BRIEFINGS

WATERHOUSE
CHARTERED ACCOUNTANTS

EDITION #44 February/March 2018

New data breach laws come into effect

New data breach rules in effect from 22 February 2018 place an onus on business to protect and notify individuals whose personal information is involved in a data breach that is likely to result in serious harm.

In October last year, almost 50,000 employee records from Australian Government agencies, banks and a utility were exposed and compromised because of a misconfigured cloud based 'Amazon S3 bucket'. AMP was reportedly one of the worst affected with 25,000 leaked employee records. ITNews reports that the data breach was discovered by a Polish researcher who conducted a search for Amazon S3 buckets set to open, with "dev", "stage", or "prod" in the domain name. One contractor appears to be behind the breach.

In October 2016, the details of over half a million Red Cross blood donors were inadvertently exposed after a website contractor created an insecure data backup. In the US, a massive data breach exposed the credit records (including social security records) of over 145 million Americans – all because an IT worker didn't open an email about a critical patch for their software.

Regardless of how good your existing systems are, data breaches are a reality either through human error, mischief, or simply because those looking for ways to disrupt are often one step ahead. But it's not all about IT, there have been numerous cases of hard copy records being disposed of inappropriately, employees allowing viruses to penetrate servers after opening the wrong email, and sensitive data on USBs lost on the way home.

Who is covered by the data breach scheme?
The Notifiable Data Breach (NDB) Scheme affects organisations covered by the Privacy Act - that is, organisations with an annual turnover of $3 million or more. But, if your business is 'related to' another business covered by the Privacy Act, deals with health records (including gyms, child care centres, natural health providers, etc.,), or a credit provider etc., then your business is also affected (see the full list). Special responsibilities also exist for the handling of tax file numbers, credit information and information contained on the Personal Property Securities Register.

What you need to do
It's important to keep in mind that complying with these new laws means more than notifying your database when something goes wrong. Organisations are required to take all reasonable steps to prevent a breach occurring in the first place, put in place the systems and procedures to identify and assess a breach, and issue a notification if a breach is likely to cause 'serious harm'.

Taking all reasonable steps – assessing risk
The Privacy Act already requires organisations to take all reasonable steps to protect personal information. The new data breach laws merely add an additional layer to assess breaches and notify where the breach poses a threat. For example, if you have not already, you should assess issues such as:

- How personal information flows into and out of your business. For example:
  - What information do you gather (including IP data from websites)
  - What information do you provide (for example, do you provide information on your clients to third parties?)
  - Where private information is stored – map out what systems you use, where these systems

The material and contents provided in this publication are informative in nature only. It is not intended to be advice and you should not act specifically on the basis of this information alone. If expert assistance is required, professional advice should be obtained.

store data (if cloud based, your data may be held in a foreign country), what level of security is provided within those systems, and what level of access each team member has (and what they should have access to for their role)

- How private information is handled by your business across its lifecycle and who has access at each stage (not just who is accessing the information for their work but who 'could' access this information)
- Possible impacts on an individuals' privacy (risk assessment)
- The policies and procedures in place to manage private information, including risk management and mitigation, whether these are adhered to, and actively managed
- The policy review process - review policies and procedures at least annually but again with the introduction of new systems and technology. Remember, you can't just have a policy sitting somewhere, it needs to be actively reinforced and adopted by team members
- Instate new project protocols for ensuring privacy where personal information is at risk
- Document everything including your reviews and procedural updates even if nothing changed. If there is ever an issue where your business's culpability is assessed, your capacity to prove that you took all reasonable steps will be important.

When it comes to data breaches, all organisations must have a data breach response plan. The data breach plan covers the:

- Actions to be taken if a breach is suspected, discovered or reported by a staff member, including when it is to be escalated to the response team
- Members of your data breach response team (response team), and
- Actions the response team is expected to take.

The Office of the Australian Information Commissioner provides a sample breach response plan.

Identifying a serious breach

So, what is a serious breach? A breach has occurred when there is unauthorised access to or disclosure of personal information or a loss of personal information that your business holds. Whether a breach is serious is subjective but may include serious physical, psychological, emotional, financial, or reputational harm. If a breach occurs, you need to think through how that information could be used for identity theft, financial loss, threats to physical safety (for example someone's home address), job loss, humiliation or reputational damage, or workplace bullying or marginalisation.

If you suspect a breach has occurred, your business is obliged to take "reasonable" and "expeditious" action regardless of whether you think it is serious or not (under the NDB scheme you have a maximum of 30 days to assess the damage and respond but in general, the first 24 hours is often crucial to the success of your response). Ignorance is not a defence. A lack of systems to identify system breaches fails the Privacy Act's requirement to take all reasonable steps to protect personal information. As soon as a breach is identified anywhere in the business, whether it is IT based or physical, steps need to be taken - even if it is simply noting that no further action is required.

If you suspect a data breach has occurred that may meet the threshold of 'likely to result in serious harm', you must conduct an assessment. Sounds simple right? But the problem for business is often that there are initially no definitive answers about the extent of a breach or its seriousness for the assessment to take place. Take the example of a retail business with an online store. A hacker exploiting an unpatched vulnerability in your customer relationship management (CRM) system gains access to the customer database for your online store, which includes customer purchase histories and contact details. IT calls you and tells you there is a problem but can't tell you how, what customer records are affected, and if the records have been compromised. You don't want to scare your customers by advising of a breach but you don't the impact yet. What do you do? The first step is generally to contain the damage - isolate or shutdown the affected system to prevent further potential loss - then assess the scenario quickly – not just because of the NDB scheme but because your business's reputation is on the line.

Notifying a breach

If a breach is assessed to potentially result in serious harm, you are obliged to advise affected individuals and the Australian Information Commissioner. You have the option to:

- Notify all individuals whose personal information is involved in the eligible data breach

- Notify only the individuals who are at likely risk of serious harm; or
- Publish your notification, and publicise it with the aim of bringing it to the attention of all individuals at likely risk of serious harm.

You advise the Australian Information Commissioner of a serious potential breach using the Notifiable Data Breach statement — Form.

And it's not just Australia. Does your business have international connections?
Data breaches are common and many countries have moved to ensure that the personal information of individuals is protected. If your business operates overseas or has customers overseas you need to be aware of the requirements in those countries.

Most US states have compulsory data breach requirements. The European Union's General Data Protection Regulation (GDPR) comes into effect from 25 May 2018. If you operate through a local distributor in the European Union or have direct supply into those countries then it's likely your business will be caught by the Regulation.

Directors on 'hit list' for not paying employee super

Proposed legislation would see the ATO pursue criminal charges against Directors who fail to meet their superannuation guarantee (SG) obligations.

An analysis by Industry Super Australia submitted to the Economics References Committee into *Wage Theft and Superannuation Guarantee Non-compliance*, indicates that employers failed to pay an aggregate amount of $5.6 billion in SG contributions in 2013-14. On average, that represents 2.76 million affected employees, with an average amount of over $2,000 lost per person in a single year. The ATO's own risk assessments suggest that between 11% and 20% of employers could be non-compliant with their SG obligations and that non-compliance is "endemic, especially in small businesses and industries where a large number of cash transactions and contracting arrangements occur."

At present, under reporting or non-payment of SG is usually discovered when the employer misses the quarterly payment schedule or from the ATO's hotline.

New legislation seeks to introduce a series of changes to how employers interact with the SG system and give some teeth to the ATO to pursue recalcitrant employers. The new rules, if passed by Parliament, generally come into effect from 1 July 2018.

The key changes include:

The ATO can force you to be educated about your SG obligations
At present, if an employer fails to meet their quarterly SG payment on time they need to pay the SG charge (SGC) and lodge a Superannuation Guarantee Statement. The SGC applies even if you pay the outstanding SG soon after the deadline. The SGC is particularly painful for employers because it is comprised of:

- The employee's superannuation guarantee shortfall amount – so, all of the SG owing
- Interest of 10% per annum, and
- An administration fee of $20 for each employee with a shortfall per quarter.

Unlike normal SG contributions, SGC amounts are not deductible, even if you pay the outstanding amount. That is, if you pay SG late, you can no longer deduct the SG amount even if you bring the payment up to date.

And, the calculation for SGC is different to how you calculate SG. The SGC is calculated using the employee's salary or wages rather than their ordinary time earnings. An employee's salary and wages may be higher than their ordinary time earnings particularly if you have workers who are paid for overtime.

Under the quarterly superannuation guarantee, the interest component will be calculated on an employer's quarterly shortfall amount from the first day of the relevant quarter to the date when the SG charge would be payable.

Where attempts have failed to recover SG from the employer, the directors of a company automatically become personally liable for a penalty equal to the unpaid amount.

Under the proposed rules, the ATO will also have the ability to issue directions to an employer who fails to comply with their obligations. The Commissioner can direct an employer to undertake

an approved course relating to their SG obligations where the Commissioner reasonably believes there has been a failure by the employer to comply with their SG obligations, and, of course, a direction to pay unpaid and overdue liabilities within a certain timeframe.

Criminal penalties for failure to comply with a direction to pay

Employers who fail to comply with a directive from the Commissioner to pay an outstanding SG liability face fines and up to 12 months in prison. Before hauling anyone off to prison the ATO has to consider the severity of the contravention including:

- The employer's history of compliance (superannuation and general tax obligations)
- The amount of unpaid super relative to the employer's size
- And steps taken by the employer to pay the liability, and
- Any matters the "Commissioner considers relevant".

The ATO will tell employees if an employer is under paying or not paying SG

The proposed new rules will allow the ATO to tell current and former employees about the failure (or suspected failure) of an employer to comply with their SG obligations. The ATO can also advise the employees what action has been taken by the ATO to recover their SG.

This disclosure cannot relate to the general financial affairs of the employer.

Extension of Single Touch Payroll to all employers

Single Touch Payroll – the direct reporting of salary and wages, PAYG withholding and superannuation contribution information to the ATO – will be compulsory from 1 July 2018 for employers with 20 or more employees. Under the proposed rules, this system would be extended to all employers by 1 July 2019.

In addition, Single Touch Reporting will extend to the reporting of salary scarified amounts.

What's changing in 2018?

1 January 2018

- **Vacancy fees for foreign acquisitions of residential land** - An annual vacancy fee imposed on foreign owners of residential real estate if the property is not occupied or genuinely available on the rental market for at least 183 days in a particular 12 month period. Foreign owners can avoid the fee by living in the property (or have a family member live in the property), leasing the property, or making it available for rent, for a total of 183 days in a 12 month period. Short term letting arrangements often won't be sufficient to avoid the levy.
- **CGT concession for investments in affordable housing** - The CGT discount will be increased for individuals who choose to invest in affordable housing. The current 50% discount will increase by 10% to 60% for resident individuals who elect to invest in qualifying affordable housing. Non-residents are not generally eligible for the CGT discount. *This change is not yet legislated.*

1 July 2018

- **Super concessions for downsizers come into effect** - If you are over 65, have held your home for 10 years or more and are looking to sell, you can contribute a lump sum of up to $300,000 per person to superannuation without being restricted by the existing non-concessional contribution caps - $100,000 subject to your total superannuation balance - or age restrictions.
- **Using super to save for your first home** - The first home savers scheme will enable first-home buyers to save for a deposit inside their superannuation account, attracting the tax incentives and some of the earnings benefits of superannuation. Home savers can make voluntary concessional contributions (for example by salary sacrificing) or non-concessional contributions (voluntary after-tax contributions) of $15,000 a year within existing caps, up to a total of $30,000. When you are ready to buy a house, you can withdraw those contributions along with any deemed earnings in order to help fund a deposit on your first home.
- **GST on low value imported goods** - GST will apply to retail sales of low value physical goods ($1,000 or less) that have been imported into Australia and sold to consumers.
- **Who pays the GST on residential property & subdivisions** - Property developers will no longer manage the GST on sales of newly constructed residential properties or new subdivisions. Instead,

the Government will require purchasers to remit the GST directly to the ATO as part of the settlement process. *This change is not yet legislated.*

- **$20k immediate deductions ends –** The $20,000 immediate deduction threshold for assets purchased by businesses with an aggregated turnover of under $10 million ends 30 June 2018.
- **Taxable payments reporting system extended to couriers & cleaners -** Businesses in the courier and cleaning industries will need to collect information from 1 July 2018, with the first annual report required to be lodged in August 2019.
- **Single Touch Payroll –** Single Touch Payroll reporting starts for employers with **20 or more employees**. Employers will report payments such as salaries and wages, PAYG withholding and super information directly to the ATO from their payroll system at the same time they pay their employees.
- **Closing salary sacrifice loopholes to reduce super guarantee -** Loopholes that enable employers to reduce the Superannuation Guarantee (SG) contributions owed to employees by using salary sacrifice contributions will be closed. *This change is not yet legislated.*
- **Access to reduced company tax rate limited** - Limits access to the 27.5% company tax rate by replacing the existing 'carrying on a business test' with a passive income test. Under the new rules, a company will not be able to access the reduced company tax rate if more than 80% its assessable income is passive in nature. *This change is not yet legislated.*
- **Wine equalisation tax rebate tightened eligibility** - Wine producers will be required to own at least 85% of the grapes used to make the wine throughout the winemaking process and brand wine with a trademark.

The ATO's FBT Hot Spots

The Fringe Benefits Tax (FBT) year ends on 31 March. We've outlined the key hot spots for employers and employees.

Motor Vehicles – using the company car outside of work

Just because your business buys a motor vehicle and it is used as a work vehicle, that alone does not mean that the car is exempt from FBT. If you use the car for private purposes - pick the kids up from school, do the shopping, use it freely on weekends, garage it at home, your spouse uses it - FBT is likely to apply. While we're sure the old, "what the ATO doesn't know won't hurt them" mentality often applies when the FBT returns are completed, it might not be enough. The private use of work vehicles is firmly in the sites of the Australian Tax Office (ATO).

Private use is when you use a car provided by your employer (this includes directors) outside of simply travelling for work related purposes.

If the work vehicle is garaged at or near your home, even if only for security reasons, it is taken to be available for private use regardless of whether or not you have permission to use the car privately. Similarly, where the place of employment and residence are the same, the car is taken to be available for the private use of the employee.

Finding out that a car has been used for non work-related purposes is not that difficult. Often, the odometer readings don't match the work schedule of the business. These are areas the ATO will be looking at.

Utes and commercial vehicles – the new safe harbour to avoid FBT

When an employer provides an employee with the use of a car or other vehicle then this would generally be treated as a car fringe benefit or residual fringe benefit and could potentially trigger an FBT liability.

However, the FBT Act contains some exemptions which can apply in situations where certain vehicles (utes and other commercial vehicles for example) are provided and the private use of the vehicles is limited to work-related travel, and other private use that is 'minor, infrequent and irregular'. One of the practical challenges when applying the exemption is how to determine if private use has been minor, infrequent and irregular. The ATO recently released a compliance guide that spells out

what the regulator will look for when reviewing the use of the exemption.

The ATO has indicated that in general, private use by an employee will qualify for the exemption where:

- The employer provides an eligible vehicle to the employee to perform their work duties. An eligible vehicle is generally a vehicle for commercial purposes. The requirements are very strict and guidance on this is published on the ATO website.
- The employer takes reasonable steps to limit private use and they have measures in place to monitor this – this might be a policy on the private use of vehicles that is monitored using odometer readings to compare business kilometres and home to work kilometres travelled by the employee against the total kilometres travelled.
- The vehicle has no non-business accessories – for example a child safety seat.
- The value of the vehicle when it was acquired was less than the luxury car tax threshold ($75,526 for fuel efficient vehicles in 2017-18 and $65,094 for other vehicles).
- The vehicle is not provided as part of a salary sacrifice arrangement; and
- The employee uses the vehicle to travel between their home and their place of work and any diversion adds *no more* than two kilometres to the ordinary length of that trip, they travel no more than 750 km in total for each FBT year for multiple journeys taken for a wholly private purpose and, no single, return journey for a wholly private purpose exceeds 200 km.

If you meet all these specifications, the ATO has stated that it will not investigate the use of the FBT exemption further. However, the employer will still need to keep records to prove that the conditions above have been satisfied and to show that private use is restricted and monitored.

Car parking

We all know how expensive commercial car parks can be. The ATO has noticed that where car parking benefits are being declared (that is, where an employer provides parking to an employee), the value of what is being declared is significantly less than what you would expect to pay.

Common errors include:

Market valuations that are significantly less than the fees charged for parking within a one kilometre radius of the premises on which the car is parked;
Using parking rates or facilities not readily identifiable as a commercial parking station;
Rates charged for monthly parking on properties purchased for future development that do not have any car parking infrastructure; and
Insufficient evidence to support the rates used as the lowest fee charged for all day parking by a commercial parking station.

Living away from home allowances

Living Away From Home Allowances (LAFHA) continue to cause confusion for both employers and employees.

A LAFHA is an allowance paid to an employee by their employer to compensate for additional expenses they incur, and any disadvantages suffered because the employee's job requires them to live away from their normal residence.

As a starting point, FBT applies to the full amount of the allowance that has been paid. However, if certain strict conditions can be satisfied the taxable value of the LAFHA fringe benefit can be reduced by the exempt accommodation and/or food component.

Common errors include:

- Mischaracterising an employee as living away from home when they are really just travelling in the course of their work.
- Failing to obtain the declarations required from employees who have been provided with a LAFHA.
- Claiming a reduction in the taxable value of the LAFHA benefit for exempt accommodation and food components in circumstances that don't meet the criteria.
- Failing to substantiate accommodation expenses and, where required, food or drink. Verifying accommodation expenses is important as the ATO will look closely for scenarios where employees are paid an allowance but go and stay with friends or relatives or stay somewhere cheaper and pocket the difference. The expense actually has to be incurred and substantiated.

Salary sacrifice or employee contribution?

One issue that frequently causes confusion is the difference between the employee salary sacrificing in order to receive a fringe benefit and making an employee contribution towards the value of that fringe benefit.

Salary sacrificing for a fringe benefit
To be an effective salary sacrifice arrangement (SSA), the agreement must be entered into before the employee becomes entitled to the income (e.g., before the period in which they start to perform the services that will result in the payment of salary etc.).

Where an employee has salary sacrificed on a pre-tax basis towards the fringe benefit provided – laptop, car, etc., they have agreed to give up a portion of their gross salary on a pre-tax basis and receive the relevant fringe benefit instead.

As a starting point, the taxable value of the fringe benefit is the full value of the expense paid by the employer.

The employer recognises a lower cost of salary and wages provided to the employee as their 'cost saving', which results in lower PAYG withholding and superannuation contribution obligations, but they still recognise the full value of the fringe benefit as part of their taxable fringe benefit which is subject to FBT.

The employee recognises that they have a reduced amount of salary and wages, and a non-cash benefit in the form of the fringe benefit.

What is an employee contribution?
An employee contribution is made from post-tax income and will often form part of arrangements relating to car fringe benefits. The employee recognises the gross salary and wages as income in their tax return. However, the payment of an after-tax employee contribution would generally have the effect of reducing the taxable value of the fringe benefit that was provided to them by the employer.

The employer would still be subject to the 'standard' PAYG withholding and superannuation contribution obligations in relation to the gross salary and wages amount.

The ATO is looking for discrepancies with contributions paid by an employee to ensure that these have been treated consistently for income tax and GST purposes as well as on the FBT return. This is really an issue for the employer and a discrepancy may mean that there is an FBT exposure or that the employer has paid less GST or income tax than what they should have.

Power And Influence

The other business influencer that can make or break you

Did a Kardashian really just wipe US $1.3bn off the share price of Snapchat?

A tweet from Kylie Jenner saying *"sooo does anyone else not open Snapchat anymore? Or is it just me… ugh this is so sad"* is being credited as the catalyst for an 8% drop in Snap* Inc's share price.

While the price clawed back 2% that same day, and Jenner softened her commentary with another tweet saying, *"still love you tho snap … my first love,"* the effectiveness of Snapchat's strategic direction had already been judged by its own social media jury.

The share price of Snap rose to a high of US$20.75 from AU$14.06 with the release of the update but had been buffeted by negative feedback. The share price had been gradually falling since 16 February. Jenner's tweet made that decline a much sharper decent.

When an influencer has 24.5 million followers on Twitter, anything she says penetrates faster than mainstream media. Jenner's Snapchat commentary attracted over 300,000 likes and over 64,000 comments. While it is ironic that a Kardashian dropped the share price of a product that has been her rocket to fame, it demonstrates the speed at which trend based businesses can rise and fall. Remember Pokemon? Nintendo went from its core user base to a world wide trend. After rising to massive heights in 2016 the use of Pokemon has declined rapidly. The lesson is to have a strategy to capitalise on the trend and sustain it for as long as possible, and never forget your core client base – your core still needs to be there when the trend is over.

It's common for businesses to work through a list of external influencers and stakeholders to manage risk. Normally, the list considers Government regulation, environmental factors such as location, competitors, and changes in the marketplace but the cycle of impact of external influences has become much shorter. It's unusual to have a celebrity in the mix but the positive impact of a celebrity adopting your brand is undeniable.

Jimmy Choo credits Princess Diana's stylish influence as a catalyst for taking the brand from simply beautiful to desirable – a trend that has not significantly diminished. Kaftan designer Camilla

became globally recognised after Oprah Winfrey wore her colourful designs. And, when Kate Middleton wears a Topshop outfit it sells out almost immediately.

The problem for businesses whose products become a trend is that trends go both ways - exponential growth and sharp decline. You are either in the spotlight or you're not.
** Snapchat's parent company*

GST on property developments

The big changes for developers and purchasers

If a Bill currently before Parliament passes, from 1 July 2018, purchasers of new residential premises or new residential subdivisions will need to remit the GST on the purchase price directly to the ATO as part of the settlement process.

This is a significant change from how GST is currently managed with the developer collecting the full proceeds and remitting GST to the ATO in their next BAS (which can be up to three months after settlement). The reforms are aimed at preventing developers from dissolving the business before the next BAS lodgement to avoid remitting the GST.

For some developers there will be a significant cash flow impact because the purchaser will be required to pay 1/11th of the full sale price to the ATO, even if the developer's GST liability on the sale would be less than this (e.g., where they can apply the GST margin scheme). In these cases, developers will need to seek a refund from the ATO.

The reforms apply to the sale or long-term lease of:

new residential premises (other than those created through a substantial renovation and commercial residential premises); or
subdivisions of potential residential land.

For the purchaser
If you are purchasing a new property affected by the changes after 1 July 2018, you will need to pay 1/11th of the full sale price directly to the ATO at settlement.

The vendor must supply you with a notification advising that the payment is required and the amount that is to be paid.

For the developer (vendor)
From 1 July 2018, the vendor will no longer collect and remit GST on the purchase price of the residential premises. Instead, the vendor must notify the purchaser in writing that the GST needs to be paid to the Commissioner and advise the amount that must be paid. The amount to be paid is simply 1/11th of the full sale price, regardless of whether the vendor is eligible to apply the margin scheme to reduce the GST liability associated with the transaction. In general, this notification will need to include:

the name and ABN of the entity that made the supply;
when the purchaser is required to pay that amount to the Commissioner (generally settlement date); and
where some or all of the consideration is not expressed as an amount of money (e.g., sale of property for cash plus another property) - the GST-inclusive market value of the consideration that is not expressed as an amount of money.

Vendors that fail to provide this notification face fines of up to $21,000 per event.

The vendor will receive a credit for the amount that has been paid by the purchaser to the ATO (if the amount was simply withheld but not paid these amounts cannot be claimed). If the vendor's net amount for the tax period is in a credit, a refund will be made.

It's expected that the new rules will generally be incorporated into the settlement process but it is something that developers and purchasers will need to be across for any affected property with a settlement date of 1 July 2018 onwards.

If you are developing property and are concerned about the impact of the reforms, please contact us.

Will your business be audited?

How the ATO identifies audit targets

The ATO is very upfront when it comes to their compliance activity. Every year they publish small business benchmarks that outline what a typical business 'looks like' in different industries. If your

business falls outside of those benchmarks, the ATO is likely to take a closer look at why that is.

Falling outside of the benchmarks might not indicate a tax related problem. It might mean that your business has a different business model to the norm or is performing poorly relative to others in the industry. If your business does fall outside of the benchmark however, it is important to ensure that the reasons why can be clearly articulated (preferably documented) and the reason for those differences is not tax evasion. If there is no proof as to why the business is outside of the benchmarks, the ATO is likely to simply apply the benchmark ratio and issue a revised tax assessment.

The ATO look at:
cost of sales to turnover (excluding labour)
total expenses to turnover
rent to turnover
labour to turnover
motor vehicle expenses to turnover
non-capital purchases to total sales, and
GST-free sales to total sales.

For example, for a veterinary practice with a turnover between $300,001 and $800,00, the cost of sales to turnover ratio is expected to be between 25% and 29% (averaging at 27%), and average total expenses are 78%. The cost of labour to turnover ratio is between 21% and 29% and rent is between 5% and 8%.

The benchmarks are also a useful tool for anyone wanting to understand what is typical in their industry and how they perform against the average. It might also indicate opportunities for improvement and where the business is falling behind its competitors.