

Prime Advisory Network

YOUR WEEKLY REPORT ON BUSINESS OPPORTUNITIES ACROSS THE GLOBE

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What is Prime Advisory Network

Prime Advisory Network is an international and highly professional network, made up of expert accountants, auditors and lawyers qualified to provide a complete consultancy service to companies and groups operating in several fields.

Thanks to a completely innovative communication technology for the management of the client, Prime Advisory Network represents the first “digital” global network of the accountant offices in the world.

Professionals can cooperate worldwide with each other in an integrated way, by managing their clients all over the world and expanding their services and of course growing the number of their customers.

IN THIS NEWSLETTER

- Country Report..... 2
- Our Members in Australia 8
- Latest news..... 9
- The Network map..... 9
- Contact..... 10

Country Report

I. GENERAL DATA

Australia is a country comprising the mainland of the Australian continent, the island of Tasmania and numerous smaller islands. It is the world's sixth-largest country by total area.

The neighboring countries are Papua New Guinea, Indonesia and East Timor to the north; the Solomon Islands and Vanuatu to the north-east; and New Zealand to the south-east.

Australia's capital is Canberra, and its largest urban area is Sydney.

For about 50,000 years before the first British settlement in the late 18th century, Australia was inhabited by indigenous Australians, who spoke languages classifiable into roughly 250 groups.

Australia has the world's 13th-largest economy and ninth-highest per capita income (IMF).

With the second-highest human development index globally, the country ranks highly in quality of life, health, education, economic freedom, and civil liberties and political rights. Australia is a member of the United Nations, G20, Commonwealth of Nations, ANZUS, Organization for Economic Co-operation and Development (OECD), World Trade Organization, Asia-Pacific Economic Cooperation, and the Pacific Islands Forum.

The economy of Australia is one of the largest mixed market economies in the world, with a GDP of AUD\$1.62 trillion as of 2015. Australia is the 19th-largest importer and 19th-largest exporter.

The Reserve Bank of Australia publishes quarterly forecasts of the economy. The Australian economy is dominated by its service sector, comprising 68% of GDP.

The mining sector represents 7% of GDP; including services to mining, the total value of the mining industry in 2009-10 was 8.4% of GDP.

Economic growth is largely dependent on the mining sector and agricultural sector (12% of GDP) with the products to be exported mainly to the East Asian market.

Despite the recent decline of the mining boom in the country, the Australian economy has remained resilient and stable.

- The name Australia (pronounced [əˈstɹæɪljə, -liə] in Australian English) is derived from the Latin Terra Australis ("southern land") a name used for putative lands in the southern hemisphere since ancient times.
- The climate of Australia is significantly influenced by ocean currents, including the Indian Ocean Dipole and the El Niño–Southern Oscillation, which is correlated with periodic drought, and the seasonal tropical low-pressure system that produces cyclones in northern Australia.
- Australia is a wealthy country; it generates its income from various sources including mining-related exports, telecommunications, banking and manufacturing.



The Australian Securities Exchange in Sydney is the largest stock exchange in Australia and in the South Pacific and ranks 14th in the world in terms of market capitalization.

Australia is home to some of the largest companies in the world, including but not limited to: Wesfarmers (Coles Group), Woolworths, BHP Billiton, National Australia Bank, ANZ, Commonwealth Bank, Westpac, Rio Tinto Group, Telstra & Caltex – which are the 10 largest companies in Australia. The Australian dollar is the currency of the Commonwealth of Australia and its territories, including Christmas Island, Cocos (Keeling) Islands, and Norfolk Island.

It is also the official currency of the independent Pacific Island nations of Kiribati, Nauru and Tuvalu. Australia is a member of the APEC, G20, OECD and WTO.

The country has also entered into free trade agreements with ASEAN, Canada, Chile, China, Korea, Malaysia, New Zealand, Japan, Singapore, Thailand and the United States.

The ANZCERTA agreement with New Zealand has greatly increased integration with the economy of New Zealand and in 2011 there was a plan to form an Australasian Single Economic Market by 2015.

II. FOREIGN INVESTMENT

Export/Import

The most important subcategories for the sector of the Exports and Imports of Australia are the control, safety and transmission valves, packaging machines, food processors, refrigeration appliances and refrigerators, lifters and pumps.

The second place in our exports is the food and beverage sector as a whole with a 2.7% increase over 2015.

Growth in our beverage exports (which with a leap forward of 9, 3%, reached 102 million euros), driven by wine (+ 14%), bottled water (+ 9.7%) and alcoholic beverages (+ 10.6%).

On the other hand, exports of olive oil (+37%) and cocoa-based sweets + 21% are clearly growing.

The third item in our exports is vehicles with an 8% market share, even with a 8% drop compared to 2015.

The sector is now driven by growing exports of spare parts and spare parts (+ 13%), tractors (+ 20.6%), thanks in particular to the excellent results recorded by Case New Holland and motorcycles (+ 1.5%).

Automobile sales are down (-17.7%) despite the growing success of Ferrari and Maserati, as well as lorries (-9.8%).

Fourth, there are pharmaceuticals, packaged and ready for sale (including blood products and vaccines), with a total turnover of about 273 million of euro and an increase of 19.1%.

Electricity exports declined, fifth, down by 25.6%. Aircraft (€ 231 million), optical sector (down 13.7%), leather goods (+ 18.5%) and footwear (+ 14%) followed. Exports of iron and steel (+ 1.3%) and ceramics (+ 5.6%) also increased.

Exports of building materials are down (-16.5%) The main Italian imports from Australia are represented by wool, with a share of 23.5%, followed by oil and gas (whose exports and increased by 8.6%) and the cereals sector.

These three sectors of raw materials represent over 50% of Australian exports to our country.

Growth of meat exports, especially bovine animals, and the decline in the tanning industry, are reported, with exports to Italy falling by 25%.

As far as market shares are concerned, Australian Bureau of Statistics (ABS) data confirm that in 2016 the first three exporters to Australia are also China (23.4%), the United States (11.3 %) And Japan (6.4%).

Italy continues to be the 11th place among Australia's leading suppliers, with a market share of 2.3%. Australia is the fourth largest Italian export market in Asia-Pacific after China, Japan and South Korea.

Construction

The construction sector in Australia is affected by gradual but substantial development through the reform of the National Building Code to which the Government, in conjunction with its territorial counterparts, has been working since 2008.

In the last year, despite the decline in the steel and ironmongery sector, an increase in exports of taps was noted.

Again, in the construction sector, ceramic products and building materials are growing.

Mining and quarry products

Australia is the world leader in mining and has the largest resources in the world of lead, nickel, uranium and zinc, and is the largest producer of bauxite and aluminum as well as the main exporter of coal and ferrous materials.

The production of gold and diamonds is also significant. The mining and energy sector represents about 9% of GDP and about 45% of Australian exports. As a whole, the sector represents 20% of the capitalization of the Australian Stock Exchange.

According to data released by the Australian Bureau of Statistics for the first trimester of 2016, the mining industry contributed 0.9% to the annual growth rate of 3.1%.

The Australian state where most investments are made in the sector is Western Australia, where the mineral deposits are located. Investments in the gold sector are on the rise, with decreasing oil prices.

Electricity, gas, steam and air conditioning (also from renewable sources)

The sector of Energy and Oil & Gas is one of the strategic sectors that will focus on the National Science and Innovation Agenda, a package of measures to stimulate innovation and productivity. Australia, finally, is about to become the leading exporter of liquefied gas in a few years.

Financial and insurance activities

The financial sector contributes 9% of Australian GDP and employs directly 3.6% of the workforce. The main strengths of the industry are: robust capitalization and the high rating of the banking system.

The major four Australian banks (National Australian Bank, Commonwealth Bank, Australia and New Zealand Banking Group and Westpac Banking Group) are part of the small number of banks that hold an AAA rating internationally.

No Australian bank needed capital injections from the government during the financial crisis.

Other means of transport (ships and boats, locomotives and rolling stock, aircraft and spacecraft, military vehicles)

According to World Economic Forum (2014) opening indices, Australia was ranked 20th and 24th (138 countries) for "availability and quality of transport services" and "availability and quality of transport infrastructure".

The country excels in aviation (it has ranked ninth in the world for the number of available airplanes per kilometer per week).

However, the rail sector is underdeveloped, particularly as regards passenger transport; the Abbott Government was in fact focused more on the upgrading of rubber transport. However, in the last year, new ambitious infrastructure programs have been announced.

Among them, the funds for a new railway line between Melbourne and Sydney, the construction of a second airport in Sydney and a highway in Queensland stand out.

The defense budget will grow steadily, reaching 2% of GDP in 2017, where funds will be available for a total of \$ 32.3 billion that will be spent mainly in the naval sector.

In particular, the French DCNS company has won the \$ 50 billion maxi-commission for the construction of 15 submarines with which to equip the Australian Navy: design, construction and assembly will be carried out at Adelaide's naval yards, generating 2800 jobs.

A further \$ 35 billion tender for the new fleet of frigates provided by the Navy is controversial among three companies.

The project will offer work to over 2000 units and will have a positive impact on the entire component industry.

| Taxable income | Tax on this income |
|----------------------|---|
| 0 – \$18,200 | Nil |
| \$18,201 – \$37,000 | 19c for each \$1 over \$18,200 |
| \$37,001 – \$87,000 | \$3,572 plus 32.5c for each \$1 over \$37,000 |
| \$87,001 – \$180,000 | \$19,822 plus 37c for each \$1 over \$87,000 |
| \$180,001 and over | \$54,232 plus 45c for each \$1 over \$180,000 |

Residents

These rates apply to individuals who are Australian residents for tax purposes.

Children

If you are under the age of 18, and receive unearned income (for example, investment income), special rates apply.

Income tax rates for people under 18

If you are under 18, some of your income may be taxed at higher rates. However, you pay the same income tax rates as an ordinary adult for:

- all income you receive if you are an 'excepted person' – this may apply to you if you have finished full time study and are working full time, if you have disabilities or if you are entitled to a double orphan pension
- the income we refer to as 'excepted income' – including your employment or business income, Centrelink payments and income from a deceased person's estate.

If you are not an excepted person, you pay a different rate of tax for income that is not excepted income.

This was introduced to discourage adults from diverting income to their children.

TAX for employees

Examples of the reduced amount of tax for the full year are shown below:

| | |
|------------------|-------|
| \$80,000 or less | \$0 |
| \$81,000 | \$45 |
| \$82,000 | \$90 |
| \$83,000 | \$135 |
| \$84,000 | \$180 |
| \$85,000 | \$225 |
| \$86,000 | \$270 |
| \$87,000 or more | \$315 |

Foreign residents

These rates apply to individuals who are foreign residents for tax purposes.

Tax rates 2016–17

The following rates for 2016–17 apply from 1 July 2016.

| Taxable income | Tax on this income |
|----------------------|---|
| 0 – \$87,000 | 32.5c for each \$1 |
| \$87,001 – \$180,000 | \$28,275 plus 37c for each \$1 over \$87,000 |
| \$180,001 and over | \$62,685 plus 45c for each \$1 over \$180,000 |

Foreign residents are not required to pay the Medicare levy.

The above rates do not include the Temporary Budget Repair Levy; this levy is payable at a rate of 2% for taxable incomes over \$180,000.

Working holiday makers

The following rates for 2016–17 apply from 1 January 2017.

| Taxable income | Tax on this income |
|---------------------|---|
| \$0 – \$37,000 | 15c for each \$1 |
| \$37,001 – \$87,000 | \$5,550 plus 32.5c for each \$1 over \$37,000 |
| \$87,001 – | \$21,800 plus 37c for each \$1 over \$87,000 |

| | |
|--------------------|---|
| \$180,000 | |
| \$180,001 and over | \$56,210 plus 45c for each \$1 over \$180,000 |

The above rates do not include the Temporary budget repair levy; this levy is payable at a rate of 2% for taxable incomes over \$180,000.

The right partners for you in Australia.

Meet our members

The IPS Group

The vision for The IPS Group has always been to offer a powerful and fully comprehensive financial management service. Company founder and Managing Director Frank Cusmano has assembled the precise knowledge and experience to deliver that vision.

A formidable collective experience, a passion to deliver tailored solutions, and an ambition to empower every client, have become the trademarks of the IPS team. These trademarks that have established the IPS name as the exacting financial advisory specialising in creating and protecting clients' wealth.

They know our clients all seek unrivalled financial value. Professionals at The IPS Group are aware. That delivering that value is what creates long-term relationships. Over a number of years, each specialist division within The IPS Group has achieved an enviable track record of providing the latest and most effective advice to achieve the desired results for all our clients.

First, they ensure each division is independently valuable to clients.

At The IPS Group, know that they are able to join forces to give their clients comprehensive, superior financial advice, products and outcomes.

New members joining this week



Buffet juridico legal from Ecuador.



Bufete Hernandez Medina & Asociados from Honduras.

Prime Advisory Network coverage across the Globe





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