

Charging late fees to your clients

You are allowed to charge late fees and/or interest on your unpaid bills,

IF:

1. it is in the Terms and Conditions that the customer has already signed prior to you providing the product or service, and
2. certainly it was known and agreed before any credit was extended to the client, and
3. so long as the charge is within what would be deemed "fair and reasonable" if it were brought in front of a magistrate

This area is covered by Common contract law but if you want to be absolutely certain of the legality of your letter of engagement you would need to get independent legal advice.

As an alternative to charging late fees, some people increase the charges on the original invoice but offer a discount if paid within certain terms. Of course you have the option to discontinue supply of goods or services until previous accounts are settled.

The Statutory Interest rate for loans as set by the ATO is currently 7.4%. Many service providers will charge interest on unpaid accounts at 2-3%, some will use the current ATO statutory rate, and others will charge up to 10%, as well as a late fee.

Examples of Fair & Reasonable coming into play. \$150 outstanding invoice for 90 days

Example #1

\$150 outstanding invoice 10.5% at 90 days = \$3.88 or 0.043 cents per day. \$150 outstanding invoice plus 10% late/administration fees = \$15

Total of invoice now outstanding = \$168.88.

Looks Fair & Reasonable.

Example #2

\$150 outstanding invoice 10.5% at 90 days = \$3.88 or 0.043 cents per day.

\$150 outstanding invoice plus \$25 late fee.

Total of invoice now outstanding = \$178.88

Looks Fair & Reasonable.

Example #3

\$150 outstanding invoice 10.5% at 90 days = \$3.88 or 0.043 cents per day.

\$150 outstanding invoice plus \$50 late fee.

Total of invoice now outstanding = \$203.88

May be considered Fair & Reasonable.

Example #4

\$150 outstanding invoice 10.5% at 90 days = \$3.88 or 0.043 cents per day.

\$150 outstanding invoice plus \$200 late fee.

Total of invoice now outstanding = \$353.88

Not so Fair & Reasonable!

ATO Key Lodgement

Dates

These dates are from the ATO website & do not take into account possible extensions. Contact us to establish when your information is required for lodgement. You remain responsible for ensuring that the necessary information is with us in time.

BAS/IAS Monthly lodgement –September Activity Statement: 21st Oct12 final date for lodgement & payment

BAS/IAS Monthly lodgement -October Activity Statement: 21st Nov12 final date for lodgement & payment

1st Quarter of FY2013:
BAS lodgement – September Quarter (including PAYGI) 28th Oct final date for lodgement & payment.

Final date for electing to pay GST by instalments (option 3) or final date for opting out of option 3 for current year.

GST: Final date for eligible quarterly GST reporters to elect to report GST annually
PAYGI: Final date for eligible instalment reporters to elect to report annually for June balancers.

Where a due date falls on a day that is not a business day (that is, the due date is a Saturday, Sunday or public holiday), lodgement or payment may be made on the first business day after the due date without incurring a penalty or general interest charge(GIC).

FOR ONSITE, SUPPORT CONTACT ME NOW TO ARRANGE AN APPOINTMENT

Phone: 0409 203 512

Disclaimer: All or any advice contained in this newsletter is of a general nature only & may not apply to your individual business circumstances. For specific advice relating to your specific situation, please contact your accountant or contact me for further discussion.

JEWELS BUSINESS SUPPORT

Mob: 0409 203 512

Email: julia@jewelsbizsupport.com.au

Managing a Key Business Issue: Complying with Legislation.

Over the next few months we will be talking about 4 Key Business Issues (Complying with business legislation, minimizing risks, improving efficiencies and managing your time).

This month it is Complying with Legislation.

It's crucial that your business is aware & understands its obligations. All business have various Compliance & Legal Issues – once you understand the requirements & create a process for dealing with them, your business will run more smoothly, ensuring your ongoing success.

- Keep good business records as this makes compliance much easier
- Stay on the right side of IT law by establishing an appropriate software policy. Using unlicensed software can ultimately hit your finances & your business's effectiveness. It will also undermine your credibility in the eyes of customers or other stakeholders
- Complete documentation in a timely fashion
- Pay BAS/taxes on time to avoid penalties.
- Provide a safe working environment for your employees.
- Comply with relevant employment legislation, during both the recruitment process and employment tenure.
- Comply with privacy legislation if you capture or process personal information about other people for business purposes.
- If you use direct or email marketing, you will need to comply with relevant legislation, which may include the Privacy Act and the Spam Act.
- Comply with intellectual property and trademark legislation.
- Fulfill your duties as a director if you operate a company. These include a duty to prevent your business trading if it's insolvent
- Obtain the appropriate licenses to undertake your businesses activity and comply with their requirements.

Please contact us to discuss any improvements to procedures with regard to compliance issues.

Australian Taxation Office: www.ato.gov.au

1) PAYG Withholding can be Nil from MULTIPLE EMPLOYERS

If an employee receives income from more than one source and are certain that they will earn less than \$18,200 in total income for the financial year, they can now claim the tax-free threshold from all their employers & other withholding payers. To claim the tax-free threshold the employee will need to complete a Withholding declaration & provide it to the employer or other payer

2) Use the right Fuel Tax credit rate

Most fuel tax credit rates changed on 1 July 2012, so make sure you use the correct rate when calculating your fuel tax credit entitlements. For heavy vehicles travelling on public roads, use the rate in effect at the beginning of the tax period covered by your BAS. For all other activities, use the rate that applied when you acquired the fuel. This may not be the rate in effect when you use the fuel or claim the credits. To help work out your entitlement, go to www.ato.gov.au/fuelschemes

3) Travel & Meals Allowance 2012-13

The reasonable amounts for daily travel allowance expenses are based on Employee's salary level & destination of travel. Example: If employee earns less than \$104,870. Then the daily rate (including accommodation, meals & incidentals) for a trip to Sydney is \$299.25. Please refer to the ATO website for full details.

Working out tax on Commissions/Lump sums: The ATO have formally changed the approved manner of calculating the amount of PAYG Withholding to be taken out of lump sum commissions etc. In effect, spread out the commission or annual bonus over the period that it applies. And tax it as though it had been paid over several weeks or months as appropriate

