
Welcome to our latest e-newsletter.

Been hearing a lot about cloud accounting lately? What's the latest state of play? We review a few of the options available and compare the costs and benefits. We also remind you that the final SuperStream implementation date for employers is just around the corner, and take a look at yet another creative data-matching measure recently implemented by the ATO.

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Taking to the cloud



If you're a user of QuickBooks, MYOB or some other variety of accounting software, you're more than likely aware of the huge push to move your data to the cloud. So what's the current state of play?

The benefits of moving your software to the cloud are significant. With daily bank feeds, your data is always up to date and much of the data entry can be done for you, saving you a lot of time on your bookkeeping. You are always on the latest version and in most cases, no software installation is required. Perhaps the biggest advantage is that we are able to share a common data file with you. No more backing up and sending us a file (and if we make changes for you, no more waiting for those changes to come back). We can log in to your data file and see exactly what you see, and if required, give you up-to-

date advice based on near real-time data.

But which is the best option for you?

Really, this depends on your preferences.

Xero

[Xero](#) has set the accounting software market on fire in recent years by developing a browser-based accounting system that looks good and is easy to use. We really like Xero - it's become the gold standard of cloud accounting - and there are relatively simple and cost-effective ways to migrate your existing data into Xero. It is the most user friendly of all the mainstream options, is in constant development and has so many nice, time-saving features that there are too many to list in this space. Have a look at Xero's [free trial](#) to see for yourself. But Xero has the highest monthly subscription charges, and even if that's not an issue, maybe you'd really just rather stay with what you know.

QuickBooks

If you're a QuickBooks user, there are a number of ways you can go. The QuickBooks desktop software you know and love was designed in the US by Intuit, and for many years was sold in Australia by Reckon. A few years ago Intuit took back the name QuickBooks in Australia, and they now market an entirely browser-based product called QuickBooks Online. Reckon are still selling the desktop version in Australia, but have renamed it Reckon Accounts. Further, Reckon also offer a version of this online called Reckon Accounts Hosted. It's confusing, right? Let us try to explain it a little better.

Intuit's [QuickBooks Online](#) is accounting software that you operate through your web browser (like Xero). Some of the terminology and functionality will be familiar to QuickBooks users, but make no mistake - this is a completely new product.

Intuit have been pushing hard into the Australian market with QuickBooks Online, and up until last year were offering their top product for only \$4.99 a month! Compare this with Xero's premium offering of \$60 a month. That offer has now finished but we acquired a few subscriptions before the offer expired and have a limited supply remaining if you would like to give it a shot. In our opinion, QuickBooks Online is nowhere near as developed and polished as Xero, but it has price on its side (even the full retail price is currently \$24.50 a month for the top product) and the backing of the world's largest supplier of small-medium business accounting software.

If you want to stick with the old look and feel of QuickBooks, but want your data in the cloud, you can do this using [Reckon Accounts Hosted](#). This is the desktop version of QuickBooks (renamed Reckon Accounts) but works by logging into a 'terminal server' where you view a virtual screen of the desktop version - like when a support operator asks to share your screen and can remotely view what you're doing. You are looking at a virtual

desktop version of the software by 'sharing' the screen of a remote server. It's not ideal, but the upside is that you get a fully functional desktop accounting system in the cloud, whereas most browser-based products have more limited features.

Reckon also have an entirely browser-based cloud application called [Reckon One](#). One of the interesting aspects of this offering is that it is modular. Pricing starts at \$5 per month and then you add different components as you need them for a small incremental cost, so that you basically only pay for the features you need. It's important to note though that this is not QuickBooks. It's an entirely new and different product.

MYOB

That leaves MYOB. For users of MYOB Accounting (renamed to AccountRight), there is now [AccountRight Live](#). AccountRight Live is an awkward hybrid product. It syncs your local data file to a central cloud storage location, but requires software to be installed on your computer. MYOB claim that this allows you to work on your data without an internet connection (which is true), but it's likely that rather than being by design, MYOB was caught on the hop by the Xero disruption and the fastest way to create a cloud offering was to modify the existing product.

This 'Frankenstein' cloud offering serves to make things very clunky. It still requires software to be installed, but worse, all users must always be on the same version to share, so updates are even more frequent than they were. This can sometimes be slow or cause errors, and it's often the case that users are not on the same version as their accountant which (we can attest first hand) can result in hours lost to version checking and installations.

The advantage though is that it is a full desktop accounting system, so it does a whole lot more than its cloud-based counterparts. If you are a person who works offline, you don't need an internet connection to do your accounting work (for example if you wanted to go away to the shack for a weekend and catch up on your bookkeeping). The biggest benefit though is for existing MYOB users. When you're well over the learning curve of MYOB and it feels familiar, AccountRight Live looks and feels exactly like what you're used to.

MYOB also offers a more basic product called [MYOB Essentials](#), which was designed from the ground up to be a cloud only product that competes with Xero. It costs less than Xero per month and is far better executed than AccountRight Live. It gives you all the benefits of cloud accounting, but (like Xero) is less fully-featured than AccountRight Live.

There are other options too, like [Saasu](#) and [Cashflow Manager Cloud](#). The result of all of this competition for the business owner is that there has never been a better time to put your data in the cloud.

But is the cloud safe?

Of course, one of the most commonly asked questions about having your data in the cloud is "Is it safe?" High profile breaches like those affecting Apple's iCloud can be cause for concern. The truth though is that data is always at risk to a greater or lesser extent, whether online or on your own computer. Data held on premises is exposed to all kinds of risks. It's true that websites can be hacked and passwords cracked. But likewise, buildings can be broken into and people can leave information on desks or in briefcases that can go missing. It can also be the case that people without the necessary IT expertise are responsible for on-site data security and backup routines. Data stored in the cloud, on the other hand, is subject to the highest level of backup and security. You never need to back up your data and the security is almost infinitely greater than what most small-businesses would implement on-site. There are always risks with data, but the cloud eliminates far more of the likely risks to your data and ensures that your information is as safe as it's possible to be.

The good news for you is that if you work with us, we continue our flexible approach to client accounting systems, which is that rather than requiring you to use our preferred option, we will work with whatever solution best suits you. If you're thinking about moving your data to the cloud and would like some guidance on which option might be best for you, please contact us.



SuperStream - time is running out for employers

For employers of 19 people or less, you now have less than two months to be SuperStream ready.

Regular readers will hopefully remember [our article](#) on the subject back in April 2015. Another year has passed since then and the 1st July 2016 commencement date for small employers is now almost upon us. By 30th June this year, all payroll systems



Tax Office to data match on insurance classes

The Tax Office has recently announced that it has begun data-matching its own income information with that of insurance agencies for high wealth individuals, focusing on a number of specific asset classes.

These assets include:

- marine
- aviation
- enthusiast motor vehicles

must be capable of submitting employee superannuation contributions in a compliant form. This will include attaching the ESA (Electronic Service Address) of the fund for each employee when you submit super contributions for them.

While it might sound complex, most payroll systems should take care of the work for you. All you need to do is make sure that each employee has provided you with their ESA.

If you use payroll software and don't know whether your system is compliant yet, it would be worth giving your supplier a call. For users of one of the mainstream accounting packages, your system will have been ready for some time, but if you still use a desktop version (as opposed to a cloud-based application), you'll need to make sure you have installed the latest updates.

If you don't use payroll software, we recommend using the [Small Business Superannuation Clearing House](#). It's a great option for managing employee super contributions anyway, but with the introduction of SuperStream, it makes the whole process even more efficient.

As we noted last year, there is an exemption that will affect some of our clients. Where an SMSF (Self-Managed Superannuation Fund) only receives contributions from a 'related-party employer', the fund will not be required to be SuperStream ready. So if you have a business and an SMSF, and the SMSF only receives contributions for you from that business, you may not be affected.

Naturally, if you have any SuperStream

- fine art
- thoroughbred horses

The idea is that it will help them better estimate a taxpayer's wealth, which in turn should give some indication of how much income the taxpayer has earned. If the income seems insufficient to match the lifestyle, an investigation is likely.

The program began in January-February of this year and is expected to gather around 100,000 records that meet certain threshold levels.

You have to hand it to the Tax Office - they're getting more creative about the way they go about this. People may understate the value of their income and assets in any number of reporting contexts, in order to achieve certain more favourable outcomes, but its rare that anyone chooses to be under-insured. While it may not tell the whole story, if you want to find out the true value of a person's net worth, the amount they would like to be compensated for in the event of a loss of some kind seems like a good place to start.

It's a reminder once again that when it comes to reporting your income, you must be as accurate as possible. And this is why professional, creative accounting advice is more important than ever in helping you to genuinely minimise your taxable income.

related questions, we invite you to contact us. You can also use some of the resources available at the [small business section](#) of the Tax Office website, including podcasts. **But remember - if you're an employer, you must have your SuperStream systems in place by 30th June 2016.**

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