

# PULSE

A PKF PUBLICATION OUTLINING  
RELEVANT BUSINESS ISSUES FOR YOU





As we fly through the new financial year we acknowledge our successes, examine the challenges faced, absorb the lessons learned and reset growth and advancement.

Bob Bell | Managing Director | Sydney and Newcastle

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## MD Welcome

The year 2023 has been evolutionary for PKF Global, as our brand revitalisation rollout progresses worldwide. This update is far more than a logo replacement; it embodies our vitality, distinctive personality and core values that portray the strength of the PKF Global network of over 220 members operating under the PKF brand in 150 countries across five regions. Our redesigned logo reflects the unity of the PKF family of member firms, working collectively to provide consistent support to our clients, our teams and the communities in which we operate. The future is promising, and we are excited about the growth trajectory of the group as we strive for transformative change.

Since our establishment in 1977, our Newcastle office has played a leading role in the local community and we are delighted to this year partner with the nib Newcastle Knights. This partnership showcases our brands' deep connection with the Hunter and our commitment to community values. We have enjoyed celebrating the highs and lows of the Knights this NRL season, both the Novocastrians and our Sydneysiders are delighted to be "Proud Knights Fans". To read further about PKF and the Knights turn to page 10.

There is no better way to enter the new financial year full of vigour than celebrating the year that was at our PKF Sydney and Newcastle End of Financial Year Ball, held at Royal Randwick Racecourse. With a room full of 250 staff and their partners dressed in their finest evening attire, we looked back on the year that was and celebrated remarkable achievements firmwide. We recognised our high achievers and finished off with some moving and shaking – of course it wouldn't be a PKF Ball if the Chair of PKF Australia, Steve Meyn, didn't take the stage again to reprise "Sweet Caroline!". A special congratulations to our Mark Lonnon Employee of the Year, Sangeetha Ravisankar – our amazing Data Analytics and Business Intelligence specialist. Sangeetha's hard work and dedication have delivered outstanding results for her team and the wider firm, we are proud to have Sangeetha as part of our team and appreciate the opportunity to recognise her continued excellence.

Finally, we are proud to announce our Newcastle Breast Care Breakfast will be returning in October. This event has been a long-standing tradition in the Hunter region, having started 17 years ago in memory of our former partner's wife tragically taken by breast cancer. In 2022, we raised over \$26,000 for the Hunter Breast Care Nurses and we'll strive to exceed this target at this year's event. For more details, flip to page 14 and secure your tickets to be a part of this meaningful occasion.

In this edition of Pulse, we draw on the knowledge of our advisers to deliver quality insights for our network of clients and associates. We aspire to provide the right solutions to your challenges and questions and to demonstrate we have a team who truly understands your business needs.

Enjoy our reads – and don't forget our support is readily available as and when you need it.

Managing Director

Bob Bell



When unveiling the mechanics behind lender strategies, understanding margins is key – knowing the gap between what you pay and what they fund is vital.

David Zammit | Executive Director | Lending Solutions | Sydney

# How to avoid paying more on your mortgage

After spending many years running a mortgage business for banks, I am extremely well-versed in how to ensure our clients here at PKF are achieving the best possible outcome when it comes to their mortgage.

To go behind the scenes and understand the inner workings of how lenders operate with mortgage pricing there are a few things to understand. Firstly, a key priority for the lenders is their “margin”. This margin is the difference between what the banks receive from you as the borrower and what they are paying out to those that are funding the mortgage, for example deposit holders.

For lenders, acquiring new clients is challenging, therefore lenders acquire clients at competitive low rates and low margins. Once the client has been acquired, rates may gradually increase. Most clients don't have the time, understanding or energy to constantly harass the lender for a better deal or shift the mortgage to another lender that will provide a better deal.

This process is exacerbated the more that interest rates move, as it gives the lender more opportunities to increase their margin difference between what they acquire new clients on and what their existing clients are on. This group of existing clients is called “the back book”.

The back book generally pay between 1%-2% more than new clients coming into the lender. Unfortunately, the only way to combat this cycle of giving away more to the lender than you have to, requires:

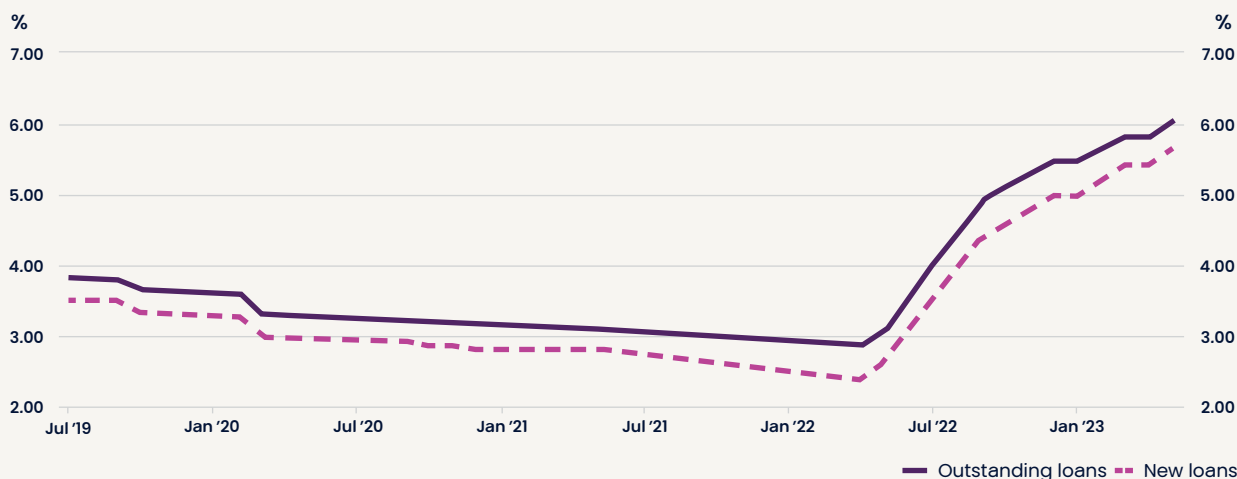
1. Insight into what is happening within interest rate markets and how the lenders are responding to the market conditions
2. Insight into what kind of clients a particular lender is looking to attract. Not all lenders want all kinds of clients and therefore understanding who wants YOU as a client is particularly important not just for achieving the most attractive rate, but also the different features that are available
3. A monthly review of points 1) and 2) combined with a tenacity to push the lender to either offer the more attractive terms or take the business to a lender who will.

**It is extremely difficult to manage the process of keeping on top of the best options. That is where we come in. We are passionate about empowering our clients through insights, expertise, and inspiration to finance their dreams and build their wealth.**

## Housing Rates

### Owner-occupier Variable Housing Rates

Outstanding and new loans; in % per annum



Sources: APRA; RBA



How can you sort through all the hype about digitisation to understand the value technology can deliver to your business?

Don Mclean | Partner | PKF Digital | Sydney

# Creating Value in your Business Using Digital Technology

We recognise that technology can be both exciting and baffling at the same time. That technology can be a major method of automation and hence productivity in the workplace. It can bring new ways of reaching customers, efficiencies to supply chains and very timely information in order to make business decisions more accurate. Of course it can be more than that too.

So if you are considering technology changes where do you start? And what do you do? And in what order? Despite there being a vast amount of information via the internet it is confusing. And who to trust? Despite the promise of value and your gut feel that digital technology may help it's easier to just put your head in the sand and ignore it all.

## That's where the PKF Digital team comes in.

We believe there is no point to digital transformation unless:

- It saves you money
- Reduces time
- Enhances your customers experience
- Makes your employees lives easier
- Increases productivity across your business OR
- Automates mundane tasks and provides timely information to make accurate decisions.

Using a series of diagnostic tools, interviews and workshops we can determine where you would gain the most and determine the additional monetary value any changes will make to your business. This is all within our Value Viewpoint Consulting Engagement. We evaluate your current systems, determine whether they are fit for the purposes you require, and then determine what, if any, changes or additional assistance you may need.

The purpose of the Value Viewpoint is to understand and document the value that you would gain through better use of existing or new digital technologies. Using a combination of your perspective, PKF Digital experience and diagnostic tools we can analyse and determine the most fortuitous use of technology to benefit your business.

The approach is to go through the following three steps, either in person, via video call, or using documents that may already exist.

1. Preparation
2. Participation
3. Plan

The scope can be as exhaustive as you want or can be limited to a quick engagement that gives you an idea of what to do next.

## 1. Preparation

**BUSINESS STRATEGY.** We start by interviewing the key people around your overall business strategy. What is the business seeking to do in the next few years and into the longer term. This may already be documented or it may be something we need to discuss. Either way the key point is that the use of technology should support the overall business direction and we need to understand that as a first step. *(Interview time of no more than 1 hour).*

**FINANCIAL ANALYSIS.** We also need to understand the underlying performance metrics of the business at an overview level. This can be done via interviews and/or annual reports and is done to understand the size and nature of your business from a numbers perspective. It also allows us to get a feel for the underlying cost structures of the business. *(Interview time of no more than 1 hour).*

**DIGITAL DIAGNOSTIC.** Using an online questionnaire we would ask your key leadership team members to answer some questions about the current and future use of technology as well as their view on processes and gaps within the business. We use this to understand the overall view of how technology is used in the business. *(Up to 1 hour).*

**DIGITAL MATURITY.** As part of the diagnostic process we ask your stakeholders to let us know the level at which they have an understanding of technology, and their views of the whole organisations capabilities; not just from a usage perspective but also from a knowledge of what technology may be capable of. Most importantly what is their propensity to change from the status quo. *(Up to 1 hour).*

**EXISTING TECHNOLOGY.** This is usually interviews with the key people who are responsible for technology in your firm. We'd interview to get an understanding of the technology being used right now within the business and where the points of integration (if any) are between systems. *(Up to 1 hour).*



## 2. Participation

On-site Workshop. Using the information from the Preparation stage we would facilitate a face-to-face workshop going through the value chain process of your business. This is to gain an understanding of what you do right now, the opinion of the team about areas that need to be improved and the estimated costs or time being wasted.

## 3. Plan

**PLAYBACK.** Prior to completion of our analysis we would have a playback session to just make sure that what we have heard is accurate and to clear up any misunderstandings or anomalies in our research.

**ANALYSIS AND FEEDBACK.** We would then take some time to create a recommendation document based on the findings showing the areas that need improvement, how they would be

best to be improved and the additional value-added or cost reduction that would result. This analysis would be in the form of a report and summary presentation. If you have a particular audience in mind, for instance, a board of directors we can tailor that presentation accordingly.

**NEXT STEPS.** At the conclusion of the Analysis and Feedback stage we would look for a consensus of the next steps. You can choose to continue with PKF Digital or progress our recommendations on your own.

The three stage process typically takes 4-6 weeks will give you the way forward with a value-enhancing plan that saves money and time.

**For more information on our digital services, please contact Don McLean from your PKF Digital team.**





The landscape of anti-avoidance measures is evolving as the ATO's focus intensifies, demanding vigilant consideration of trust arrangements and income distribution strategies.

Boris Kresic | Partner | Sydney Taxation

# ATO Tax Ruling Section 100A: The Anti-Avoidance Provision

Section 100A is an anti-avoidance provision. Although it was enacted in 1979, it has recently become one of the ATO's key focus areas. The typical target scenario is when a trust makes a beneficiary on a lower tax rate presently entitled to income, but the underlying economic benefit is received by another beneficiary (on a higher tax rate).

Where section 100A applies, the trustee will be assessed at the top marginal tax rate.

## Recent ATO views

On 8 December 2022, the ATO released its final guidance on section 100A in the form of:

- Taxation Ruling TR 2022/4
- Practical Compliance Guideline PCG 2022/2

The ruling and PCG cover various scenarios and also set out a traffic light system for the application of compliance resources. However, the biggest change is arguably the way in which the ATO will seek to apply the ordinary family dealing exception.

Broadly, where an arrangement is seen as an ordinary family dealing, section 100A cannot apply. Historically, many taxpayers have taken the view that making a family member presently entitled to trust income whilst giving the financial benefit to another member is an ordinary family dealing and therefore outside the scope of section 100A. The ATO guidance now makes it clear that this would generally not be the case, except in the case of spouses.

A typical arrangement that would attract attention can be demonstrated in example 14 of the PCG:

## Recent case law

To further complicate matters, on 24 January 2023 (after the ATO issued its guidance), the Full Federal Court handed down its anticipated decision in *Commissioner of Taxation v Guardian AIT Pty Ltd ATF Australian Investment Trust (Guardian)*. Although the case involved a somewhat unique set of facts, the Commissioner lost in relation to the application of section 100A. The case therefore poses some real question marks about the validity of the views expressed by the ATO in its recent ruling and PCG and the ATO recently stated in their Decision Impact Statement that minor updates will be made to TR 2022/4 to reflect aspects of the Court's decision.

## Key takeaways

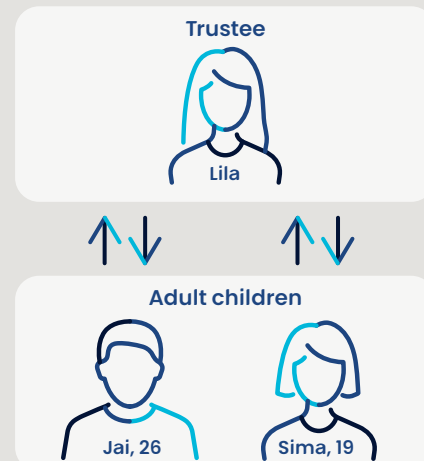
TR 2022/4 and PCG 2022/2 apply both prospectively and retrospectively with no time limit of amendment of assessments. However, in most cases, the ATO will only apply section 100A within four years of the trustee lodging the tax return. The ATO will not review arrangements prior to 1 July 2014, other than in exceptional circumstances as outlined in the PCG.

For anyone that falls outside the areas of safety, particularly with arrangements where an adult child with a lower tax rate is not receiving the underlying benefit of their distribution, please contact your PKF adviser for further guidance.

**For more information on section 100A, please contact Boris Kresic from your PKF tax team.**

## Example 14 of the PCG:

- Lila is the sole shareholder and director of the trustee company.
- Lila is the parent to adult children – Sima (aged 26) and Jai (aged 19), where they both derived no income during the year.
- The trust derives income and makes regular payments to Lila throughout the year recorded as 'beneficiary loan'.
- At the end of the year, Sima and Jai were made presently entitled to all of the income of the trust. The entitlement of the income was applied against the beneficiary loan owned by Lila in respect of their education and household expenses.





Business coaching has gained immense popularity in recent years as a great approach to unlock the full potential of individuals and businesses.

Andrew Beattie | Director | Newcastle Business Advisory Services

# Unlocking Success: The Power of Business Coaching

In the dynamic and ever-evolving world of business, entrepreneurs and business owners constantly need new strategies to stay ahead of the competition and maximise their potential for success. One powerful way to achieve these goals is Business Coaching which has gained immense popularity in recent years as a great approach to unlock the full potential of individuals and businesses.

## What is Business Coaching?

Business coaching is a collaborative partnership between a professional coach and a business leader or entrepreneur aimed at enhancing their skills, performance and overall effectiveness. Coaching occurs in a structured and supportive environment but challenges a business owner to reach further and push harder to achieve greater results than what could be achieved alone.

There is a lot of misconception about business coaching and it is easy to understand why these days, everyone is a coach! A good business coach is a trained professional who possesses extensive experience and expertise in various aspects of business, leadership and personal development as opposed to just working through the theory. They offer guidance, feedback, and encouragement, helping their clients identify and overcome obstacles, set achievable goals, and develop actionable plans to reach them. They are not yes people. They utilise the numbers in a business to check for progress but also understand the drivers to achieve them. They are about you, the business owner, rather than them.

## The Benefits of Business Coaching

1. Enhanced Leadership Skills
2. Improved Decision Making
3. Increased Self-Awareness
4. Goal Setting and Achievement
5. Effective Communication Skills
6. Conflict Resolution and Problem-Solving
7. Work-Life Balance

## Why Business Coaching is Essential

All great teams have a coach. Successful sports people have a coach. World leaders have coaches. Nearly anyone that has achieved success or things greater than they thought they could have coaches. Why should the business environment be any different?



In today's fast-paced and competitive business landscape, the need for continuous improvement and adaptation has never been greater. Business coaching provides a personalised and results-oriented approach to professional development that fosters resilience, agility, and innovation.

Moreover, as the business world becomes increasingly complex, leaders and entrepreneurs face unique challenges that may be difficult to navigate alone. Business coaches offer an unbiased perspective outside of the organisational structure, providing valuable insights and guidance that can lead to breakthroughs and transformative change.

Business coaching also contributes to the creation of a positive and growth-oriented organisational culture. When leaders undergo coaching, they set an example for their teams, encouraging a learning mindset and openness to change throughout the organisation.

Business coaching has emerged as a powerful tool for unlocking the full potential of individuals and organisations. By focusing on personal growth, leadership development, and goal achievement, business coaching helps entrepreneurs and executives thrive in a competitive business environment. The benefits of business coaching extends beyond individual growth, positively impacting organisational culture, and overall business success. As the business landscape continues to evolve, business coaching remains an essential investment for those committed to achieving excellence and staying ahead in today's dynamic world of commerce. The question is not 'Why should you do it?' but rather 'How can I not?'.

**At PKF we have multiple business coaching options available being one on one, peer groups or industry groups, teams within a business and advisory boards. If you think your business or leaders could benefit from a discussion as to how coaching could help you, please get in touch.**



# EOFY Ball 2023

The end of the financial year holds significant importance within the corporate world. While many dread the impending tax season, our Sydney and Newcastle team held a wonderful evening of celebrations at Royal Randwick Racecourse to celebrate the financial year that was and embrace the one to come.

For PKF, the end of the financial year represents the opportunity for our teams to get dolled up and come together to acknowledge and honour our successes and achievements. The atmosphere in the room was brimming with excitement as our various formalities – awards, recognition of significant service milestones, and our Mark Lonnon Employee of the Year generated a great deal of enthusiasm for all of our family and friends to finish the night in lively fashion on the dance floor.

A special mention and congratulations to Sangeetha Ravisankar for winning the Mark Lonnon Employee of the Year award. You can read more about Sangeetha on page 8.

Our annual EOFY Balls also gives us an opportunity to recognise those within our firm celebrating significant milestones. We had 10 employees all celebrating 5, 10, or 15 years with the firm! Congratulations to all, your continuous efforts with the firm are greatly appreciated. Additionally on the night, the team were able to acknowledge 6 significant milestones that were celebrated. We want to send a big congratulations to:

- Natalie Fahey from Practice services for celebrating 20 years.
- Senray Loy from Business Recovery and Insolvency for celebrating 20 years.
- Damien Passmore from Wealth for celebrating 20 years.
- Tony Doyle from Practice Services for celebrating 20 years.
- Brad Tonks from Business Recovery and Insolvency for celebrating 25 years.





# Mark Lonnon Employee of the Year – Sangeetha Ravisankar

## Introducing our data superstar

Sangeetha is a consummate professional motivated by numbers with over four years' experience here at PKF. Her role encompasses: governance and risk management, as well as business intelligence.

In the area of workplace compliance and wage underpayment analysis, Sangeetha's expertise has been instrumental in identifying unpaid salaries exceeding \$3 million for one employer. Beyond identifying breaches, she actively works with clients to implement technologies that prevent future occurrences.

As a valued member of PKF's audit team, Sangeetha plays a pivotal role in both internal and external audits. Her commitment to data accuracy ensures that audit reports are robust and precise, reducing audit risk. She recently presented at the PKF Audit and Assurance National Training seminar and the PKF AsPac Conference, showcasing her expertise in data and tools such as Power BI to train audit analysts across the Australia and Asian Pacific PKF member firms. Moreover, Sangeetha is actively involved in strategic planning and expanding the Data team we have here at PKF Sydney and Newcastle

Looking ahead, Sangeetha's five-year goals involve attaining a senior position at PKF, leading a team, and participating in decision-making processes. She is pursuing leadership development and mentorship opportunities within the PKF network, aiming to broaden her perspective and grow her professional network.

Sangeetha's commitment to her workplace and the community is evident through her various initiatives. She actively promotes well-being and open communication among staff, addressing burnout issues through real-time feedback. As a member of the Diversity, Equity, and Inclusion council, she contributes to fostering an inclusive work environment.

**Sangeetha's passion for her role, dedication to the community, and ability to foster inclusivity make her an exceptional employee at PKF.**

Her outstanding contributions earned her the Employee of the Quarter award for Q4 in FY 22/23 and took out the Mark Lonnon Employee of the Year Award. Sangeetha's excellence in driving data analytics and her genuine willingness to help others stand out made her a deserving recipient. Sangeetha's Indian heritage as well as being bilingual see her effortlessly assimilates herself with grace and humility creating a welcoming atmosphere for colleagues and clients.

Sangeetha's passion for her role, dedication to the community, and ability to foster inclusivity make her an exceptional employee at PKF. Her remarkable achievements and commitment to professional growth with make her a valuable employee at our firm.





When it comes to managing your Self-Managed Superannuation Fund (SMSF), keeping your documentation up to date is crucial.

Daniel Clements | Partner | Newcastle Superannuation

# The Importance of Updating Your SMSF Deed

One of the key documents that requires regular review and updating is the SMSF deed. This legal document outlines the rules and regulations governing your fund and failing to update it can lead to potential legal and financial risks. In this article, we will explore the reasons why updating your SMSF deed is essential and how it can help safeguard your retirement savings.

## Compliance with Changing Legislation

The superannuation landscape is constantly evolving and regulatory changes can significantly impact the operation of your SMSF. By updating your SMSF deed you ensure that your fund remains compliant with the latest laws and regulations. Staying abreast of legislative updates helps you avoid penalties, potential legal disputes, and costly compliance issues that may arise due to non-compliance.

## Incorporation of Best Practices

An SMSF deed is the governing document that outlines the rules and operations of your fund. Over time, industry best practices and legal frameworks evolve, updating your SMSF deed provides an opportunity to incorporate these new practices. This includes provisions related to estate planning, binding death benefit nominations and other strategies to protect and distribute your assets according to your wishes.

## Clarity in Decision Making

An SMSF deed that accurately reflects your intentions and objectives provides clarity in decision making for both trustees and beneficiaries. An outdated deed may lack clarity or contain ambiguous provisions that can lead to misunderstandings or disputes. Updating your SMSF deed enables you to clearly define roles, responsibilities, and decision-making processes, reducing the potential for conflicts and promoting smoother operation of your fund.

## Future-Proofing Your Fund

Updating your SMSF deed is an investment in the future of your fund. It ensures that your SMSF remains relevant and adaptable to changing regulatory environments, protecting the interests of all members. Regularly reviewing and updating your SMSF deed demonstrates good governance practices and strengthens the long-term sustainability of your fund.

Your SMSF deed is the foundation upon which your self-managed superannuation fund operates. Failing to update this essential document can expose you to legal, financial, and compliance risks. Take the necessary steps to secure your financial future by keeping your SMSF deed up to date and consult with a qualified professional to ensure you navigate the process correctly.



**The superannuation landscape is constantly evolving and regulatory changes can significantly impact the operation of your SMSF.**

**By updating your SMSF deed you ensure that your fund remains compliant with the latest laws and regulations.**



KNIGHTS

PKF Community

# Community Commitment Underpins PKF Partnership

A shared commitment to the community drove the nib Newcastle Knights' partnership with the leading Australian multi-disciplinary accounting and advisory firm, PKF Sydney and Newcastle.

PKF, originally founded as Lawler Partners in Newcastle in 1977, is one of the pre-eminent firms in the Hunter Region.

With a Newcastle-based team of specialists and deep local knowledge and experience, the Knights partnership has been a great example of PKF's absolute commitment to the Newcastle community.

"We are proud of our partnership with the Knights for the 2023 season," said Bob Bell, Managing Director of PKF Sydney and Newcastle.

"Our connection to Newcastle dates back to 1977 and this partnership represents our ongoing commitment to the local community and the Hunter region."

Praising PKF's commitment to Newcastle and the Hunter, the Chief Executive Officer of nib Newcastle Knights and Wests Group Australia, Mr. Gardner, regarded the partnership as yet another example of an organisation solely dedicated to strengthening the community.

"As a Club, we learnt a great deal from PKF's long-term approach," Mr. Gardner explained.

"We have a deep and enduring connection to our community and we exist to give back to the people who give to us – and that is exactly what PKF does in business and in life. I thank Bob, Andrew and the entire PKF team for the trust and endorsement that is inherent in linking their brand to ours. We are delighted to be in this partnership and look forward to a long-lasting collaboration with PKF."



PKF's partnership with the Knights represents an expansion of its portfolio and joined well-established grassroots partnerships with events like the annual Breast Care Breakfast for Hunter Nurses, Hunter Rugby Union, and Merewether Carlton Rugby Union Club.

"A pillar of PKF is community and giving back in a meaningful way, and it means much more than words," Andrew Beattie, Partner at PKF Sydney and Newcastle said.

"Our firm started over 45 years ago as a humble local accounting business here in Newcastle and those humble beginnings and a strong tie to the community continue to drive us today."

"The Newcastle Knights are so much more than a rugby league team, they reach and inspire the whole Newcastle region. And our firm has been proud to be connected to the Knights, in one way or another, since their inception."

"We are proud that our two brands have been shoulder to shoulder once again and giving back to this wonderful, loyal and passionate Newcastle community."







PKF Wealth and Newland Risk enter into a new JV to bring a new level of service for PKF Wealth clients.

Daniel Isenhood | Personal Insurance Adviser | PKF Wealth | Sydney and Newcastle

# How Long Should I Hold?

In May of this year, PKF Wealth established a joint venture with Newland Risk. This strategic partnership enables the PKF Wealth Adviser Team to exclusively focus on wealth creation and retirement funding solutions, while Newland Risk is committed to enhancing the quality of PKF's advisory services in Personal Insurance, particularly the provision of Life and Disablement insurance.

Wealth and retirement planning have undergone rapid transformation in every aspect. Significant challenges have risen from the advancement of technology, including the consequences of A.I., the increasing whitenoise of ESG and cryptocurrency, and the need to adapt to regulatory changes.

Keeping up with the speed of wealth markets and packaging it for client consumption is a specialisation. Separately, the other specialisation within financial advice is obtaining, maintaining and claiming personal insurance.

Over the last six years the insurance industry has seen evolved immensely. Unlike the excitement of wealth, the forces of change within insurance are driven primarily by claims. Very successful claims.

In 2022 alone, Zurich, which includes their OnePath product range, paid claims to Australians, across all product lines in excess of \$1.3B. TAL paid \$3.5B in claims to Australians. While AIA paid \$2.1B.

Claim trends across the three major insurers is similar. These are worth highlighting:

Age	Trend
26	The age of the youngest claimant for Total & Permanent Disability
49	The average age of Females who claimed on their Income Protection with breast cancer
51	The average age for all Trauma Insurance claims
62	The percentage of Trauma Insurance claims for Cancer
69	The percentage of all policy holders who made a claim for Income Protection



This is in part reflective of Australia's generous policy designs colliding with our aging population, a significant uptick in middle-age metastasies, auto-immune diseases and poor mental health.

Once again, insurance's opposing forces need to be reconciled. There is no doubt the eye watering sums paid in the form of claims is heartening. However, insurance companies and their regulator APRA insist that sustainability and viability must be maintained.

For insurers to absorb claims growth they must share the burden with customers and their advocates (us advisers).

Insurance companies are limited to very few strategies to counter claim growth plus achieve sustainability and they are fundamental to your policy ownership. These strategies are:

## 1. OBTAIN – Conservative selection or greater discrimination at time of underwriting.

- The best time to obtain insurance is while you're healthy. Attempting to time the purchase of insurance just prior to lifes hazards is like trying to catch a falling knife by the handle.
- Life is neither neat nor predictable and health challenges can't be avoided, therefore its essential we find the right insurer to meet your unique risks.

**Once again, insurance's opposing forces need to be reconciled. There is no doubt the eye watering sums paid in the form of claims is heartening.**



2. **MAINTAIN** - Adjusting premiums upwards. Age-based premiums increase yearly. Additionally, if claims experience is excessive, insurers will further increase premiums across their pool of risk. This can put frustrating pressure on any family budget.
  - Proactive premium management strategies is a fundamental of overall risk management.
3. **CLAIM** – All Australian retail insurers have worked very hard for their market positions and brands and are loathe to make the claim process any harder at such a trying time.
  - No insurer is perfect, which makes our role as a claim advocate crucial for an expedient successful outcome.

Furthermore, claim success in 2023 is stronger than ever before due to strong regulatory decision-making and insurers sustainable strategies. Personal insurance has never been more important to Australian families and businesses.

Newlane's objective is to help PKF Wealth clients navigate all facets of policy ownership. If you'd like to explore a review of your insurance needs or if you'd simply like a reminder of your existing arrangements, please get in touch with us directly or ask your PKF Tax or Wealth Adviser for an introduction.



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At PKF we think it is important for our clients to 'get to know' our team, so we took five minutes to chat with Daniel to find out some interesting things about him."

Daniel Isenhood | Personal Insurance Adviser

## Take 5 with Daniel Isenhood

**Q. What career advice would you give to your younger self?**

Acknowledge your weaknesses and work hard to improve them.

**Q. What TV shows are you watching right now?**

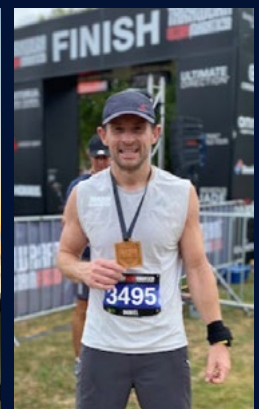
An endless stream of golf instruction on YouTube. Also, 'The Bear', on Disney. I managed to fit that in recently. Highest quality production I've seen in a while with plenty of satisfying famous cameos.

**Q. If someone were to play you in a movie, who would it be?**

Christian Bale. Probably an emaciated version, not the Bruce Wayne specimen...

**Q. What do you love most about your job?**

Helping fortify a client's finances after they've been dealt a cruel blow to their health. Because it's the sudden culmination of years of toil including implementation challenges, premium maintenance, and faith in our promises. All at once, terribly sad, and professionally rewarding.





Then bankruptcy could be an option that will free your client of the financial burden and provide them with the opportunity to regain control over their financial outlook.

Kristen Triglone | Registered Trustee in Bankruptcy | Sydney Business Recovery and Insolvency

# Fresh Start: The Pros and Cons of Bankruptcy

As a bankruptcy trustee, I have seen firsthand the positive impact that bankruptcy can have on people who are struggling with overwhelming debt. The key benefits of bankruptcy are the relief and fresh start that it can provide. It can allow individuals to get back on their feet and start working towards a more stable financial future.

If you have clients that are struggling with:

- Higher interest rates
- Higher costs of living from inflation
- Keeping up with ATO payment arrangements
- Lockdown Director Penalty Notice(s) that they cannot afford to pay
- Overwhelming amounts of debt under personal guarantees from a corporate failure OR
- Generally paying their bills.

Then bankruptcy could be an option that will free your client of the financial burden and provide them with the opportunity to regain control over their financial outlook.

Bankruptcy is a legal process which allows people to declare themselves unable to repay their debts. It is often viewed as a last resort for those who are struggling to manage their finances but sometimes it is a necessary step that provides relief and a fresh start financially.

However, bankruptcy it is not a decision to be taken lightly. It is important for people to fully understand the consequences. Before applying for bankruptcy, people should get advice about all of their options and consider whether it is the best decision for their circumstances.

## Some key benefits include:

- The discharge and relief from most unsecured debts, including:
  - Tax liabilities
  - Credit card debt
  - Utility bills
  - Unpaid rent
  - Personal loans
  - Debt personally guaranteed from a corporate failure

- Asset protection for certain assets that a bankrupt person can keep, including:
  - Superannuation
  - Tools of trade
  - A motor vehicle up to a value of \$9,100
  - Ordinary household items
- Unsecured creditors are unable to pursue bankrupts for unpaid debt or commence legal proceedings for unpaid debts incurred before bankruptcy.

## The key consequences of bankruptcy include:

- Names of bankrupts permanently appear on the National Personal Insolvency Index which is a public registered that can be searched for a fee
- It can have a negative impact on credit ratings and may affect one's ability to obtain credit after bankruptcy
- Some trades and professions have restrictions that may apply whilst people are bankrupt. For example: builders, accountants, and lawyers
- People cannot act as a director or manage a company or act as a trustee whilst bankrupt
- It must be disclosed when incurring credit in excess of \$6,771 during the bankruptcy
- Compulsory income contributions might have to be paid to the bankrupt estate if income exceeds a prescribed threshold. The threshold is increased with the number of dependants a bankrupt supports
- Assets including any house may be sold by the bankruptcy Trustee
- Written consent of the Trustee is required to travel overseas
- Some debts are not discharged. For example: HECS & HELP, Child Support & Maintenance, Court imposed fines, and unliquidated debts
- It lasts for three years
- The perceived stigma associated with bankruptcy can take a toll on mental health and relationships.

Despite the challenges and stress involved, bankruptcy offers the potential for a new beginning, alleviating financial burdens, and rehabilitation from unmanageable debts.

**If your client is grappling with overwhelming debt, bankruptcy could be a suitable solution. PKF is here to offer guidance tailored to their unique situation and assist them throughout the process. Please contact our Business Recovery and Insolvency team for a free initial consultation.**





PKF Community

# Newcastle Breast Care Breakfast

We are delighted to announce our Breast Care Breakfast will be returning this October, bringing with it a renewed sense of purpose and continued commitment to supporting the Hunter Breast Care Nurses.

**Wednesday, 25 October | 7AM – 9AM | NEX**  
**309 King Street, Newcastle West NSW 2302**

This year, we have the honour of welcoming Helen Moore and Rebecca Chenery as our guest speakers. Helen and Rebecca are local Hunter Breast Care Nurses who are on the ground caring for those facing the realities of breast cancer everyday.

Over the last 16 years this annual heartwarming event has been held in high regard by our Newcastle community, as year after year we gather to reflect on the journey taken and the strides made in breast cancer awareness, prevention, and treatment.

In 2022, we reached our highest achievement of 360 guests and successfully raised over \$26,000 for the Hunter Breast Care Nurses. This year, we aim to exceed our goal, and continue to make sure that every dollar raised goes to making a tangible difference in the lives of those battling breast cancer.

The Breast Care Breakfast is so much more than a tradition; it is a shining example of the strength that emerges when a community comes together for a hopeful and supportive common cause. So, mark your calendars and secure your tickets by scanning the QR code.



PKF

NEWCASTLE  
HERALD

NEWCASTLE  
EXHIBITION &  
CONVENTION  
CENTRE  
**NEX.**







Following a benign period of enforcement programs during the COVID period and with the need for all levels of Government to raise revenue, it has been expected that the ATO and State Revenue Offices would commence ramping up compliance initiatives.

Ian Matthews | Director | Sydney Taxation

# NSW Payroll Tax Compliance Activities

In this article, we explore some recent compliance initiatives of Revenue NSW in relation to payroll tax compliance.

Under information sharing arrangements between the ATO and State Revenue Authorities, the use of data matching and analytical tools has meant that all State Revenue Authorities have become proficient in detecting potential non-compliance to payroll tax obligations, without needing to contact taxpayers direct to request data.

We have seen two recent Revenue NSW Payroll Tax Upfront Compliance investigation programs being conducted via email or letter. These investigations are based on data matching documents lodged with the ATO and compared to information lodged in NSW annual payroll tax reconciliations.

If that data does not match, taxpayers might expect to receive investigation correspondence in relation to:

1. The value of shares and option granted and declared as wages in annual payroll tax reconciliations when compared to Employee Share Scheme statements lodged with the ATO.
2. Fringe benefits type 1 and type 2 aggregate amounts, multiplied by the type 2 gross-up rate, declared as wages in annual payroll tax reconciliations, when compared to the FBT returns lodged with the ATO.

Revenue NSW might also be expected to use data matching techniques in analysing amounts declared for salary and wages, including bonuses, commissions, and Director fees, amongst other salary components declared through single touch payroll.

These issues can be largely avoided by taxpayers ensuring that amounts declared in annual payroll tax reconciliations are reconciled to specific amounts reported to the ATO. For amounts like superannuation, reconciliation is always advised to ensure alignment with ledger accounts or payments made through clearing houses.

The issue for taxpayers, along with having to fund the additional payment of primary tax payable for the current and prior four payroll tax years, is the penalty regime on detected underpayments which commences with a 25% flat rate penalty found during an investigation. This might then be increased to 50% or 75% depending on culpability factors.

We have also recently become aware of system generated penalties of 25% of the tax payable for late lodgement and payment of monthly payroll tax returns. This has been applied even when the lodgement and payment is only a few days late, but where Revenue NSW has issued an estimated assessment of the tax payable within that few days.

This flat rate penalty for late lodgement and payment is 'low hanging fruit' for Revenue NSW and is automated and system generated, so involves no real resource cost for Revenue NSW to issue the estimated assessments and impose the 25% flat rate penalty. For example, where the estimated assessment of monthly payroll tax is \$50,000, the 25% flat rate penalty added would be \$12,500. These penalties can be avoided by ensuring the payroll tax obligations are met by the due dates.

**Talk to the team about what your payroll tax obligations may be and avoid the aforementioned fees.**



Everyone knows the 'go-to' individuals in any business; the person everyone dreads going on leave – because who will 'do the stuff' while they're off? While these people are invaluable assets – they also pose substantial risks to the business.

Stacie Shaw | Partner | Newcastle Business Advisory Services

# "Lunch Break? Holiday? Ha. Don't be silly. The business needs me!"

Everyone knows the 'go-to' individuals that seem to be across everything. Their job description doesn't go close to capturing what they do in the business; they're the expert, the superstar and often happy to lend a hand, explain, train and in the heat of a busy moment say, "Don't worry about this one, I'll just do it and walk you through the next one."

They're the person everyone dreads going on leave – because who will 'do the stuff' while they're off? And while these people are invaluable assets – they also pose substantial risk.

They might be the business owner themselves, a longstanding team member, or someone who just got across everything real quick.

Where the business becomes reliant on their skills and knowledge – and even where they don't directly influence revenue – like the oil that surreptitiously keeps an engine running, without them processes break down or seize.

**Key Person Risk is this over-dependence on a human** – and mitigating this is more critical in 2023 than ever. Besides the 'what if' nightmare – you can't sell a business with key person risk. The business will likely be less appealing to financiers and scale becomes almost impossible to achieve.

Even if the implementation of technology decreases the need for labour it can still mean reliance on the one person who knows how to use or fix it.

## How would your organisation cope if a key individual resigned or took extended leave unexpectedly?

In an ideal world, with ample amount of time, you would have them write a comprehensive handover document that step-by-step recorded all the systems, processes, and corporate knowledge they hold, including listing out tasks they action regularly.

Preferably you'd have a documented resource that can be picked up by anyone to ensure your business could continue as if nothing had changed.

## Does creating this sound overwhelming? Do you feel daunted by this and keep putting it in the 'too hard basket'?

The PKF Process Review team aims to protect your business from Key Person Risk – including concerns that can result from



ineffective 'Band Aid' solutions. We know that everyone has a 'day job' – and there are so many things 'on the list' to do 'one day'. **And 'one day' never comes.**

In our experience, on top of lacking time, many of our clients simply didn't know where to start. Our extensive processes and systems experience coupled with an independent perspective, can bring surprising insights. We proactively and effectively step into your world and utilise best-of-breed techniques to assist you in developing, implementing, and maintaining the tools, processes and systems required to ensure your business functions no matter who is in on the day.

Whether you could benefit from a nudge in the right direction or an end-to-end review – if you feel your business could be at risk and especially if you dream of being able to take leave or even a lunch break... please get in touch with me and we'll get you where you want to be.





One of the key advantages of MVLs is that it provides a higher level of assurance that the company will not be reinstated, which can be important for companies exposed to higher levels of risk.

Katelyn Stokes | Manager | Business Recovery and Insolvency | Newcastle

# Members Voluntary Liquidation (MVL) vs Deregistration

As a business recovery and insolvency service provider, we understand that winding down a solvent company can be a complex process. One option to consider is **Members Voluntary Liquidation (MVL)**, which provides a tax-effective way for shareholders to access the stored value of the company when it no longer has a commercial use.

## Benefits of an MVL

Compared to deregistration, a MVL may be a more suitable option for companies that do not meet the legal requirements for voluntary deregistration, or for those where voluntary deregistration may not be the best choice. One of the key advantages of MVLs is that it provides a higher level of assurance that the company will not be reinstated, which can be important for companies exposed to higher levels of risk, such as public liability or workers' compensation claims that may arise in the future.

Another benefit of MVL is that it may allow access to stamp duty roll-over relief, and the tax outcome of the final distribution to shareholders is often more favourable compared to other options. Shareholders may be able to benefit from Capital Gains Tax (CGT) concessions, such as if the shares were acquired prior to 20 September 1985, in which case no tax would be payable for that part of the Liquidator's distribution (pre-CGT). Alternatively, if the shares were acquired after 20 September 1985, shareholders may be able to access either the general 50% CGT discount or small business CGT concessions.

While the initial costs of MVL may be higher compared to voluntary deregistration, the potential taxation benefits to shareholders are likely to exceed the costs of a MVL, especially if the Liquidator's distribution includes capital proceeds that would have otherwise been distributed as a dividend. Additionally, shareholders may be able to claim a deduction for the expenses of winding up over a period of five income years, as per Section 40-880 of the Income Tax Assessment Act 1997.

However, it is important to note that the effectiveness of a MVL often depends on proper planning and preparation before the appointment of a Liquidator. It is rare for a company to be ready for MVL without a thorough review of its affairs. There may be certain transactions that are more beneficial to take place prior to the appointment of the Liquidator, such as the application of all available Small Business CGT concessions and payment of any concessionally taxed liabilities.

Our team of experienced professionals can assist you throughout the MVL process, from the initial planning and preparation to the final distribution to shareholders. We can help you consider all the available options, assess the tax implications, and guide you through the legal requirements and obligations associated with a MVL. Our goal is to help you make an informed decision that will result in the most favourable outcome for your company and shareholders.

A MVL can be a beneficial alternative to deregistration for solvent companies that are no longer required. It provides a tax-effective way for shareholders to access the stored value of the company and offers advantages such as higher assurance against reinstatement, potential access to CGT concessions, and preservation of company assets whilst the Company's affairs are finalised. However, proper planning and preparation are essential for a successful MVL process, and our team is here to provide expert guidance and support every step of the way. Contact us today to learn more about our Members Voluntary Liquidation services and how we can help you navigate through the process. If you are considering winding up a solvent company, consider MVL as a viable option and let our experienced team assist you in achieving the best possible outcome. Choose us for a seamless and efficient MVL process.

**Contact our Business Recovery and Insolvency team today to learn more about our services and how we can assist you in the MVL process. Choose us for a professional and reliable service that puts your company's best interests first.**

Equity Classification	Tax Treatment (Normal Distribution)	Tax Treatment (Liquidator's Distribution)
Retained earnings	Dividend	Dividend
Pre CGT reserves	Dividend	Capital Proceeds
50% Active asset reserve	Dividend	Capital Proceeds
CGT indexation reserve	Dividend	Dividend
Paid up capital	Capital Proceeds	Capital Proceeds

# Home in Place: Grow a Star New Zealand Trek 2024

PKF Sydney and Newcastle are thrilled to be a part of the incredible second fundraising trek led by Community Housing's, Home in Place.

The six day, 50km adventure raises funds contributing to Home in Place's youth mentoring and scholarship program, Grow a Star. Departing Christchurch on 16th April 2024 and finishing in Queenstown on the 22nd April 2024, participants will hike through New Zealand's breathtaking landscapes including Lake Tekapo, Mount Cook, Wanaka and the famous Tasman Glacier.

PKF Sydney and Newcastle is delighted to be back for the second time to support Home in Place's endeavors. Our two Partners, Clayton Hickey and Kym Reilly, share their decision to participate in the trek reflecting PKF's commitment to making a meaningful impact in the community.

Clayton expresses his enthusiasm saying *"We believe in the power of education and mentorship to transform lives. The Grow a Star program aligns perfectly with our values and we are honored to be a part of this journey to empower young minds and help them overcome challenges."*

Kym adds *"Supporting initiatives like the Grow a Star trek allows us to channel our passion for adventure and philanthropy into a tangible effort. This event showcases the strength of unity and collective determination, something that resonates deeply with us."*

Home in Place Events and Partnerships Manager, Michelle Faithfull, is also an experienced trek leader. With six treks already under her belt, it will be her second time leading the group of like-minded individuals across the stunning Southern Alps of New Zealand.

In the words of Michelle *"We are so excited to have PKF on board as sponsors this year and in particular having both Clayton and Kym signing up as participants. It's important for us to have this financial support, as it ensures that all funds raised by participants will go directly to help disadvantaged youth in our region, to break the generational cycles and pursue their academic, sporting or creative ambitions."*

*It's a medium level intensity trek, which means it's open to a broad range of people with varying fitness levels. Sure, there will be physical challenges but it's a team effort. Nobody gets left behind, we walk as a group and we take each day at a pace that everyone in the group can manage. Some people are intimidated by the fundraising side of things, but there is plenty of support on hand from Inspired Adventures."*

To help the team in their fundraising efforts please scan here.



If you are interested in signing up to participate in the trek, or would like more information scan here.





At PKF we think it is important for our clients to 'get to know' our team, so we took five minutes to chat with Greg to find out some interesting things about him.

Greg Grant-Smith | Partner | Taxation

# Take 5 with Greg Grant-Smith

## Q. Do you have a career highlight so far?

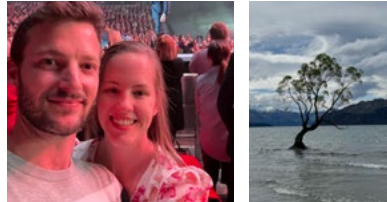
I was recently promoted to Executive Director/ Partner within the Sydney Corporate Finance team – that's easily my career highlight so far. I am surrounded by a senior team who strive to support everyone to achieve their best whilst running their own race.

## Q. Where's the next place on your travel bucket list and why?

Anywhere tropical – Hawaii is a favourite but I think Mauritius is overlooked.

## Q. What motivates you?

It's cliché, but cliché for a reason – to strive to be better than I was yesterday. A better dad, a better husband, a better son, a better advisor, a better person.



## Q. If you could choose to do anything for a day, what would it be?

There aren't many things that I'd rather do than spend a day with my wife and two children. Would not need to be anything special, just spending quality time together.

## Q. What is the luckiest thing that has ever happened to you?

Not really a believer in luck, but something that did happen by pure chance was sharing an elevator ride with Nicole Kidman. She is very humble and easy to talk to but I didn't realise she was so tall!

## Important Dates for your Tax Diaries

### October

21	Due date for lodgement and payment of September 2023 quarter PAYG Instalment Activity Statement for head companies of consolidated groups.
21	Due date for lodgement and payment of September 2023 monthly BAS and IAS.
28	Due date for superannuation guarantee contributions for September 2023 quarter.

### November

21	Due date for lodgement and payment of October 2023 monthly BAS and IAS.
25	Due date for lodgement and payment of September 2023 quarter activity statement if lodging electronically.

### December

1	Due date for payment of taxable large and medium taxpayers, companies and super funds.
21	Due date for lodgement and payment of November 2023 monthly BAS and IAS.

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