



# Advocating for Advisors



**A research report**  
July 2021



# About the research: the value of accounting advice for small businesses

Tax season is one of the critical compliance periods for small businesses and their business advisors, their accountants and bookkeepers.

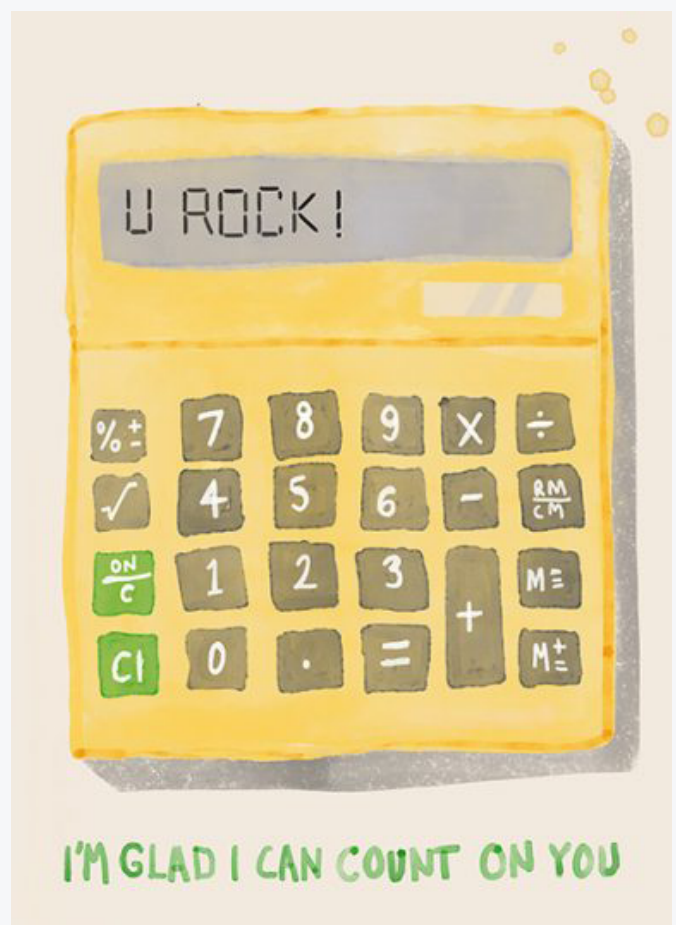
This year, it's an especially important period given the huge changes to their operations that businesses have endured over the past 18 months as a result of the pandemic.

Against this backdrop, now is an opportune time to take the temperature of small businesses, to find out how they are approaching the new financial year, their perceptions of tax time and their perspectives on the value business advisors add to their operations year round. This research draws on the insights of more than 500 small business leaders and explores their relationships with their advisors over the past year.

According to the report's findings:

- Small businesses with an advisor relationship are now three times more likely to feel positive about the start of a new financial year and tax preparation period than those without.
- More than half (57%<sup>1</sup>) say they would have struggled to keep going without their bookkeeper's or accountant's support over the past 18 months.
- More than half (54%<sup>2</sup>) of small business leaders actively sought more financial advice in the last year than they have previously.
- Almost two thirds (59%<sup>3</sup>) have an extra \$500 to \$40,000 as a result of working alongside their bookkeeper or accountant and 5%<sup>4</sup> have made \$60,000 or more thanks to the help of these professionals.
- For half (48%<sup>5</sup>) of small businesses the upcoming end of financial year and tax time prep is causing me more anxiety than usual.
- Over the past year just over half of small businesses (52%<sup>6</sup>) have saved up to \$6,000 thanks to the advice of their small business advisors.

This report delves deeper into the findings of this research, to help advisors understand how their peers have approached tax time this year and how their small business clients have navigated the challenges and taken advantage of the opportunities of this period.



# A message from Intuit QuickBooks

Small business owners wear a lot of hats, from director of first impressions to managing director.

Many have experienced a rollercoaster of a year thanks to lockdowns and the turmoil the pandemic has created. These challenges mean it's never been more important for small businesses to have relationships with their advisors, the accountants and bookkeepers fighting on the financial frontlines to keep Australia's small business economy afloat.

We recently surveyed small businesses as part of the QuickBooks Advocating for Advisors research and found more than half (51%<sup>7</sup>) say they increased their reliance on their accounting advisors to help manage the impact of COVID-19.

In doing so, small businesses are estimated to have made and saved a cumulative \$45.3<sup>8</sup> billion in the last year through access to grants, investment guidance or from other business advice. Close to six in ten (57%<sup>9</sup>) admitted they would have struggled to keep going without the support of their advisors.

After turning to government support to get by during a hugely difficult period, many small businesses now find themselves faced with additional considerations at tax time. For example, some stimulus payments such as JobKeeper that became available during COVID-19 were taxable. Others such as the cashflow boost were tax exempt.

Tax season is the logical time to realise the benefits an advisor can bring to your business but the value they bring shouldn't end there. From meeting your compliance obligations, to providing business development advice to help you achieve your business goals, to a shoulder to lean on when things get tough - an advisor relationship is the gift that keeps on giving all year round.

Intuit QuickBooks believes in backing advisors, the accountants and bookkeepers who have supported small businesses through the pandemic, during tax time and beyond. That's why we're arming our advisors with a suite of smarter business tools to help make tax time less taxing.

[QuickBooks Online](#) is the world's leading small business financial management solution and is used by 300,000 accountants & bookkeepers and more than 5.1 million small businesses around the world.

Over the past 18 months, [QuickBooks Online Accountant](#) has created efficiencies for many accountants and bookkeepers, helping them to manage their clients, workflow and track their time and billing virtually, and in one place.

And now during peak season, we're helping streamline year-end compliance with [QuickBooks Tax powered by Lodge iT](#) to support firms to manage, prepare and lodge BAS and tax returns. And the electronic signature feature enables firms to get important documentation signed quickly by their clients - regardless of their lockdown status.

We hope you enjoy this celebration of Australia's hidden heroes and the stories of advisors and their small business clients who are keeping our economy moving.

Intuit QuickBooks

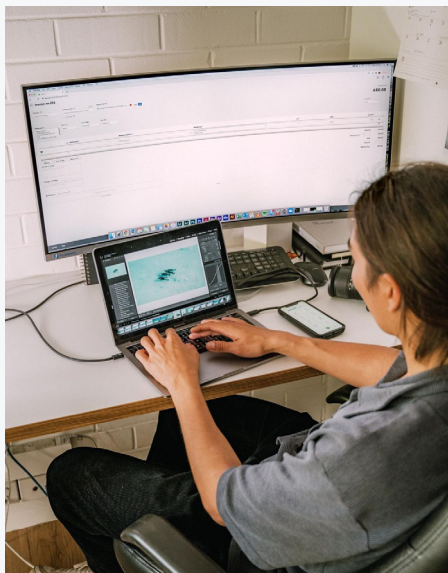


**Advisor Product Marketing,  
Meagan Wood**

*Meagan Wood*

# Supporting creative endeavours with exceptional tax and accounting advice

Photographer Zac White counts on his accountant to ensure his business is structured appropriately and his tax obligations are always up-to-date.



## The value of an experienced accountant

With two businesses and a thriving career as a photographer, Zac White relies on his accountant Parlad Bhabra, manager of accounting firm Kirby Hawke, for strategic tax and accounting advice. It gives Perth-based Zac peace of mind he's meeting his tax and compliance obligations and the 'business' side of his business is totally under control.

"Zac came to us as a sole trader and we've worked with him as his business has grown, especially around asset protection, structuring and tax planning," Parlad explains.

## How to protect your assets

Setting his business up as a company delivers Zac multiple benefits. Asset protection is an important one.

Says Parlad: "If you have cash, property or anything else in your name, you need a structure to ensure your personal assets are protected from potential threats to your business. A company structure achieves that to a certain extent."

A company also assists with tax preparation. "As we approach the end of the financial year,

we are able to use allowable tax incentives to minimise any income tax. At the moment, small businesses can immediately write off any business expenses that cost \$150,000 or less. Items can be fully expensed with no upper threshold. Bringing forward any allowable expenses into the current tax year allows businesses like Zac's to claim an immediate tax deduction and reduce their tax bill," Parlad explains.

Making concessional contributions to the superannuation system is another way to reduce tax. Under current rules, individuals can contribute up to \$25,000 to their super fund each year on a concessional basis, with this figure rising to \$27,500 from 1 July 2021. However, clients need to be aware a tax of 15 per cent is applied to these contributions. Although with the company tax rate at 26 per cent (dropping to 25 per cent from 1 July 2021), there is an 11 per cent tax saving.

"We have also explored the potential to prepay insurance premiums and other expenses this financial year, which are also tax deductible, to help reduce Zac's tax," he adds.

As Parlad notes, the business does have to have cash available to pay for these expenses for this strategy to work and cash flow management is essential.

## Running an effective accounting practice

The end of the tax year is one of the most demanding times for accounting practices like Parlad's.

"It's essential we deliver a high quality product that's affordable for our clients. This requires skilful planning," he explains.

Parlad oversees all the work his team does during tax time, delegating day-to-day accounting and tax work to his staff.

"We like to be very efficient, which involves lots of communication within the business. We're always focused on adding value for our clients," he adds.



# Advisors deliver more than just financial gains for small business

While accountants are necessarily focused on finances, for this accountant, money is secondary to helping his clients achieve their purpose.

"Everything comes down to having the right mindset. For me, I'm not motivated so much by money; it's a bi-product of what I love doing. What's important to me is making a difference and giving my clients that chance to succeed," says Adarsh Dutt and recent winner of the Australian Accounting Awards, [Chief Financial Officer of the Year](#).

Adarsh is the co-founder of accounting firm [Oyster Hub](#), which specialises in helping not-for-profit organisations and National Disability Insurance Scheme (NDIS) businesses.

"As an accountant, of course I talk to my clients about how we can help them to grow their business, minimise their tax and ensure they comply with regulations. But money can't buy you a Saturday or Sunday afternoon with your family. So, my focus is on how we can best use business tools, technology and automate as much as possible to help them realise their purpose," he explains.

## Making a real difference to clients

Adarsh relies on QuickBooks and the Karbon practice management tool to run the business and automate many tasks. Each year, he estimates this tool helps him save around 6,300 hours and \$218,000 in non-productive work and performs tasks that are equivalent to the work of two staff members.

Adarsh explains he often plays an advisory role for clients. "I'm like a part-time CFO for them. After we've automated their accounting, each month we analyse their data and suggest changes to save them money, make them money and make their lives easier."



## Getting ready for tax time

When it comes to preparation for the end of the tax year, Adarsh says much of the work is automated through the business's CRM.

"We set up our clients to receive automatic reminders. Some clients come to us annually to do their tax returns. Others will be ongoing clients for whom we look after bookkeeping, payroll and accounting advisory work. Each client is automatically emailed about how they need to prepare for the end of the tax year depending on their category."

The email lets them know about the information they need to upload into Intuit QuickBooks. Adarsh and his team receive an email when they have completed all the steps they need to take. Clients are also automatically sent reminders if they don't upload all their information by the due date.

Then, once all the information is received, the client's tax return can be automatically prepared using LodgeiT, which is tax compliance and preparation software that connects to QuickBooks Online.

With clients' tax accounting work now almost fully automated, Adarsh and his team can spend much more time providing advisory services to clients. It's a win-win for both sides in a world where time is money and money is time.



# Waxing lyrical with Byron Bay Candles during a new financial year

Tax time is a pivotal time of year for [Byron Bay Candles](#) for strategic planning, reconciliation and end-of-financial year stock take.

## Home-grown, sustainable success

[Byron Bay Candles'](#) owners Annemarie and Christopher Dove liked the products so much they bought the business. Looking for a replacement for her favourite coconut lime candle from their range, Annemarie discovered the previous owners were selling and bought the business.

"We were customers and loved what they were doing. Aroma is so important in a home; it can really have a calming influence and my husband and I love the ritual of lighting a candle. So we bought the business, with big dreams of where we wanted to take the brand," says Annemarie.

"Being purely made from soy, we loved that the candles were non-toxic. And the scents are a way to uplift people's emotions through their sense of smell and also provide a product range that supports their health. Many customers come to us because they have allergies and sensitivities to aroma. So it's really important to be as pure and natural as possible," she adds.

Environmental credentials are also vital, as can be imagined given the business is Byron Bay-based and an industry leader. Annemarie says it's incredibly important products tick the green box.

"Minimising our environmental footprint is essential and one of our criteria was being able to reuse the jars that hold our candles. This is why we released candle refills, which really sets us apart. It also saves our customers' money when they reorder and they don't add to landfill waste by throwing out the candle holder."

## Local focus

Byron Bay Candles proudly manufactures locally. "People don't always realise that. Then they walk into the factory and say, 'oh, you do it all here?'" she says.

Annemarie has expanded the range since she bought the business, adding diffusers and essential oils to the range. She has also focused on developing the brand positioning through advertising and social media.

As a result, and also as people have preferred staying indoors and creating a homely atmosphere during the pandemic, sales have risen 120% over the past year. "Our goal is to maintain our growth rates this financial year," she says.

## End-of-financial-year prep

At Byron Bay Candles, preparation for the end of the financial year starts with bank reconciliation.

"[Intuit QuickBooks](#) integrates with our website, which is our main wholesale and retail sales channel. Everything goes through the website," Annemarie explains.

A complexity is the seven different payment portals backed into the web site, to give customers ultimate choice when it comes to payment. But that creates seven different bank reconciliations a month.

"It's a lot of data and it all needs to be clean. After bank reconciliations, we make sure receipts and payables are in order. We also do a stocktake to compare what's in the warehouse with what's on our inventory reports on [Intuit QuickBooks](#)," she says.

EOFY is also an opportunity for Annemarie to strategically plan with her accountant. "He prepares by checking reports and figures on Intuit QuickBooks. Tax planning is also a focus at this time of year," Annemarie says.

The business can access government grants as an Australian manufacturer, and the end of the tax year is also a chance to explore those opportunities for the year ahead.





## Accountants add value

Christopher Atkinson, CEO of accounting firm [Collins Hume](#), and Byron Bay Candles' accountant says he approaches EOFY in a layered way.

"My team handles the compliance activities, such as tidying up files to make them ready for the ATO and financial statement preparation. My role is to be a sounding board, providing advice and doing big picture planning with Annemarie and Chris," he says.

Tax planning towards the end of the financial year means reviewing the business's accounts for the year and discussing a range of potential options and scenarios. Christopher also leverages the insights he is able to gain working with clients over so many different industry sectors so everyone benefits.

"But more than anything, we love dealing with great people because essentially, we are a communication business. Annemarie and Chris are a delight to deal with."

As for the future, Annemarie is focused on continuing to grow the business, safe in the knowledge that much of the admin and financial side of operations are automated through Intuit QuickBooks.

"This really allows me to focus on marketing and having a really great online presence. I can really put all my effort into the business itself, safe in the knowledge of cash flow and the backend is running smoothly."





# Bookkeepers and accountants are the heroes for small business

Aside from providing invaluable support over the past 12 months, Intuit QuickBooks research shows small businesses with a trusted bookkeeper or accountant were able to save and also make substantially more money than those without access to these important business advisors, as well as enjoy a range of non-financial benefits. Over the following pages, we explore the top level findings from the research.

## The financial benefits of working with advisors

### Savings and support for small business



\$8.9 billion<sup>10</sup>: the amount small businesses have saved over the past year from working with their business advisor



\$4,769<sup>11</sup>: the average amount small businesses saved over the past year thanks to the help of their financial support crew



39%<sup>12</sup> of small businesses have saved up to \$4,000 thanks to their financial advisor in the past year



52%<sup>13</sup> of small businesses have saved up to \$6,000 thanks to their financial advisor in the past year



\$63,580<sup>14</sup>: the value of the government support business advisors have secured for their small business clients over the past year on average.

### Accounting advisors deliver income boost



\$45.3 billion<sup>15</sup>: the extra funds small businesses have enjoyed in the last year through access to grants, investment guidance or from other business advice



\$19,462<sup>16</sup>: the average additional income small businesses have secured thanks to their business advisors over the past year



59%<sup>17</sup> of small businesses have an extra \$500 to \$40,000 as a result of working alongside their bookkeeper or accountant



27%<sup>18</sup> of small businesses have made up to \$10,000 in the past year thanks to the business advisor



5% have made \$60,000 or more thanks to the help of these professionals<sup>19</sup>

# The non-financial benefits of working with advisors

While the research showed small businesses reap substantial financial rewards from working with advisors, they also enjoy a range of non-financial benefits from employing an accountant or bookkeeper.

## Counting the hours: the time advisors save their clients



16,615<sup>20</sup> hours: the number of hours business advisors save SME clients per month nationally



8.9<sup>21</sup> hours: the number of hours business advisors save each client per month



69%<sup>22</sup> of small business leaders save up to 20 hours a month thanks to their business advisor



55%<sup>23</sup> of small business leaders save up to 10 hours a month thanks to their business advisor



15% of small business leaders save more than 20 hours a month thanks to their business advisor

## Business advisors offer more than just financial support



57%<sup>24</sup> of small businesses say they would have struggled to keep going without the support of their advisor over the past year



50%<sup>25</sup> of SMBs relied on their business advisor for emotional support



34%<sup>26</sup> of SMBs relied on their business advisor for help with their business strategy



30%<sup>27</sup> of SMBs relied on their business advisor for help with their cash flow



30%<sup>28</sup> of SMBs relied on their business advisor for help with government stimulus programs like JobKeeper



# A smooth ride to tax time

As we enter the new financial year, the research shows small businesses that work with a bookkeeper or accountant are three times more likely to feel positive about EOFYs and tax time than those who don't rely on these important small business advisors.

Moreover, SMBs don't just rely on bookkeepers or accountants at tax time - they play a key role all year round and especially over the past year. The study shows almost two thirds of the small business leaders surveyed for the research would have struggled to keep their business going without the support of their business advisors.

In fact, more than half (57%<sup>29</sup>) say they would have struggled to keep going without their bookkeeper's or accountant's support over the past 18 months. Assistance from their financial support crew also meant two-thirds of SMBs were able to keep staff on during the pandemic.

We know that compliance deadlines don't end on 30 June with BAS & Tax lodgements due all year round. That's why QuickBooks has everything advisors and their small business clients need to ensure their accounts are up-to-date and compliant. For instance, using [QuickBooks Online](#) means you can automatically calculate your GST and create your BAS summary. It also simplifies ATO paperwork lodgement with leading tax compliance software [QuickBooks Tax Powered by LodgeIT](#).

To learn more about how Intuit QuickBooks can give you the tools you need to make tax time less taxing, contact us on 1800 618 521.

## Notes to readers

- "Emotional support" refers to those who answered that their advisor delivered 'moral support and encouragement', 'coaching me through the crisis', and/or provided 'a confident/shoulder to cry on and mental health support'
- "Advisors" include anyone who gives professional financial advice to small businesses e.g. accountants and bookkeepers
- "Small Business Leaders" are Australian business leaders, managers or full time employees who either: own or part own a their business or are wholly or partially responsible for managing the business on behalf of the leaders/are part of the decision making team and whose business has between 1 and 19 employees

## About the research

The research was commissioned by QuickBooks via OPR agency and conducted by Lonergan Research in accordance with the ISO 20252 standard.

Lonergan Research surveyed 510 Australian Small Business Leaders 18+. Small business leaders are owner/managers of businesses with up to 19 employees.

Surveys were distributed throughout Australia including both capital city and non-capital city areas. The survey was conducted online amongst members of a permission-based panel, between 24 March and 1 April 2021.

In order for it to be nationally representative, data was weighted to the latest population estimates for Australia based on age, gender, location and employment status, sourced from the Australian Bureau of Statistics. We also combined that data with the results of a 2000 sample general population survey in which we identify the incidence of business leaders in the general population. That weighted general population count is then used to generate the national figures for this research.

For more information on the report please contact OPR Agency.

# References

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See attached separate calculations document also.
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