

Business Action – August 2012

In this month's *Business Action*, we focus on employers and in particular ATO rulings in respect of the Subcontractor/Employee relationship.

If your Business employs workers as Sub-Contractors, you could still be required to contribute Superannuation Guarantee amounts on their behalf:

The Australian Taxation Office is stepping up its efforts in identifying contractor arrangements, which in essence are deemed employee relationships. If you engage subcontractors (particularly labour only) you could be putting yourself at risk of not complying with various legislative requirements.

Some contractors you engage could be classified as "employees" which results in a requirement by employers to have them included in various reporting regimes such as Workcover Insurance and Superannuation Guarantee. Just because you pay someone through their Australian Business Number (ABN), does not exempt your business from having Superannuation and other commitments on their behalf.

There is an increasing trend in the community for Employers to engage contractors with an ABN, or request potential workers to obtain an ABN, in order to relieve the Employer of the administrative burden of providing compulsory employee entitlements. **DO NOT FALL INTO THIS TRAP!**

- **Recommended Action** – *If your business employs contractors to provide services for your business, you should take immediate action to determine their status in the eyes of the ATO. We have provided a hyperlink below to an ATO website detailing with this topic in more detail and includes a decision tool that can assist you in doing this and create clarity for each subcontractor arrangement you have in place. The tool is anonymous and is used by ATO audit teams themselves.*

We also recommend that any future hiring arrangements be made using this tool and workers be placed on the payroll should they be determined to be employees.

- [Employee or contractor ATO website](#)

Business Review 2012/13

Now is an ideal time to talk to us about business development strategies for your business, particularly relating to:

- [a business health check](#)
- [business evaluation workshop](#)
- [cashflow management, including:](#)
 - [debtors](#)
 - [stock](#)
 - [work in progress reviews](#)
- [business plan development for 2012/13](#)
- [budgets & cashflow forecasts for 2012/13](#)
- [succession planning](#)
- [sales targets and calculations of "what ifs"](#)
- [buying a business - if you're contemplating expanding your business operations](#)
- [selling a business - if you're planning on selling your business](#)
- [bank's/lender's review](#)
- [gross profit analysis review](#)
- [leadership review](#)

If you'd like us to undertake a business review on your business, please [contact us](#) as soon as possible.