

### What could you do with surplus funds?

- Pay down debt
- Reduce your home loan
- Top up your super
- Take a holiday
- Invest in your business
- Help your kids
- Fund a new Investment Portfolio or Property

Year end tax planning is an opportunity to assess where you are and actions you can take to get ahead.

First and foremost, planning decisions should focus on your prosperity as the primary goal, after which saving tax is a useful addition we'll help you to achieve.

With that in mind, what can we do in the lead up to year end?

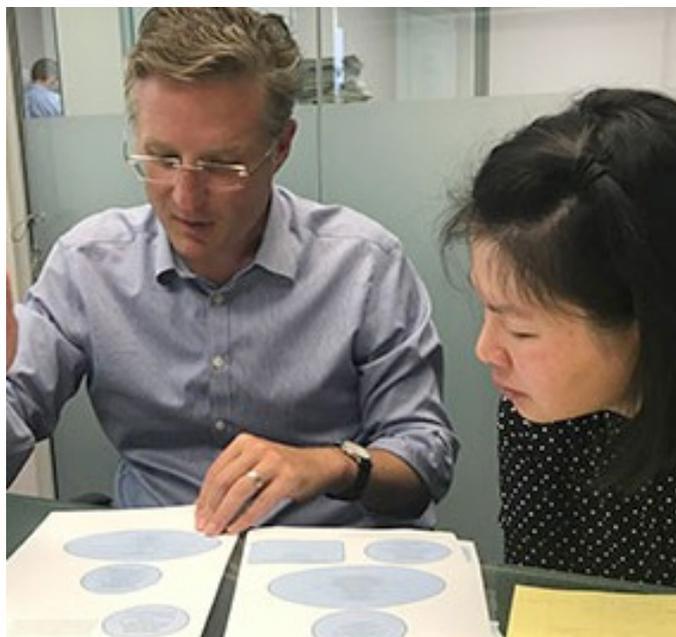
### Is Your Business a “Small Business” Entity?

Small businesses can access a range of tax concessions from the ATO. To qualify as a “Small Business Entity”, the business must have an aggregated turnover of less than \$10 million and be operating a business for all or part of the 2019 year.

(Aggregated turnover is your annual turnover plus the annual turnover of any business connected / affiliated with you).

### Reduction in Company Tax Rates for Small Business

The company tax rate for businesses with an annual turnover of less than \$10 million is 27.5%. If you use a Trust structure, one strategy to help keep your profits within that tax bracket is to allocate profits to a “Bucket Company” and cap your tax at 27.5% to 30% for the 2019 year. The key is to generate a healthy income that is surplus to your business and personal financial needs.



### Instant Deduction for Assets Up to \$30,000

If your business is a Small Business Entity, the following tax concessions apply:

- Depreciating assets valued at less than \$30,000 are immediately deductible.
- Depreciating assets valued at more than \$30,000 are depreciated in one pool at a rate of 15% in the first year and 30% in future years.
- If your pool balance at the end of the year is less than \$30,000 before applying any other depreciation deduction, the entire pool balance can be written off.

### ***Remember our rule to make commercial decisions our priority?***

If the purchase will improve your future profits and cashflow then go for it - buy assets before 30 June 2019 and claim the tax deduction. But if your goal is a tax break then consider how your profits may be better spent, invested or saved.

This instant asset write off is for small business only. If your business is not a Small Business Entity, you will need to depreciate all assets purchased over \$300. Any assets purchased for \$300 or less can be immediately deducted.

### Repairs and Maintenance

Make payments for repairs and maintenance (business, rental property) BEFORE 30 June 2019. With a surplus you can clear these bills, claim this year and get ahead.



If you have an investment property, a Property Depreciation Report (prepared by a Quantity Surveyor such as BMT, Deppro or Asset Reports) allows you to claim depreciation and capital works deductions on capital items within the property and on the property itself.

The cost of this report is generally recouped several times over by tax savings in the first year of property ownership.

### Tools of Trade/FBT Exemptions

Tools of Trade and other FBT exempt items for business owners and employees can be an effective way to buy work-related items with a tax benefit.

Items may include handheld/portable tools of trade, computer software, notebook computers, personal electronic organisers, digital cameras, briefcases, protective clothing, and mobile phones. Make sure there is a connection between the item purchased and the employment.

If structured correctly, an employer is entitled to a tax deduction for a reimbursement to an employee (for the equipment cost), can claim any GST input credit, and the employee's salary package will only be reduced by the GST-exclusive cost of the items.

### Bring Forward Expenses

Purchase necessary consumable items BEFORE 30 June 2019. These include marketing materials, consumables, stationery, printing, office and computer supplies. Spend the money now and get the deduction this year.

If you do prepay, consider asking your supplier for an early payment discount.

Remember it is still a cash outlay, so check your cash-flow. You'd hate to prepay an account to claim a tax deduction only to find your overdraft increases for the year ahead or your business growth is constrained by a lack of working capital.

### Small Business Concessions - Prepayments

"Small Business Concession" taxpayers can make prepayments, up to 12 months ahead, on expenses such as subscriptions and interest on loans BEFORE 30 June 2019 and obtain a full tax deduction in the 2019 financial year. You can prepay up to 12 months of interest before 30 June on a loan for a property or share investment and claim a tax deduction this financial year.

### Year End Stocktake/Work in Progress

If applicable, you need to prepare a detailed Stock Take and/or Work in Progress listing as at 30 June 2019. Review your listing and write-off any obsolete or worthless stock items.

***Managing your stock is a key part of managing your business. How quickly and efficiently do you turn stock / work in progress into cash and profit?***

### Defer Income

You may defer invoices and receiving cash/debtor payments until after 30 June 2019. This strategy pushes tax payable to future years which may be helpful if you have had an unusually profitable year. However don't forget our rule to act commercially – money in your bank account is always preferable to money in someone else's bank account. Making smart business decisions and maximising tax benefits form part of an overall commercial strategy.

## Pay Employee Superannuation Now

To claim a tax deduction in the 2019 financial year, you must ensure that your employee superannuation payments are received by the superfund or the Small Business Superannuation Clearing House (SBSCH) by 30 June 2019.

Last minute superannuation payments can result in processing delays. This may result in payments being received after year-end with the deduction delayed to the next financial year



## Maximise Deductible Super Contributions

The concessional superannuation cap for 2019 is \$25,000 for all individuals. If you exceed this limit you will pay more tax!

Employer super guarantee contributions are included in these caps. Where a concessional contribution is made that exceeds these limits, the excess is included in your assessable income and taxed at your marginal rate, plus an excess concessional contributions charge. We have a longer explanation [here](#) on our website.

Is your super working for you? Speak to one of our preferred financial advisors and integrate your tax and financial planning to unlock more value. We can arrange an appointment in our offices.

## Sacrifice Your Salary to Super

If your marginal tax rate is 19% or more, salary sacrifice can be a great way to boost your superannuation and pay less tax. By putting pre-tax salary into super rather than having it taxed as normal income at your marginal rate you may save tax. This can be especially beneficial for employees nearing their retirement age.

## Motor Vehicle Log Book

If you do a lot of work related driving, ensure that you have kept an accurate and complete Motor Vehicle Log Book for at least a 12-week period. You should record your odometer reading as at 30 June 2019 and keep all receipts/ invoices for motor vehicle expenses. For more information visit the [ATO website](#).

You may claim up to 5,000 business kilometres without a log book, using the cents per km method based on a “reasonable estimate”. Bear in mind, you do need to be able to justify this claim to the ATO if asked.

Remember that driving to and from work is a private, non-deductible expense.

## Defer Investment Income and Capital Gains

If possible, arrange for the receipt of Investment Income (e.g. interest on Term Deposits) and the Contract Date for the sale of Capital Gains assets, to occur AFTER 30 June 2019. Let us know of any such issues when we are talking to you in your year-end tax planning.

NOTE: The Contract Date is generally the key date for working out when a sale occurred, not the Settlement Date!

## Insurance Premiums - An Investment in Your Financial Security

Possibly your greatest financial asset is your ability to earn an income. Income Protection Insurance generally replaces up to 75% of your salary if you are unable to work due to accident or illness. Premiums are usually tax deductible, and protect your family’s lifestyle if you cannot work. It’s a small price to pay for peace of mind. Like rental property interest, income protection premiums can also be pre-paid for 12 months to bring forward your deductions.

## Trustee Resolutions

Trustee Resolutions must be prepared and signed BEFORE 30 June 2019 for all Discretionary (family) Trusts. Please contact us for more information.

## Private Company “Div 7A” Loans

Business owners who have borrowed funds from their company in previous years must ensure that the appropriate principal and interest repayments are made by 30 June 2019. Current year loans must be either paid back in full or have a loan agreement entered in before the due date of lodgement for the company return, or risk having it counted as an unfranked dividend in the return of the individual.

## Ownership of Investments

A longer-term tax planning strategy can be reviewing the ownership of your investments. Any change of ownership needs to be carefully planned due to capital gains tax and stamp duty implications. Please seek advice from your Accountant prior to making any changes.

*Investments may be owned personally, by a Partnership, Company or Family Trust, with varying benefits of asset protection, risk management, ownership continuity, income distribution and tax optimisation.*

If buying a new investment, speak with your accountant to assess the best entity to own the asset before you make an offer to purchase.

## Realise Capital Losses

Tax is normally payable on any capital gains. You should consider selling any non-performing investments you hold before 30 June to crystallise a capital loss and reduce or even eliminate any potential capital gains tax liability. Unused capital losses can be carried forward to offset future capital gains.

## Work Related Expenses

Don't forget to keep any receipts for work-related expenses such as uniforms, training courses and learning materials, as these may be tax-deductible. Visit the [ATO website](#) for more detail.

## Write Off Bad Debts

Review your Trade Debtors listing and write-off all bad debts BEFORE 30 June 2019. Prepare a management meeting document which lists each bad debt, as evidence that these amounts were written off prior to year-end. This must be entered into your accounting system before 30 June 2019.

## Support a Good Cause

Make a tax deductible donation to a good cause. You will feel better for it, our community will be better for it and the ATO will chip in with a healthier refund when we prepare your tax return. To raise funds for cancer or support our charities you can [donate here](#).

The image shows a fundraising page for 'maca cancer200 RIDE FOR RESEARCH'. It features a cyclist, Simon Terry, and a progress bar indicating that \$1,343 has been raised towards a goal of \$2,500. A large red 'DONATE' button is prominently displayed at the bottom of the page.

## And Finally - Be Careful...

If it sounds too good to be true, it generally is. Sometimes you need to take a risk to get ahead and to achieve your long term goals, but always do so with a plan.