

## Business Tax Tips

Welcome to our 2018 End of Financial Year Tax Tips for Business Newsletter. The information is general in nature and advice should be sought for your own personal circumstances.

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### WE ARE COMING INTO THE BUSY TAX SEASON

Apologies in advance if I am more difficult to get hold of over the busy season! Please send me an email or leave a detailed message so I can respond to you as soon as I am able.

### BOOKING TAX APPOINTMENTS

If you'd like to make an appointment for your tax, get in touch with me now. Alternately I will be in contact over the coming months to arrange a suitable time with you. Contact details are below.

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### **\$20,000 Instant Asset Write-Off**

The \$20,000 instant asset write-off will be extended until 30 June 2019. Under this measure, small businesses with turnovers less than \$10 million will be able to immediately deduct purchases of eligible assets costing less than \$20,000 first used or installed ready for use by 30 June 2019.



## **NEW EMPLOYEES AND TAX FILE DECLARATIONS**

Employers now have the ability to download employee tax file number declarations directly from the ATO and no longer have to complete carbon copies.

### **Tax File Number Declaration Form**

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## **PREPAYING EXPENSES**

If cash flow permits, businesses should consider prepaying some expenses (up to 12 months in advance) or buying non-depreciable plant & equipment in order to maximise their tax deductions in the current financial year. Expenses could include computers, materials, rent, advertising, insurance, electricity, stationery and lease payments.

## **PAYG PAYMENT SUMMARIES**

Employers need to provide each employee with a PAYG Payment Summary by 14 July 2018 and a Reconciliation report to the ATO by 15 August 2018. Most accounting programs will require you to do both of these tasks before your first pay in July. The ATO requires the reconciliation to be lodged electronically rather than by CD or flash drive. Please contact me now if you need help with this and have not yet booked in a time with me.

## **CHANGES TO TAX RATES**

Compulsory superannuation contributions will stay at 9.5% but there are new employee tax rates for PAYG Withholding for the coming year, so expect an update to your payroll software.

## **CHANGES TO BASE AWARD RATES OF PAY**

Starting from the first full pay period after 1 July 2018, new national minimum wage base rates will apply. To ensure you continue paying your employees correctly and more information, please visit the Fair Work Ombudsman website [here](#).

## **SINGLE TOUCH PAYROLL**

[Single Touch Payroll \(STP\)](#) is a reporting change for employers - if you have 20 or more employees this applies to you, and you will have to be compliant by 1 July, 2018. If you have 19 employees or less, STP will be phased in from 2019. Find out what you need to do now so you are ready.

## **CHECK EMPLOYEE PAYROLL AND SUPER SETUP FOR 2019**

Employers should reconfirm employees' arrangements regarding salary sacrifice and other deductions to ensure they are set up accurately for the coming financial year. It may also be timely to review employment contracts and KPIs.

## **SUPERANNUATION CHANGES**

The general concessional contributions cap is currently \$25,000 for all ages. This limit includes ALL amounts paid per person for super on which a tax deduction has been claimed, such as SGC, salary sacrifice and additional employer super amounts. It is important for super credits to be made before 22 June for that financial year as SuperStream payment processes delay when funds actually hit the super fund account. Any credits received by the super fund after 30 June will count towards the following year's cap.

## **ARE YOU COVERED?**

We can arrange quotes for you on a range of insurances including tax audit, public liability, cyber-crime and personal sickness & accident. Contact us to enquire.

## **WORKERS COMPENSATION**

Workers Comp forms are often due at this time of year. Ensure you include wages and superannuation as well as the relevant percentage for your subcontractors. Consider aligning your workers comp year with the financial year (if it isn't already).



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### **TPAR REPORT FOR SUBCONTRACTORS**

Businesses in the construction industry that engage subcontractors need to prepare a Taxable Payments Annual Report for ATO by 28 August 2018. This report includes name, address, ABN and amount paid to each subcontractor. Even with accounting software this can take some time to prepare especially in the first year of lodgement. Please contact me now if you need help with this and have not yet booked in a time with me.

### **STOCKTAKE**

Stocktake should be conducted after close of business on 30 June 2018 so that lost, damaged and obsolete stock can be written off.

### **BAS REMINDER**

BAS is still due 21 July 2018 for monthly remitters and 28 July 2018 for quarterly remitters, despite it being the end of financial year.

### **ACCRUAL INCOME TAX**

Businesses accounting for income tax on an accrual basis should ensure that all bad debts are written off as at 30 June 2018 to maximise their deductions in the current financial year. Stale cheques should also be reviewed if they remain in the bank reconciliation report.

## **CASH VS ACCRUAL ACCOUNTING**

Up to \$10M turnover, your business can nominate to use either a cash accounting or an accrual method to manage the books. If your turnover is higher, you will need to use the accrual method (or if you are close to the threshold, you might want to consider switching sooner). While cash accounting tracks income and expense at the point the money changes hands, accrual accounting can track money that is owed to you, and money you owe others, and is a more complex system. There are pros and cons to each, with plenty of helpful information [here](#).

## **RECORD KEEPING**

As a business owner, good record keeping is important to track performance, meet reporting responsibilities, and access finance, and a number of records need to be retained for multiple years after they are made, after the transaction is complete, or after the relevant financial year has come to a close. [Australian Securities and Investment Commission \(ASIC\)](#) and the [Fair Work Ombudsman \(FWO\)](#) require documents to be kept for at least 7 years, while the [Australian Tax Office \(ATO\)](#) requires documents be kept at least 5 years, but in some cases longer. Read the full article [here](#).

## **CAR LOG BOOKS**

Log books for non-commercial vehicles such as sedans and SUVs should be checked to ensure they meet the substantiation requirements, which generally means a logbook for 13 weeks every 5 years, tracking all the expenditure separately to commercial vehicle expenditure and taking odometer readings on 31 March and 30 June each year.

## **CLAIMING DIESEL REBATE?**

Fuel tax credit rates change from time to time. We suggest you use the [ATO calculator](#) to ensure you claim the correct amount.

## **EMPLOYERS NOT PAYING PAYROLL TAX**

The NSW Government is offering a Small Business Grant designed to encourage small businesses that do not pay payroll tax to hire new employees and expand their business. Under the incentive scheme, businesses that increase their number of employees will receive a grant at the 12-month anniversary date of employment for each additional employee in a position that is a new job.

For full-time employees, the grant amount is \$2,000 per new position. There are some conditions, you can find out more information [here](#). Registration should be done within 60 days of the new employee commencing, however you may be able to register any new employee who has started since 1st July 2015.

### **EMPLOYERS PAYING PAYROLL TAX**

For businesses that pay payroll tax, you may be eligible for a \$5,000 rebate for each new employee you hire. Follow this [link](#) for more information.

### **SHOULD YOU BE REGISTERED FOR PAYROLL TAX?**

The threshold in NSW is \$750,000 combined wages and super including subcontractors who are deemed employees. For more information, click [here](#).

### **CHECK WHO IS SUBCONTRACTING TO YOU**

We recommend you carefully review the credentials of your subcontractors. If they are Pty Ltd companies they should have workers compensation and public liability insurance policies. If they are not companies they could be “deemed employees” and you may be liable to pay workers compensation, payroll tax and superannuation on their behalf, depending on various factors.

In certain situations, a contractor may need to be paid super like an employee. If you engage contractors it is important you familiarise yourself with the [rules](#) on super and super guarantee.

Payments to contractors can also be liable for payroll tax in some cases. Click [here](#) for more information.

### **CASUAL vs ONGOING**

There are some big differences when it comes to casual and part or full-time staff. Should you ever need to make a decision on what type role would be suitable for an employee, the following [fact sheet](#) provides all the relevant information.

### **LONG SERVICE LEAVE**

Are you in either the contract cleaning or building/construction industry? There are schemes in place through [Long Service Corporation NSW](#) for eligible workers to receive

long service leave benefits. Check [here](#) for more information and see if you or your employees need to be registered.

### **DIRECTORS' LOAN ACCOUNTS**

Review all directors' loan accounts to ensure there are no asset or negative liability balances in the company accounts. You may need to make a payment back to your company before 30 June 2018 to bring it back to zero. If you cannot afford to do this, please contact me to arrange a loan agreement document to be drawn up.

### **TRUST RESOLUTIONS**

Trusts need to ensure they have passed a resolution by 30 June 2018 regarding their 2018 distributions. If you need any assistance drafting the wording for this, please let me know.

### **ACCOUNT-BASED PENSION**

People with an account-based pension within their superannuation must withdraw the minimum annual amount by 30 June 2018. For more advice, please contact your superannuation adviser.

### **PROPERTY VALUATION**

If you own a property within your SMSF you need to have it valued as at 30 June 2018. We can arrange this for you, and it may be free of charge depending on the type, value and location.

### **INVESTMENT STRATEGY REVIEW**

It is time to review your SMSF Investment Strategy document to ensure it still reflects your profit plan.

### **COMMERCIAL DISPUTES**

If you are having a commercial dispute with a customer or supplier and would benefit from a free initial legal consultation with a lawyer from Slater & Gordon, please let us know and we can arrange this for you.

## NOT-FOR-PROFIT AND CHARITIES

Non-profits should report to ACNC by 31 December. Further information is available from the Australian Charities and Not-for-profits Commissions at [www.acnc.gov.au](http://www.acnc.gov.au)

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### **Could you be liable for the debts of your company?**

In some circumstances, directors of a company may become liable for the debts of a company when certain duties are breached. A director has specific duties under both common law and the Corporations Act 2001 (Cth). Read the full [article](#).

### **How does your business stack up?**

Did you know that the ATO collects and collates information about small businesses in order to create benchmarks? This makes it quick and easy for small businesses to compare their own operations with industry benchmarks. Find out more [here](#).

# REAL ESTATE Sales & Rentals



**“It was built during the Cold War. It is 30 feet underground with thick, solid concrete walls. If it can protect you from nuclear weapons, it can protect you from a tax audit.”**

## Contact Us

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