

Wilson Pateras

Tax Planning Guide

For Businesses

T A X E S



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Tax Planning Guide

Minimise Your Business Tax

Now is the time to review what strategies you can use to minimise your tax before 30 June . Here is a guide to the strategies you can use to minimise your business tax.

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 (your annual turnover plus the annual turnover of any business connected / affiliated with you) of less than \$10 million and be operating a business for all or part of the 2024 year.

LOWER COMPANY TAX RATES

The 2024 company tax rate for businesses with less than \$50 million turnover is 25%, if 80% or less of a company’s assessable income is “passive income” (such as interest dividends, rent, royalties, and net capital gains).

If you use a Trust structure, one strategy is to allocate profits to a “Bucket Company” and cap your tax at 25% for the 2024 year. Note that this company must qualify as a “base rate” entity to be eligible for the lower 25% company tax rate. Please discuss with us whether your company will qualify.

SALE OF ASSETS - PREVIOUSLY 100% WRITTEN OFF

For many businesses, the temporary instant asset write off ceased on 30 June 2023.

From 1 July 2023, instant asset write off is still applicable for small businesses (turnover under \$10M), provided the cost of the asset does not exceed \$20,000.

This threshold applies to each asset separately, which means that a small business can potentially claim the immediate deduction for several assets, provided each asset’s cost does not exceed \$20,000.

For depreciable assets exceeding the threshold above, depreciation is claimed in the small business pool. The applicable rates are 15% in the first year of use, 30% per annum each year thereafter.

MAXIMISE DEDUCTIBLE SUPER CONTRIBUTIONS

The concessional superannuation cap for 2024 is \$27,500 for all individuals (\$30,000 in 2025). Do not go over this limit or you will pay more tax!

Note that employer super guarantee contributions are included in these caps.

For the contribution to be counted towards the employee’s 2024 contribution cap, it must be received by the fund by 30 June 2024.

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.

TOOLS OF TRADE / FBT EXEMPT ITEMS

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

Items that can be packaged include handheld/portable tools of trade, computer software, notebook computers, personal electronic organisers, digital cameras, briefcases, protective clothing, and mobile phones.

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

You should buy these items before 30 June 2024.



REPAIRS & MAINTENANCE

Make payments for repairs and maintenance (business, rental property, employment) BEFORE 30 June 2024.

PAY EMPLOYEE SUPERANNUATION NOW

To claim a tax deduction in the 2024 financial year, you need to ensure that your employee superannuation payments are received by the super fund or the Small Business Superannuation Clearing House (SBSCH) by 30 June 2024.

You should avoid making last minute superannuation payments as processing delays may cause them to be received after year-end. If for any reasons you end up having to make last minute payments and you would like to claim them as deductions for the current year, contact us immediately and before you make any payments for possible resolutions.

DEFER INCOME

If possible, defer issuing further invoices and receiving cash/debtor payments until after 30 June 2024. This strategy pushes tax payable to future years.

BRING FORWARD EXPENSES

Purchase consumable items BEFORE 30 June 2023. These include marketing materials, consumables, stationery, printing, office and computer supplies. Spend the money now and get the deduction this year.



DEFER INVESTMENT INCOME & 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 2024.

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

MOTOR VEHICLE LOGBOOK

Ensure that you have kept an accurate and complete Motor Vehicle Logbook for at least a 12-week period. The start date for the 12-week period must be on or before 30 June 2024. You should make a record of your odometer reading as at 30 June 2024 and keep all receipts/invoices for motor vehicle expenses.

An alternative (with no logbook needed) is to simply claim up to 5,000 business kilometres (based on a reasonable estimate) using the cents per km method.

INVESTMENT PROPERTY DEPRECIATION

If you own a rental property and haven't already done so, arrange for the preparation of a Property Depreciation Report to allow you to claim the maximum amount of depreciation and building write-off deductions on your rental property.

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 2024. 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.

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 2023. Review your listing and



write-off any obsolete or worthless stock items.

Talk to us about your different options for valuing Stock, and how they affect your tax payable.

WRITE-OFF BAD DEBTS

Review your Trade Debtors listing and write-off all bad debts BEFORE 30 June 2024. Prepare a management meeting document listing each bad debt, as evidence that these amounts were written off prior to year-end and enter these into your accounting system before 30 June 2024.

SMALL BUSINESS CONCESSIONS - PREPAYMENTS

“Small Business Concession” taxpayers can make prepayments (up to 12 months) on expenses (e.g. loan interest, rent, subscriptions) BEFORE 30 June 2024 and obtain a full tax deduction in the 2024 financial year.

TRUSTEE RESOLUTIONS

Ensure that the Trustee Resolutions are prepared and signed BEFORE 30 June 2024 for all Discretionary (“Family”) Trusts.

The ATO have recently released a number of Tax Rulings that may affect trust distributions to adult children, so Tax Planning for 2024 will be vital for anyone using a Family Trust.



IMPORTANT INFORMATION

This content has been prepared by Wilson Pateras to further our commitment to proactive services and advice for our clients, by providing current information and events. Any advice is of a general nature only and does not take into account your personal objectives or financial situation. Before making any decision, you should consider your particular circumstances and whether the information is suitable to your needs including by seeking professional advice. You should also read any relevant disclosure documents. Whilst every effort has been made to verify the accuracy of this information, Wilson Pateras, its officers, employees and agents disclaim all liability, to the extent permissible by law, for any error, inaccuracy in, or omission from, the information contained above including any loss or damage suffered by any person directly or indirectly through relying on this information. Liability limited by a scheme approved under Professional Standards Legislation.

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Thank You!

If you would like more information regarding our services, please contact us.



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