

The most effective way of sharing the Christmas joy with customers is not necessarily the most tax effective. If, for example, you take your client out or entertain them in any way, it's not tax deductible and you can't claim back the GST. There are specific rules designed to prevent deductions and GST credits from being claimed when the expenses relate to entertainment, regardless of whether there is an expectation of generating goodwill and increased business sales. Restaurants, a show, golf, and corporate race days all fall into the 'entertainment' category.

However, if you send your customer a gift, then the gift is tax deductible as long as there is an expectation that the business will benefit (assuming the gift does not amount to entertainment). Even better, why don't you deliver the gift yourself for your best customers and personally wish them a Merry Christmas. It will have a much bigger impact even if they are not available and the receptionist tells them you delivered the gift.

From a marketing perspective, if your budget is tight, it's better to focus on the customers you believe deliver the most value to your business

rather than spending a small amount on every customer regardless of value. If you are going to invest in Christmas gifts, then make it something people remember and appropriate to your business.

You could also make a donation on behalf of your customers (where your business takes the tax deduction) or for your customers (where they receive the tax deduction). Donations to deductible gift recipients (DGRs) above \$2 are often tax deductible and can make an active difference to a cause.

### What to do for your team?

Christmas is expensive. Some businesses simply can't afford to do much because cashflow is too tight. Expectations are high so if you are doing something then it's best not to exacerbate cashflow problems and take advantage of any tax benefits or concessions you can.

### Christmas parties

If you really want to avoid tax on your work Christmas party then host it in the office on a workday. This way, Fringe Benefits Tax (FBT) is unlikely to apply regardless of how much you spend per person.

Also, taxi travel that starts or finishes at an employee's place of work is exempt from FBT. So, if you have a few team members that need to be loaded into a taxi after over indulging in Christmas cheer, the ride home is exempt from FBT.

If your work Christmas party is out of the office, keep the cost of your celebrations below \$300 per person if

you want to avoid paying FBT. The downside is that the business cannot claim deductions or GST credits for the expenses if there is no FBT payable in relation to the party.

If the party is held somewhere other than your business premises, then the taxi travel is taken to be a separate benefit from the party itself and any Christmas gifts you have provided. In theory, this means that if the cost of each item per person is below \$300 then the gift, party and taxi travel can potentially all be FBT-free. Just remember that the minor benefits exemption requires a number of factors to be considered, including the total value of associated benefits provided across the FBT year.

If entertainment is provided to employees and an FBT exemption applies, you will not be able to claim tax deductions or GST credits for the expenses.

If your business hosts slightly more extravagant parties and goes above the \$300 per person minor benefit limit, you will pay FBT but you can also claim a tax deduction and GST credits for the cost of the event. Just bear in mind that deductions are only useful to offset

against tax. If your business is paying no or limited amounts of tax, a tax deduction is not going to help offset the cost of the party.

### **Christmas gifts for staff**

\$300 is the minor benefit threshold for FBT so anything at or above this level will mean that your Christmas generosity will result in a gift to the Tax Office as well at a rate of 47%. To qualify as a minor benefit, gifts also have to be ad hoc - no monthly gym memberships or giving one person multiple gift vouchers amounting to \$300 or more.

Gifts of cash from the business are treated as salary and wages – PAYG withholding is triggered and the amount is subject to the superannuation guarantee.

Aside from the tax issues, think about what will be of value to your team. The most appreciated gift is the one that means something to the individual. Giving a bottle of wine to someone who doesn't drink, chocolates to a health fanatic, or time off to someone with excess leave, isn't going to garner much in the way of goodwill. A sincere personal message will often have a greater impact than a standard gift.

## **MISSED THE DIRECTOR ID DEADLINE?**

If you missed the 30 November 2022 deadline for obtaining a Director ID, the Australian Business Registry Services have stated that they will not take action against directors that apply for their ID by 14 December 2022.

If you are required to but have not yet applied for your ID, you should seek an extension immediately to avoid fines and penalties applying

Go to [www.abrs.gov.au](http://www.abrs.gov.au) or contact the ABRS on 13 62 50 in order to obtain an extension.

# DISASTER RECOVERY SMALL BUSINESS GRANT

If you are a small business in NSW and you've been directly impacted by storms and floods from 4 August 2022 or 14 September 2022 onwards, you may be eligible for a storm and flood disaster recovery small business grant.

This disaster recovery grant of up to \$50,000 is to help pay for the costs of clean-up and reinstatement of a small business operations.

For further information and to apply, go to [service.nsw.gov.au](https://service.nsw.gov.au)

## FLOOD GRANTS - PRIMARY PRODUCERS

### SPECIAL DISASTER GRANTS

This is a grant of up to \$75,000 for primary producers who have been impacted by severe weather and flooding from February 2022 onwards.

### RURAL LANDHOLDER GRANTS

This is a grant of up to \$25,000 for landholders and oyster farmers who have been impacted by severe weather and flooding from February 2022 onwards

### CRITICAL PRODUCER GRANTS

Additional funding to support producers in targeted industry sectors to rebuild and recover in the medium to longer term, with the aim of supporting job security, future resilience and enabling future production.

Head to [www.raa.nsw.gov.au/disaster-assistance](https://www.raa.nsw.gov.au/disaster-assistance) for further information.