VANTAGE
TAX & BUSINESS SERVICES
YOUR BUSINESS IS OUR BUSINESS - YOUR SUCCESS IS OUR REPUTATION

TAX PRACTITIONERS BOARD REGISTERED
Tax agent 59124009

CPA AUSTRALIA

September 2017

T (03) 9859 8555 | F (03) 9859 8777
info@vantagetbs.com.au | www.vantagetbs.com.au
Level 1, Suite 5, 796 High Street, Kew East, Vic, 3102

7 Trends Rocking Video Marketing in 2017

Unless you've been living under a rock, you would know that marketing has changed over the last 5 years. Video content has rocketed up the ladder of importance and it's fair to say, video is no longer an option for businesses looking to grow, it's essential. Here are some statistics to support the importance of video marketing:

- One third of all online activity is spent watching video
- 90% say that product videos are helpful in the decision making process
- Video in an email leads to a 200-300% increase in click through rates
- It's easier to remember video than text and 80% of customers remember a video they've watched in the last month
- The average internet user spends 88% more time on websites with video
- According to Facebook, 90% of their content will be video by 2018
- Video is projected to claim more than 80% of all web traffic by 2019

These stats highlight how your customers and clients want to view and interact with content. Even the smallest businesses can take advantage of the video revolution. It's a powerful way to communicate the story of your business, explain your points of difference and feature your niches.

These are the video marketing trends that you need to be aware of in 2017:

1. Customers Want to Use Video as Part of the Buying Process

We know that up to two-thirds of the buying process now happens online. Potential customers are viewing your website, blog, social media and online reviews before they get in contact with you. And that's the way they like it.

In fact, 40% of prospects would prefer to complete the whole buying process online, without ever talking to a human being!

However, if these prospects decide not to buy your products or services you would rarely know they were even looking at your website. With traditional marketing, prospects did their research by contacting you directly and follow up calls to 'missing-in-action' prospects were standard practice in a bid to close the sale. Now, prospects complete their research online and if they don't find exactly what they need, they sneak off elsewhere and we have no way of tracking their movements.

When you incorporate video into your sales process you can present prospects with a 'sales person' on their terms. You can show them your brand, people, approach, knowledge and even your location in a way that words and still images alone can't achieve. Moreover, prospects can digest the information in their own time, on their terms.

Continued next page

The greatest compliment we receive from our clients is the referral of their friends, family and business colleagues. Thank you for your support and trust.

7 Trends Rocking Video Marketing in 2017 (Continued)

2. Only Video is Good Enough

Over the past few years, businesses have jumped on the video marketing bandwagon. This medium is simply better at communicating your marketing messages. They say a picture paints a thousand words while one minute of video is statistically worth 1.8 million words! (Source: Dr James McQuivey)

It's a very efficient marketing tool but it's also what our customers demand. In fact, 25 percent of consumers were found to lose interest in a brand if it did not have a video explaining its product or service.

3. That Old Adage - It's Quality Over Quantity

With video marketing exploding in popularity you have to stand out from the crowd. Low-quality videos will not get the views or engagement your business needs. In fact, they may do your brand more harm than good if they look amateurish.

When you're investing in filming and post-production of a video, you want to see a return on your marketing dollar. First impressions count and you need a professional, high-quality video that will stand the test of time and still look modern in years to come.

4. Video will Take More of Your Marketing Budget

Brian Halligan from leading marketing group Hubspot recommends that video marketing should make up 50 percent of your marketing mix! This can make business owners cringe because they know video production can be more expensive than other marketing channels like social media or blogging. However, you should remember that marketing is an investment not a cost and it is your return on investment that really matters.

It's important to ensure that your marketing agency understands the trend towards video. If you're looking for a marketing package you want to make sure it incorporates consistent filming and post-production work along with all your other marketing essentials.

5. Facebook's 2017 Goal is "Video First"Just Like Yours

We have known for some time that you are 53 times more likely to show up on the first page of the Google rankings if you have a video on your website. It's not surprising given Google owns YouTube.

Now Facebook will also give you preferential treatment for uploading videos. Their CEO, Mark Zuckerberg announced this in 2016 when he stated that video viewership doubled from 4 billion views per day to 8 billion views per day in just seven months. He said that they were recognising that video is what their users want to see. There was no mistaking what the Facebook CEO meant when he said, "I want to start by talking about our work around putting video first across our apps..."

They are even testing a dedicated video feed stream to let viewers only watch videos shared on their network. Without video as part of your marketing campaigns, you will miss the boat.

6. More Videos will be Designed to Play without Sound

The majority of online video is now consumed on mobile devices such as a smartphones and tablets. This means people are watching video on public transport, in cafes, in the work lunch room and possibly even at their work desk … but we'd never rat them out on that!

Continued next page

7 Trends Rocking Video Marketing in 2017 (Continued)

The point is, Facebook recognised that it suited their users better if videos played without sound. While 85% of Facebook video is played without sound, 96% of YouTube video is played with sound (Source). You therefore need to make sure you not only have a fantastic script and soundtrack but you also have an advanced post-production team who are able to communicate your message in captions and on-screen graphics.

7. Email Marketing, Newsletters and Blogs Will Be in Video Format

Using the word 'Video' in the subject line of an email increases open rates by 19%. Placing a video in your email newsletter increases click-through rates by 200 to 300 percent.

It's clear, people prefer to watch than read so if you incorporate videos into your blogs, newsletters and email marketing you will get more viewership, engagement and a higher return on your marketing investment.

Conclusion – Stop Playing Catch-Up

Like every trend, to see real results you need to stay ahead of the curve. If you are using digital marketing techniques like social media, blogging and email marketing you're probably just keeping up with the competition. Essentially, you're just doing what needs to be done to stay in business in today's competitive market.

If you want to GROW your business, you need to be a trend setter and video is the direction you need to take.

Quick Tips to Grow Your Business, Increase Profits and Maximise Return On Investment

Over-delivering is one of the best ways to please your customers and keep them coming back for more. Ensure that whatever you offer them is of the highest quality and is your best work every single time. Over delivering beats over promising every single time.

Out Source: Hiring people who can do the things you can't is both practical and cost efficient. Nobody can be a specialist at everything. Many entrepreneurs like to do everything themselves but by hiring people who are experts at the things that you are not, you will get more done, freeing up some of your time so you can concentrate on the things that you are actually good at, growing your business.

Work Clothing Tax Deductions… Myths Debunked

The Australian Taxation Office has warned business owners and employees to get with the program when it comes to claiming tax deductions for their uniform expenses.

Over the past five years, claims for uniform and laundry deductions have increased by around 20%. This has made the ATO sit up and take notice. The ATO Assistant Commissioner, Kath Anderson has stated that too many taxpayers' beliefs around how to claim clothing deductions are wrong. She described these taxpayers as 'confused' and sought to clarify and remind them that you can only claim deductions for occupation-specific clothing.

There are a clear set of guidelines for business owners, employees and the self-employed regarding claiming clothing. Anderson said, "You have to have spent the money yourself and can't have been reimbursed. Two - the claim must be directly related to earning your income, and three - you need a record to prove it."

This has been a hot topic with a government discussion paper released in November last year. It proposed that all non-compulsory work uniforms could be removed from the list of acceptable tax claims. This would include those uniforms worn by nurses and healthcare workers.

In July this year, the ATO Commissioner, Chris Jordan queried the scale of workplace uniform deductions. These deductions amounted to $1.6 billion in 2014/15. That figure would assume half the population of Australian taxpayers were in roles that required them to buy things like protective clothing or a uniform.

There is no doubt that uniform and laundry claims are on the ATO's radar, so let's clear up what you can and can't claim.

What Precisely Can You Claim?

To claim a tax deduction for wearable items of clothing they need to be protective clothing or a registered uniform. Essentially, it has to be something you would not wear outside of work.

The ATO has advised that for business owners who provide corporate wardrobes and occupation-specific clothing to workers in their business, this falls under "other operational expenses", and the business owner can generally claim a tax deductions for these items.

For individuals and the self-employed, here are three more things you need to know about uniforms and laundry expenses.

❶ You Must Have Evidence

The ATO has made it clear that if requested, you should be able to provide supporting evidence on:

- How your laundry expenses were calculated
- Why you need to wear specific clothing to work
- How you calculated your final claim figure

The expense claim under most scrutiny this past financial year is the $150 allowance for clothing and laundry. In general, they are more relaxed with regards to record keeping for this category of deduction but something odd has triggered the ATO's attention.

Over 1.6 million taxpayers claim a deduction of *exactly* $150. This common idea you can claim a standard deduction of $150, without spending money on appropriate clothing and laundry, is a myth.

ATO Assistant Commissioner Kath Anderson stated, "We expect many of these claims to be legitimate but the results of our random audits show that people are making mistakes." It is expected that individuals who make this

Continued next page

Work Clothing Tax Deductions... Myths Debunked (Continued)

claim this financial year can expect the Tax Office to ask for evidence.

❷ Dress Codes and Colour Requirements

Even if your employer asks you to wear clothes that meet a specific dress code, or colour requirement, you can't claim a deduction. This is because they are still classified as everyday clothing.

It comes back to the point we mentioned earlier; you can only claim for items that you would not wear outside work.

Individuals cannot make claims for everyday clothing even if it's a cultural expectation or specifically requested by their employer, that they appear a certain way at work. This means suits, business attire and formal wear are not tax deductable.

Also, if a business requires employees to wear that business' own products or brand, the employees still cannot claim a tax deduction.

❸ If You Received an Allowance

Finally, if your employer or your own business provides an allowance for clothing or laundry, or has already paid for clothes as a business expense, those claims are also not deductible.

If you received an allowance for part of the clothing or cleaning from an employer, "you need to show the amount of the allowance on your tax return", the ATO advises.

If you're unsure about the tax deductibility of your work related clothing, we invite you to contact us to discuss the rules and regulations.

Retail staff who are asked to wear the company's own clothes can not claim a tax deduction for those clothes.

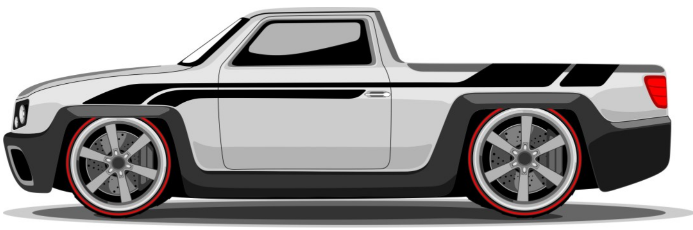
The Work-Related Expense Claims the ATO is Watching This Year

The Tax Office has reported that in 2015/16, Australians claimed about $23 billion of work-related expense deductions, however, the ATO believe a significant proportion of this amount is the result of over claiming of expenses. As a consequence, the ATO have stated that they will be monitoring higher than expected claims for cars, travel, clothing, internet, mobile phones and self-education expenses this financial year.

Assistant Commissioner of Taxation, Kath Anderson said, "This tax time, the ATO is looking at higher than expected work-related expense claims by comparing taxpayers with their peers in similar jobs, earning similar amounts of income. While larger than usual claims might be legitimate, it may cause the ATO to ask further questions and check with your employer."

Motor Vehicle Expenses

The most common work-related expense claims are for car expenses, which amount to more than $8 billion in claims each year. The ATO state that travel between home and work cannot be claimed unless your home is your employment base and you are required to travel to a different workplace to work for the same employer.



Continued next page

The Work-Related Expense Claims the ATO is Watching This Year (Continued)

Motor Vehicle Expenses (continued)

You must also demonstrate that you regularly work at more than one job site each day before returning home (e.g. a tradesperson) and you had to use your car to carry bulky tools or equipment. According to the Assistant Commissioner of Taxation, "To get a deduction for carrying bulky tools it is not enough to simply choose to carry bulky tools or equipment, such as ladders, wheelbarrows and cement mixers, to work. To claim this deduction, you need to show your employer required you to transport all the tools or equipment to work (that is, you did not carry them as a matter of choice or convenience)."

In addition, you also need to show the equipment was essential to earning your income (that is, without the equipment, you couldn't earn your income), there was no secure area to store the equipment at the work site and the equipment was bulky and difficult to transport.

Travel – Meals and Accommodation

More than $2 billion of work-related travel expenses are claimed each year.

Taxpayers can claim car fuel and parking for work related trips outside their usual place of work, however, they can only claim costs for accommodation and meals if they are required to work away from home overnight. "You can't claim a deduction for any private component of work-related travel," Ms Anderson said. "Receiving an allowance from your employer does not automatically entitle you to a deduction. If you receive a travel allowance amount on your payment summary (group certificate) you must declare it as income, and you can only claim for the expenses you actually incur."

Internet and Mobile Phone

Taxpayers are not entitled to claim mobile phone and internet use that is for private purposes. The ATO will focus on the apportionment between private and work use. Ms Anderson said, "We allow a claim of up to $50 for work-related mobile phone and internet use without the need to provide detailed records. However, you still need to be able to demonstrate that you spent the money and were required to incur these costs for your job."

Self-Education

Claims for self-education expenses (which amount to about $2 billion annually) must be related to current employment, not future or desired employment.

Assistant Commissioner of Taxation, Kath Anderson said, "You cannot claim a deduction for courses that do not have a strong connection with your current employment or a course that might help you get new employment, even if it is your dream job. You might be able to claim a deduction for work-related education expenses if your studies directly relate to your current job, such as upgrading your qualifications or improving specific skills."

Home Office and Work Equipment

Each year more than $7 billion in home office costs, tools, equipment and other items are claimed. Deductions for tools, equipment or other assets can only be made if they are used to earn income. Accessories such as a bag used specifically for work to transport a laptop, papers or other work-related items in doing your job can also be claimed. If you were required by your employer to work from home, you can only claim a percentage of your running expenses for your home office.

Clothing—see *Work Clothing Tax Deductions… Myths Debunked* article page 4 & 5.

If you have any queries about the tax deductibility of your work related expenses please don't hesitate to contact us.

Planes, Trains & Automobiles

Financing Assets in Your Business

There are a number of different ways to finance the purchase of vehicles and equipment for your business but you might be surprised to know the range of assets you can actually finance. While cars, trucks and equipment are items commonly financed, it is possible to finance boats, buses, planes, computers, dental chairs and office fit outs.

If you're thinking of buying, upgrading or replacing any vehicles or equipment in your business we will briefly look at the various finance options and examine their tax consequences.

The most common finance methods used in this country include:

❶ Chattel Mortgage - acquire an asset through a secured loan agreement

❷ Operating Lease - lease an asset through a rental agreement

Both these options have different tax, accounting and GST implications. In addition, the type of finance you use can also affect:

- the timing of when you become the legal owner of the asset and
- the amount and type of tax concessions available (e.g. who claims the depreciation on the asset and can the monthly repayments be claimed as a tax deduction).

We get questions every day from clients about which finance method to use but it really depends on your individual situation. The regulations around asset finance are complex and as accountants, our client brief includes helping you save money which includes providing the most tax effective advice on your asset purchases.

To assist you with your future financing decisions let's examine the two most popular finance methods but we urge you to consult with us before you make the final decision. Note that we can also get your quotes through one of our affiliates.

❶ CHATTEL MORTGAGE

This is where you finance the asset inclusive of GST but you can use trade-ins or pay a deposit to reduce the amount you finance. You can claim a tax deduction for the depreciation on the asset (for vehicles up to the depreciation cost price limit $57,581 for 2016/17). The monthly repayments are not tax deductible but the interest you pay on the finance is deductible.

Under a chattel mortgage agreement, the financier advances funds to you to purchase the asset. The financier takes out a mortgage over the asset as security for the loan and you immediately become the legal owner of the asset.

The financier finances the GST inclusive price of the asset (less any trade-ins or deposits) and financing is done through a loan. When the final payment has been made (i.e. the residual value has been paid), the security interest over the asset is removed.

GST is charged on the purchase price of the asset but not on the monthly repayments or the residual payment. A GST registered client can claim back the full upfront GST tax credit on their next Business Activity Statement (and not progressively over the term of the loan).

❷ OPERATING LEASE

Under an operating lease, the financier (or lessor) purchases the asset and leases it back to you. You can use the asset for the term of the finance agreement in exchange for a fixed monthly lease rental payment. Ownership of the asset remains with the financier (lessor).

Unlike a chattel mortgage or hire purchase agreement, the amount financed under the lease is the GST exclusive price of the asset. At the end of the lease,

Continued next page

Planes, Trains & Automobiles (Continued)

you have a choice to:

- Pay the Residual Value (final instalment) and become the owner of the asset;
- Trade In the Asset; or
- Refinance the Residual Amount and continue the Lease.

GST is charged on the monthly lease rental and the residual value at the end of the lease. If you are registered for GST you can claim back the GST input tax credits contained in:

- the monthly lease rental (that you claim in each monthly or quarterly Business Activity Statement (BAS) over the life of lease term); and
- the residual value.

Your lease payments (less GST input tax credits) are tax deductible provided the asset is used for business purposes.

SUMMARY

Which option is appropriate for your business? Well, it will depend on a number of factors including your business structure, tax position and GST registration status. Of course, cash flow is a major consideration. We urge you to consult with us and through an affiliate group we can obtain finance quotes on your behalf. Having all your financial information on hand plus an understanding of your tax position means we can help you select the most tax effective finance option.

Industries with Highest Work-Related Expense Claims

According to a report that lists the top 10 expense claims by industry in 2014/15, people working in the real estate industry had the highest expense claims of all sectors. On average, employees in this industry claimed on average $8,634 in work related deductions which is probably no major surprise given real estate agents use their cars extensively for work.

A number of the other top nine industries with the highest level of work related claims also involved a significant amount of travel as part of their job. These included truck drivers at $5,059 and trades people at $4,871. Probably the biggest surprise was the legal profession who claim more than both truck drivers and trades people and on average claim of $7,156 of work related expenses. This may be due to the expenses they incur in the legal profession that are not reimbursed by their employers including travel costs when visiting clients, self-education expenses and annual registration fees.

The variation is work related expenses is significant and supports the fact that every industry is different. It also highlights the importance of keeping receipts to substantiate your expenditure and if you claim car expenses your log book might be critical.

The highest work-related claims by occupation include:

Rank	Occupation	Average
1	Real Estate Agents	$ 8634
2	Lawyers	$ 7156
3	Truck Drivers	$ 5059
4	Tradies	$ 4871
5	Farmers	$ 4428
6	Engineers	$ 4415
7	Accountants	$ 3224
8	Teachers	$ 3164
9	Nurses	$ 2622
10	Bankers	$ 2223