

## Brokers' ad blitz targets SME cover

Damien Lynch

The National Insurance Brokers Association launched a \$1 million-plus nationwide advertising campaign targeting the owners of small and medium-sized businesses.

Its campaign uses the slogan "Every business needs an insurance broker" and highlights the risks business owners take when they underinsure or, due to the complexity of insurance, don't understand what insurance cover they should have.

NIBA chief executive Noel Petterson said insurance brokers had the knowledge and expertise to advise on appropriate insurance cover and handle claims for their clients. "Claims take time and that's something most small business owners don't have. By using a broker in the event that something does go wrong the claim will be taken care of for you," he added.

However, Cameron Research Group earlier this year completed a telephone survey of 775 small businesses and found 87 per cent of participants that used a general insurance broker believed they were adequately covered.

"It begs the question as to why the 13 per cent that deal through a broker believe they are underinsured," founder Ross Cameron said.

He noted that while 72 per cent of participants had heard of machinery breakdown insurance, only 21 per cent had it. And while 79 per cent of respondents had heard of business interruption insurance, less than half of them had it.

NIBA has developed a website, [www.needabroker.com.au](http://www.needabroker.com.au), which is designed as a one-stop shop to help business owners find an insurance broker specialising in their type of business or operating in their area.

A range of billboards, taxi-tops and advertising panels at bus, tram and train stops, in addition to radio advertisements, will carry details on the campaign across metropolitan and regional areas of Australia over the next few months.

NIBA is an independent industry association representing 500 firms and more than 2600 intermediaries in Australia. Brokers handle \$10 billion in premiums annually.



Photo: JAMES BODDINGTON

Staff Christmas parties can be taxing affairs, depending on where they are held.

provided to an employee or associate on an infrequent or irregular basis, and costing less than \$100, inclusive of GST, per employee or associate. Holding the Christmas party on the business premises on a working day is usually the most tax effective.

Expenses such as food and alcohol are exempt from FBT for employees — with no dollar limit, but no tax deduction or GST credit can be claimed.

However, where the employee's spouse also attends and the combined cost for employee and spouse is \$100 or more, inclusive of GST, there is FBT only on the spouse's portion of food and drink, and a tax deduction and GST credit can be claimed on that.

The cost of clients attending the party is not subject to FBT, but no income tax deduction or GST credit can be claimed on their portion.

Where the Christmas party is held on the premises on a working day with only employees and clients attending, and only finger food or a light meal is provided with no alcohol, then the entire cost is tax deductible. There is no FBT and a GST credit can be claimed.

Christmas parties held off the premises are exempt from FBT where the cost per head for

employees and spouses is less than \$100, inclusive of GST, but no tax deduction or GST credit can be claimed.

Associates are not counted in the per-head calculation, meaning that the \$100 FBT minor benefits exemption applies to the combined cost of employees and their spouses.

Therefore, if the combined cost for employees and spouses is \$100 or more, GST inclusive, there is FBT on the combined cost, but a tax deduction and GST credit can be claimed on that portion.

The cost for clients attending the party is not subject to FBT, but no income tax deduction or GST credit can be claimed.

Where the party includes entertainment such as a band or magician that is hired separately to the venue, the FBT minor benefits exemption increases to \$125 per employee and/or spouse, inclusive of GST.

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**We are holding our staff Christmas party next month and would like to know what the tax implications are if the party is held either on the business premises or at a restaurant, and if spouses or clients also attend?**

Christmas parties constitute "entertainment benefits" and as such are subject to fringe benefits tax unless specifically exempt or subject to the minor benefits exemption.

A minor benefit is one that is