

INTERNATIONAL TRADE

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Australia is the fifth largest economy in the Asia-Pacific region, and the 14th largest in the world having had 22 years of uninterrupted economic growth. Its GDP per capita, at current exchange rates, make its citizens among the world's top five wealthiest.



British businesses wanted Down Under

More than 1,000 British businesses operate in Australia, including well-known companies like BP, HSBC, Virgin, British Airways and BT, as well as hundreds of small and medium sized companies.

Australia is ranked by the World Bank as the 10th easiest country in which to do business (you can set up a new business in Australia within two days) and there are more British citizens in Australia than in any other foreign country: 1.2 million Britons are permanent residents in Australia and around 500,000 visit every year.

"There are many benefits for British businesses exporting to Australia," says UKTI trade advisor Judith Kyle.

"The strong Australian dollar makes British products very affordable and there is a close proximity to other Asia-Pacific economies. "And it also helps that there is a common language, similar culture, similar business and legal practices and technical standards. "There has been an extended period of strong economic growth and there is a strong business and consumer base, high personal wealth and strong intellectual property (IP) protection.

"Doing business in Australia is very similar to doing business in the UK. If your product or service is successful in the UK, there's a good chance you'll be

successful in Australia. "However, there are certain unique challenges.

"Australia is approximately 23 hours away from the UK by plane, covers three time zones and is as big as the USA.

"It is between eight and 11 hours ahead of UK time and weather extremes in winter and summer can have an impact on businesses. Doing business in Australia can be expensive due to the current exchange rate between the two countries."

Despite these challenges however, one Burscough-based business, who Judith advises, is making the most of the opportunities that Oz offers to grow their company.

"SwimFin Australia launched in November 2013 with a new dedicated website," explains Kevin Moseley, founder of SwimFin. "We appointed four-time Olympic gold medal swimmer Libby Trickett as a SwimFin ambassador - a well-loved household name in Australia.

"Having Libby on board enabled SwimFin Australia to secure multiple media mentions including several TV segments on national TV and articles in national newspapers.

"During 2014, SwimFin Australia also adopted its own branding including new packaging for the product featuring Libby.

"We have also entered into a partnership with The Wiggles, an internationally known Australian childrens' entertainment group.

"A series of videos were produced featuring The Wiggles and Libby. These videos formed part of a water safety campaign, which generated significant PR and as a result we have an indefinite arrangement which will allow us to sell products at their concerts.

"In the last 12 months our direct focus has been on end customers and swim schools. SwimFin Australia also expanded into New Zealand and started to make contacts in the Pacific Islands by selling SwimFins to a major retailer in Fiji.

"Since starting distribution two years ago, 6,000 SwimFins have been sold and the number of swim schools using them has grown from fewer than ten to over 80."

Population:..... 23.13 million
 Currency:..... Australian Dollar
 GDP:..... \$1.56tn (USD)
 GDP per capita: . \$67,458.36 (USD)

Expert advice: Tax Matters

By Helen Cowley, director of tax, Cassons

Whether you fancy relaxing on Bondi Beach or soaking up the sights of Melbourne City, Australia has a lot to offer, but if you're planning on living there, you need to be aware of the tax implications.

If you are 'tax resident' in Australia then you will pay Australian tax on your worldwide income, not just your Australian income. 'Tax residence' can be difficult to determine, but the starting point will be your physical presence. If you spend more than 183 days in Australia in a tax year then you will be classed as resident there, unless your usual place of 'abode' is elsewhere.

Current income tax rates in Australia are up to 45 per cent (on income more than £85,000). This is similar to the UK, but the effective rate of tax in Australia is generally higher.

So if, for example, you have UK sourced income of £100,000, you could be taxed on it in Australia, at a higher effective tax rate than in the UK. However, the Australian/UK double tax treaty will determine which country has taxing rights.

Recent changes to Australian tax laws have simplified matters for 'temporary residents', who will be eligible for certain exemptions so that they may only pay tax on Australian sourced income.

In order to qualify you will generally need to hold a temporary visa and not be married to an Australian resident, in which case it should be possible to work in Australia for an entire tax year or more and still not be considered a fully-fledged resident for tax purposes.

Of course, much will depend on individual circumstances so it's essential to take professional advice if you are thinking of making a move down under.

Q and A: Investing in Australia

Investment into Australia from the UK has been growing strongly in recent years.

David Ross, partner at Walker Wayland in New South Wales, explains why British businesses are increasingly gravitating towards Australia.



David Ross

What makes Australia an attractive place to do business?

One of Australia's biggest attractions is its location because it provides access to the Asia Pacific Region. The Australian economy has also shown itself to be resilient - we haven't had a recession since 1991.

Does the Australian economy look favourably upon British goods/investment?

Yes, largely due to the strong ties between the two countries. The Australian system of Government is based on the UK system, so British businesses entering the Australian market are able to adapt quickly.

Where do the biggest opportunities lie?

The biggest opportunities lie in the service economy. The recent economic success of Australia has largely been tied to the mining sector and associated services. However with the Australian dollar coming down from historic highs, the service sector has grown substantially.

What is the most important piece of advice you would give to UK businesses?

Understand the marketplace and the customer prior to committing to the market. Ensure the structure you have in place is suitable for the local business and will allow for growth and optimum tax consequences.

What is the single biggest challenge a UK business needs to overcome?

Australia is a 23-hour flight away and in a completely reversed time zone so communicating with and monitoring your business can be difficult. However, utilisation of video conferencing and the ability for business monitoring through different means provides an element of control.

CASE STUDY: Grandma Singleton's

Based in Longridge, Grandma Singleton's has been making cheese for over 80 years, and exporting it for 20. Currently selling to 30 countries worldwide, and holder of two Queens Awards for Export, Singleton's has been trading in Australia for 18 years.

Sales manager John Carr has more than 30 years' experience in exporting to Australia and has received an OBE for his contribution to British exports. He says the key to success in the country is forming strong partnerships: "It's vital to identify who can do the right job for you and invest your time in working with them to get the results you want.

"For us it made sense to target Australia. There's a large expat community, and it's a big cheese eating country, but most of the cheese sold there is Cheddar, so there was a gap for us to fill with the different varieties we produce.

"Logistics-wise we get a lot of economy savings because our partner makes regular shipments of European cheeses out to Australia.

"Australia is very much open for business to British companies. They have a similar mentality, there's no language barrier and they're willing to try things. Finding a partner you can build trust with is vital because of the time difference and the huge distance, but if you're willing to put in the time and visit, they'll welcome you - it's a great country to do business with."



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