



Small businesses around the country at high stress during End of Financial Year tax rush

New technologies reduce stress and admin

Melbourne, 29 June, 2015 — A survey of Australian small business owners has found that nearly 60 per cent are planning to take advantage of the Federal Government's recent changes to immediate asset deduction, while 10 per cent of those surveyed have already made a purchase under the scheme.

The measure, announced in the 2015 Federal Budget in May, allows businesses to deduct the full amount for equipment and other assets worth less than \$20,000.

The survey, commissioned by cloud accounting leader Xero and conducted in June 2015, provides a snapshot of the issues currently facing small businesses driving the national economy. It examined small business owners' attitudes to the end of financial year (EOFY) period, and their opinions on changes to the federal budget.

The survey found that more than half (52 per cent) of Australian small business owners find tax time stressful.

Two out of three (65 per cent of) small business owners indicated that EOFY is stressful because of the length of time it takes them to complete their small business tax obligations, with 26 per cent wanting to spend that time on other aspects of their business instead.

When asked what would make their lives easier at EOFY, 58 per cent of small business owners wished for an easier way of completing their taxes, while 40 per cent wished for less paperwork.

"The message from small business owners is loud and clear: the end of financial year period is tough," said Chris Ridd, Xero Australia Managing Director. "We know these hard working entrepreneurs are not only delivering a great service, and creating jobs, they are also driving forward the Australian economy.

"That so many small businesses are planning to utilise the federal government's immediate asset deduction ability shows that the policy will provide much-needed help to small businesses to purchase the equipment they need to grow and thrive."

The survey found that respondents who used cloud accounting software are spending the least amount of time of all small business owners doing their taxes.

Just 10 per cent those who use cloud accounting software spend more than five hours a month doing their taxes, compared to 30 per cent who use spread sheet systems, 23 per cent of those using desktop software and 17 per cent using paper-based accounting. Those spending the most time doing their taxes (more than 20 hours a month) are those small businesses using desktop accounting software.

Minimising paperwork could be the key to small business owners being able to relax during EOFY. 55 per cent of respondents that used cloud accounting software say

they don't lose sleep over their taxes during EOFY, compared to just 39 per cent of respondents who use paper-based systems.

Cloud accounting users rated themselves the highest out of all respondents when it comes to financial literacy, with 60 per cent able to interpret their finances unaided, while those using paper-based systems had the highest percentage of respondents admitting they cannot read a balance sheet to save themselves.

"There is no doubt that the end of financial year creates added stress for small business owners," Ridd said. "But the data also shows us that savvy business owners who switch from paper, spread sheets, or desktop software to the cloud are able to significantly reduce admin and paperwork. This lets them focus their time, energy, and passion on what they love doing — building a great business."

Media Contact

Marina Holmes
Xero
marina.holmes@xero.com
0416 663 396

Klara Kalocsay
Sling & Stone for Xero
klara@slingstone.com
0414 401 994