

Business Tax Tips

Welcome to our 2017 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.



Budget 2017-18

\$20,000 Instant Asset Write-Off

The \$20,000 instant asset write-off will be extended until 30 June 2018. 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 2018.



Small Business CGT Concessions

The government plans to amend the small business CGT concessions to ensure that the concessions can only be accessed in relation to assets used by a small business or ownership interests in a small business. The proposed measure will affect taxpayers:

- that are small businesses with an annual turnover of less than \$2 million, or
- whose asset was used in a connected small business, or
- who have a maximum net asset value not exceeding \$6 million.

Reintroducing the 10-year enterprise tax plan

In the 2016-17 budget, the government proposed a 10-year enterprise tax plan that included progressive tax cuts over 10 years for all companies until the corporate tax rate is 25% in 2026-17.

For more information follow the link to the government budget [website](#).

It is important to emphasise that these are proposed changes that require legislative approval before implementing. For more information, please click the below button to take you to the government budget website.

[2017-18 Australian Government Budget](#)

Simpler BAS

Goods and services tax (GST) reporting on the business activity statement (BAS) is getting easier for small business.

This is due to a change to GST reporting called Simpler BAS – a partnership between the ATO, software developers, tax professionals and small business associations.

With Simpler BAS, from 1 July 2017 small businesses will have less GST information to report on their BAS. The only GST information required will be:

- G1 Total sales
- 1A GST on sales
- 1B GST on purchases



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](#)

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 2017 and a Reconciliation report to the ATO by 15 August 2017. 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.

NO CHANGE TO EMPLOYEE TAX OR SUPER RATES

Compulsory superannuation contributions will stay at 9.5% and there are no new employee tax rates for PAYG Withholding for the coming year. The Medicare levy has changed though, so expect an update to your payroll software.

CHECK EMPLOYEE PAYROLL AND SUPER SETUP FOR 2018

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

From 1 July 2017, the general concessional contributions cap will drop to \$25,000 for all ages. This limit include 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.

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).



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 2017. 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 2017 so that lost, damaged and obsolete stock can be written off.

BAS REMINDER

BAS is still due 21 July 2017 for monthly remitters and 28 July 2017 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 2017 to maximise their deductions in the current financial year. Stale cheques should also be reviewed if they remain in the bank reconciliation report.

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 the [link](#) for more information.

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.

WHEN DOES A CONTRACTOR ACT AS AN EMPLOYEE?

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.

CASUAL vs PART-TIME

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

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 2017 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 2017 regarding their 2017 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 2017. 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 2017. 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

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. Read the full [article](#).

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**“If I flee the country to avoid paying taxes,
can I write off the miles as business travel?”**

Contact Us

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