



# YEAR END TAX PLANNING FOR COMPANIES



# IN BRIEF

Date	Changes and actions
21 May 2022	FBT return and payments due if applicable unless lodging electronically through a tax agent
25 June 2022	FBT return and payments due if lodging electronically through a tax agent
Pre 30 June 2022	Review shareholder loan accounts and make minimum loan repayments (may need to declare dividends). Pay superannuation to deduct contributions in the current financial year Complete a stocktake where required (see Do you need to do a stocktake?) Write-off bad debts and scrap any obsolete stock or plant and equipment Ensure any inter-entity management fees have been raised
30 June 2022	Last day of the 50% boosting apprenticeship wage subsidy
1 July 2022	Super guarantee rate increases to 10.5% \$450 super guarantee threshold removed GST and PAYG uplift factors reduced to lower instalment amounts New ATO approach for unpaid trust distributions owed to corporate beneficiaries
14 July 2022	Single touch payroll finalisation declarations need to be made (extensions can apply for closely held employees)
28 July 2022	Quarterly super guarantee payment due (1 April – 30 June)
28 August 2022	Taxable payments annual reports for payments to contractors due
28 Sept 2022	Temporary 50% reduction in fuel excise ends
30 November 2022	Last day for pre-existing company directors that became a director on or before 31 October 2021 to acquire a Director Identification Number (30 November 2023 for directors of corporations under CATSI)
1 January 2023	Penalties will apply for phase 2 single touch payroll errors
30 June 2023	Temporary full expensing for depreciating assets scheduled to conclude
1 July 2023	Super guarantee rate increase to 11%



## WHAT'S NEW

### SUPERANNUATION GUARANTEE INCREASES TO 10.5%

The Superannuation Guarantee (SG) rate will rise from 10% to 10.5% on 1 July 2022 and will then steadily increase by 0.5% each year until it reaches 12% on 1 July 2025.

If you have employees, what this will mean depends on your employment agreements. If the employment agreement states the employee is paid on a 'total remuneration' basis (base plus SG and any other allowances), then their take home pay might be reduced by 0.5%. That is, a greater percentage of their total remuneration will be directed to their superannuation fund. For employees paid a rate plus superannuation, then their take home pay will remain the same and the 0.5% increase will be added to their SG payments

### \$450 SUPER GUARANTEE THRESHOLD REMOVED

From 1 July 2022, the \$450 threshold test will be removed and all employees aged 18 or over will need to be paid superannuation guarantee regardless of how much they earn. It is important to ensure that your payroll system accommodates this change so you do not inadvertently underpay superannuation.

For employees under the age of 18, super guarantee is only paid if the employee works more than 30 hours per week.

## LOWERING TAX INSTALMENTS FOR SMALL BUSINESS – PAYG

As you know, PAYG instalments are the regular prepayments made during the year of your tax on business and investment income. The actual amount owing is then reconciled at the end of the income year when the tax return is lodged.

Normally, GST and PAYG instalment amounts are adjusted using a GDP adjustment or uplift. For the 2022-23 income year, the Government has set this uplift factor at 2% instead of the 10% that would have applied. The 2% uplift rate will apply to small to medium enterprises eligible to use the relevant instalment methods for instalments for the 2022-23 income year:

- Up to \$10 million annual aggregated turnover for GST instalments, and
- \$50 million annual aggregated turnover for PAYG instalments

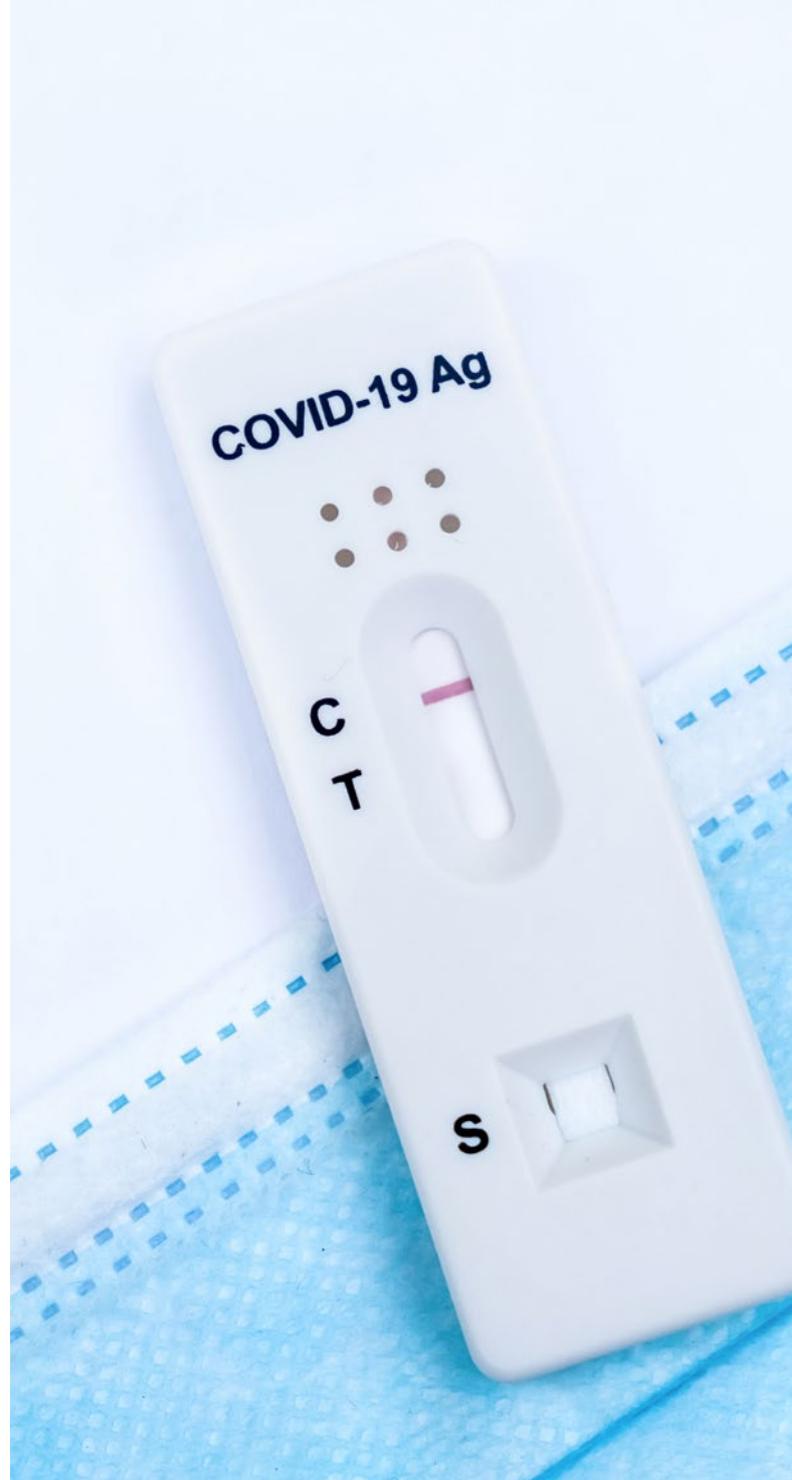
The effect of the change is that if you are using this PAYG instalment method, you will have more cash during the year to utilise. However, the actual amount of tax owing on the tax return will not change; just the amount you need to contribute during the year.

## DEDUCTIBILITY OF COVID-19 TESTS

If your business provided RAT or PCR tests to employees, these expenses should normally be deductible to the employer.

While you would then need to consider whether these benefits are subject to Fringe Benefits Tax, a FBT exemption can be available under the otherwise deductible rule. The otherwise deductible allows an employer to reduce the taxable value of the fringe benefit (and therefore the FBT liability) by the amount of the income tax deduction the employee would otherwise have been entitled to claim at the time the benefit was provided had the employee incurred the relevant cost.

From 1 July 2021, employees are now entitled to



claim a deduction for the cost of a RAT or PCR test to determine whether they may attend or remain at work.

However, a deduction for the employee is not available if:

- They worked from home and didn't intend to attend their workplace
- The test was used for private purposes (for example, to tests the kids before school).

If COVID-19 tests have been provided, the relevant documentation will need to be in place and a declaration signed by the employee.

## RULES TIGHTENED FOR COMPANIES ENTITLED TO TRUST INCOME

New guidance from the ATO tightens the rules around unpaid distributions owed by trusts to companies and applies to unpaid distributions arising on or after 1 July 2022. If the amount owed by the trust is deemed to be a loan then it can potentially fall within the scope of the integrity provisions in Division 7A.

Division 7A captures situations where shareholders or their related parties access company profits in the form of loans, payments or forgiven debts. If certain steps are not taken, such as placing the loan under a complying loan agreement, these amounts can be treated as deemed unfranked dividends for tax purposes and taxable at the taxpayer's marginal tax rate.

While still in draft form, the ATO's new guidance looks at when an unpaid entitlement to trust income will start being treated as a loan. The treatment of unpaid entitlements to trust income as loans for Division 7A purposes is not new. What is new is the ATO's approach in determining the timing of when these amounts start being treated as loans. Under the new guidance, if a trustee resolves to appoint income to a corporate beneficiary, then the time the unpaid entitlement starts being treated as a loan will depend on how the entitlement is expressed by the trustee (e.g., in trust distribution resolutions etc):

- If the company is entitled to a fixed dollar amount of trust income the unpaid entitlement will generally be treated as a loan for Division 7A purposes in the year the present entitlement arises; or
- If the company is entitled to a percentage of trust income, or some other part of trust income identified in a calculable manner, the unpaid entitlement will generally be treated as a loan from the time the trust income (or the amount the company is entitled to) is calculated, which will often be after the end of the year in which the entitlement arose.

This is relevant in determining when a complying loan agreement needs to be put in place to prevent the full unpaid amount being treated as a deemed dividend for tax purposes when the trust needs to start making principal and interest repayments to the company.

The ATO's views on "sub-trust arrangements" has also been updated. Basically, the ATO is suggesting that sub-trust arrangements will no longer be effective in preventing an unpaid trust distribution from being treated as a loan for Division 7A purposes if the funds are used by the trust, shareholder of the company or any of their related parties.

While still in draft form, the new guidance represents a significant departure from the ATO's previous position in some ways. The upshot is that in some circumstances, the management of unpaid entitlements will need to change.



## CONTRACTOR OR EMPLOYEE?

Many business owners assume that if they hire independent contractors they will not be responsible for PAYG withholding, superannuation guarantee, payroll tax and workers compensation obligations. However, each set of rules operates a bit differently and in some cases, genuine contractors can be treated as if they were employees. Also, correctly classifying the employment relationship can be difficult and there are significant penalties faced by businesses that get it wrong.

Two decisions handed down by the High Court recently clarify the way the courts determine whether a worker is an employee or an independent contractor. While the High Court has not disturbed the well-established practice of looking at the totality of the relationship in determining whether a worker is an employee, the Court decisions confirm that it is necessary to focus on the terms of the contract between the parties to establish the nature of the relationship.

In **CFMMEU v Personnel Contracting and ZG Operations Australia v Jamse**, the court placed a significant amount of weight on the terms of the written contract that the parties had entered into. The court took the approach that if the written agreement was not a sham and not in dispute, then the terms of the agreement could be relied on to determine the relationship. However, this does not mean that simply calling a worker an independent contractor in an agreement classifies them as a contractor. In this case, a labour hire contractor was determined to be an employee despite the contract stating he was an independent contractor.

That is, if it walks like a duck and quacks like a duck, it's probably a duck, even if on paper, you call it a chicken.

For employers struggling to work out if they have correctly classified their contractors as employees, it is important to review the agreements to ensure that the "rights and obligations of the parties under that contract"

are consistent with an independent contracting arrangement. Merely labelling a worker as an independent contractor is not enough if the rights and obligations under the agreement are not consistent with the label.

A genuine independent contractor who is providing personal services will typically be:

- Autonomous rather than subservient in their decision-making;
- Financially self-reliant rather than economically dependent upon the business of another; and,
- Chasing profit (that is a return on risk) rather than simply a payment for the time, skill and effort provided.

Every business that employs contractors should have a process in place to ensure the correct classification of employment arrangements and review those arrangements over time. Even when a worker is a genuine independent contractor this doesn't necessarily mean that the business won't have at least some employment-like obligations to meet. For example, some contractors are deemed to be employees for superannuation guarantee and payroll tax purposes.



## TEMPORARY FULL EXPENSING CONCLUDES 30 JUNE 2023

Temporary full expensing enables your business to fully expense the cost of:

- New depreciable assets
- Improvements to existing eligible assets, and
- Second hand assets

in the first year of use.

This measure enables an asset's cost to be fully deductible upfront rather than being claimed over the asset's life, regardless of the cost of the asset. The last day to utilise the expensing measures is 30 June 2023 at which point, normal depreciation arrangements will apply.

Certain expenditure is excluded from this measure, such as improvements to land or buildings that are not treated as plant or as separate depreciating assets in their own right. Expenditure on these improvements would still normally be claimed at 2.5% or 4% per year.

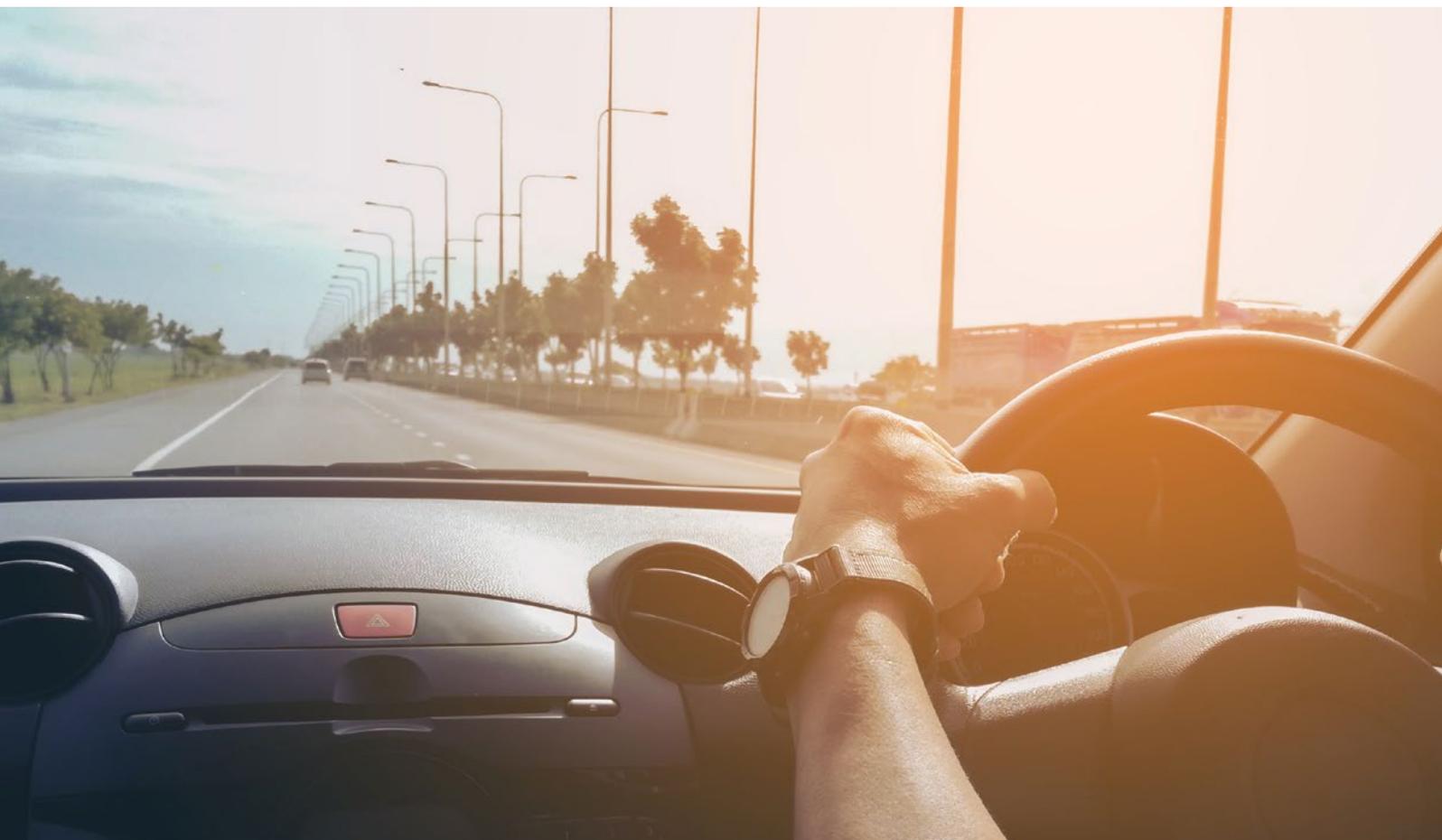
The car limit will continue to place a cap on the deductions that can be claimed for luxury cars (\$60,733 in 2021-22 and \$64,741 in 2022-23).

### Small business pooling

Small business entities (with aggregated annual turnover of less than \$10 million) using the simplified depreciation rules can deduct the full balance of their simplified depreciation general pool at the end of the income year while full expensing applies. The provisions which prevent small businesses from re-entering the simplified depreciation regime for five years if they voluntarily leave the system are suspended.

### Opt-out rules

Taxpayers can choose not to apply the temporary full expensing rules to specific assets, although this choice is not currently available to small business entities that choose to apply the simplified depreciation rules for the relevant income year.



# TAX TREATMENT OF DISASTER AND PANDEMIC RELIEF PAYMENTS, GRANTS & LOANS

If you received a government grant or relief to help soften the blow of a disaster, the way these grants and loans are taxed might vary. The following pandemic related grants can be tax-free if they are received in either the 2020-21 or 2021-22 income year by a business with an aggregated turnover of less than \$50 million:

## ACT state grants

- COVID-19 Business Support Grant

## NSW state grants

- 2021 COVID-19 business grant
- 2021 COVID-19 JobSaver payment
- 2021 COVID-19 micro-business grant
- NSW Accommodation Support Grant
- Commercial Landlord Hardship Grant
- NSW Festival Relaunch Package
- NSW Performing Arts COVID Support Package
- NSW Performing Arts Relaunch Package
- 2022 Small Business Support Program

## QLD state grants

- 2021 COVID-19 Business Support Grants

## SA state grants

- COVID-19 Additional Business Support Grant
- COVID-19 Business Hardship Grant
- COVID-19 Business Support Grant – July 2021
- COVID-19 Tourism and Hospitality Support Grant

## VIC state grants

- Alpine Business Fund
- Alpine Resorts Support Program (Streams 1, 2 and 3)
- Business Continuity Fund
- Business Costs Assistance Program Round Two
- Business Costs Assistance Program Round Two – July Extension
- Business Support Fund 3
- Impacted Public Events Support Program
- Independent Cinema Support Program
- Licensed Hospitality Venue Fund
- Licensed Hospitality Venue Fund 2021
- Licensed Hospitality Venue Fund 2021 – July Extension
- Live Performance Support Program
- Melbourne City Recovery Fund – Small business reactivation grants
- Outdoor Eating and Entertainment Package
- Small Business COVID Hardship Fund
- Sole Trader Support Fund
- Sustainable Event Business Program

If the grant you received is not tax-free, you carry on a business and the payment relates to your continuing business activities, then it is likely to be included in your assessable income for income tax purposes unless a specific exemption applies. The position can sometimes be different where the payment was made to enable you to commence a new business or cease carrying on a business.

When it comes to GST treatment, the key issue is whether the grant is consideration for a supply. That is, was the business expected to deliver something for the grant? If not, GST does not apply.

## DIRECTOR ID REGISTRATION DEADLINE LOOMING

The new director ID regime was introduced to prevent the use of false and fraudulent director identities and to reduce unlawful activity, such as phoenix activity.

All directors who are subject to the regime will apply for a director ID once through the [Australian Business Registry Services](#) and keep this ID for their lifetime, regardless of whether they change companies, stop being a director or move overseas.

When an individual must apply for a director ID depends on when they become a director:

For Corporation Act directors	
Date you become a director	Date you must apply
On or before 31 October 2021	By 30 November 2022
Between 1 November 2021 and 4 April 2022	Within 28 days of appointment
From 5 April 2022	Before appointment

The ABRS has confirmed that if an individual was already a director on or before 31 October 2021 then they have until 30 November 2022 to apply, even if they become a director of another company after 31 October 2021.

For CATSI (Corporations (Aboriginal and Torres Strait Islander) Act 2006) directors:	
Date you become a director	Date you must apply
On or before 31 October 2022	By 30 November 2023
From 1 Nov 2022	Before appointment

If your company intends to appoint new directors, it is important to ensure that the requirements and timeframes to establish their director ID are met.



All directors of a company, registered Australian body, registered foreign company or Aboriginal and Torres Strait Islander corporation will need a director ID. This includes directors of a corporate trustee of self-managed super funds (SMSF). Individuals will need to obtain a director ID if they are a director or eligible officer of any of the following entities:

- A company;
- An Aboriginal and Torres Strait Islander corporation;
- A corporate trustee, for example, of a self-managed super fund;
- A charity or not-for-profit organisation that is a company or Aboriginal and Torres Strait Islander corporation;
- A registered Australian body, for example, an incorporated association that is registered with the Australian Securities and Investments Commission (ASIC) and trades outside the state or territory in which it is incorporated;
- A foreign company registered with ASIC and carrying on business in Australia (regardless of where the individual lives).

The introduction of the director ID regime is part of the Government's Modernisation of Business Registers (MBR) Program. The MBR will unify the Australian Business Register and 31 ASIC business registers, including the register of companies. In effect, the system will create one source of truth across Government agencies for individuals and entities and will be managed by the ATO.

For those concerned about their privacy, the director ID will not be searchable by the public and will not be disclosed without the consent of the director.

## Foreign directors and the director ID system

Foreign directors of Australian companies have the same requirements and deadlines as Australian resident directors, however, the verification process is only accessible in paper form.

One primary and two secondary forms of identification are required to accompany the application that have been certified by a notary public or by staff at the nearest Australian embassy, high commission or consulate, including consulates headed by Austrade honorary consuls. Primary forms of identification include a birth certificate or passport, and secondary include driver's licence, foreign government identifier, or national photo identification card.

In the presence of the applicant, the authorised certifier must certify that each copy is a true and correct copy of the original document by sighting the original document, stamping, signing and annotating the copy of the identity document to state, 'I have sighted the original document and certify this to be a true and correct copy of the original document sighted'. initialling each page listing their name, date of certification, phone number and position.

The form and the accompanying documents will need to be sent by mail to Australian Business Registry Services using the details provided.

## OFFSETTING TAX LOSSES AGAINST PRIOR YEAR PROFITS

Temporary loss carry back rules allow companies that have tax losses in the 2020, 2021, 2022 or 2023 income years to offset the losses against taxable profits made in the 2019, 2020, 2021 or 2022 income years.

This relief is provided in the form of a refundable tax offset that is claimed in the company tax return when it is lodged. To utilise the offset, the tax lodgements for the last 5 years need to be up to date.

The loss carry back rules are optional and a number of conditions need to be satisfied. If this is relevant to your company, we will discuss with you whether to claim the prior year losses or carry them forward to future years and the implications of the decisions.

## PROFITS OF PROFESSIONAL SERVICES FIRMS

If your company operates a professional services firm, it will be important to understand the implications of finalised guidance from the ATO that applies from 1 July 2022.

The ATO guidance takes a strong stance on how the profits of professional services firms are structured and how profits flow through to the professionals involved. The ATO is specifically concerned with structures designed to divert income so the professional ends up receiving very little income directly for their work, reducing their taxable income.

Where these structures appear to be in place to divert income to create a tax benefit for the professional, Part IVA may apply. Part IVA is an integrity rule which allows the Commissioner to remove any tax benefit received by a taxpayer where they entered into an arrangement in a contrived manner in order to obtain a tax benefit. Part IVA may apply to schemes designed to ensure that the professional is not appropriately rewarded for the services they provide to the business, or that they receive a reward which is substantially less than the value of those services.

The guidance, which has now been finalised, sets out a series of tests to identify a practitioner's risk level, looking at the structure of the business and how profits are distributed, and whether the structure has any high-risk features.

Some arrangements that were previously considered low risk may now fall into a higher risk zone.

For professional services firms, it will be important to assess the risk level and this needs to be done for each principal practitioner separately.



# AREAS OF ATO SCRUTINY

## CRYPTOCURRENCY IN THE HEADLINES

The ATO has been very active lately trying to dispel myths about how cryptocurrency is taxed.

If your business accepts cryptocurrency as payment for goods or services, these payments are treated in the same way as any other. That is, if your business is registered for GST, the price paid by the person paying in the digital currency should include GST. Likewise, if you purchase goods or services for use in your business then you should generally be able to claim GST credits on the transaction in your activity statement, even if you used digital currency to make the purchase.

It is possible that an entity could hold cryptocurrency as trading stock if it is held for the purpose of sale or exchange in the ordinary course of a business. Any gains from the trades

are then taxed in the business's income tax return. If you carry on a business of trading cryptocurrencies, that is, you approach the trading in a business-like manner, then you can generally claim losses and other business expenses as a deduction.

Even if the cryptocurrency is not held as trading stock the disposal of cryptocurrency items will generally trigger a taxing event and it will be necessary to consider whether a gain or loss needs to be recognised for tax purposes.

The tax laws can be complex in this area and it's important to ensure that you get the right advice.

It's also important to keep records of your cryptocurrency transactions. The ATO regularly runs data matching projects and has access to the data from many crypto platforms and banks.

# FINANCIAL HOUSEKEEPING

## HAVING TROUBLE WITH TAX DEBT?

If you are having trouble paying your tax liability, please let us know as soon as possible so we can negotiate a deferral or payment plan with the ATO on your behalf.

## REPORTING PAYMENTS TO CONTRACTORS

The taxable payments reporting system requires businesses in certain industries to report payments they make to contractors (individual and total for the year) to the ATO. 'Payment' means any form of consideration including non-cash benefits and constructive payments. Taxable payments reporting is required for:

- Building and construction services
- Cleaning services
- Courier services
- Information technology (IT) services
- Road freight services
- Security, investigation or surveillance services
- Mixed services (providing one or more of the services listed above)

The annual report is due by 28 August 2022.

## SHAREHOLDER LOAN AGREEMENT MINIMUM REPAYMENTS

Division 7A captures situations where shareholders access company profits in the form of loans, payments or forgiven debts. If certain steps are not taken, such as placing the 'payment' under a complying loan agreement, these amounts are treated as a deemed unfranked dividend and taxable at the taxpayer's marginal tax rate.

The ATO provided an extension for COVID-19 impacted taxpayers who were unable to meet their minimum loan repayments under a Division 7A loan agreement in the 2020-21 year until 30 June 2022 (where they applied for an extension). These loans will need to be brought up to date by 30 June 2022 to avoid a deemed dividend being triggered.

## BEFORE YOU ROLL-OVER YOUR SOFTWARE...

Before rolling over your accounting software for the new financial year, make sure you:

- Prepare your financial year-end accounts. This way, any problems can be rectified and you have a 'clean slate' for the 2022-23 year. Once rolled over, the software cannot be amended.
- Do not perform a Payroll Year End function until you are sure that your STP finalisation declaration is correct and printed. Always perform a payroll back-up before you roll over the year.



## EMPLOYEE REPORTING

### Single touch payroll

For payments to employees through single touch payroll, a finalisation declaration generally needs to be made by 14 July 2022. However, there are some exceptions to this.

If the entity has 20 or more employees and some of them are closely held employees, then the finalisation declaration for the closely held employees needs to be made by 30 September.

For entities with 19 or fewer employees and which only have closely held employees the finalisation declaration should be made by due date for lodgement of the tax return of the relevant employee.

Employees will be able to access their Income Statement through their myGov account.

### Closely held payees

Payments to closely held payees can be reported through STP in one of three ways:

- Reporting actual payments in real time - reporting each payment to a closely held payee on or before each pay event (essentially using STP 'as normal').
- Reporting actual payments quarterly - lodging a quarterly STP statement detailing these payments for the quarter, with the statement due when the activity statement is due.
- Reporting a reasonable estimate quarterly - lodging a quarterly STP statement estimating reasonable year-to-date amounts paid to employees, with the statement due when the activity statement is due.

Small employers that have arm's length employees must report STP information on or before each payday regardless of the method that is chosen for reporting payments to closely held payees.

If your business has closely held employees, it will be important to plan throughout the year to prevent problems occurring at year end.

## Reportable Fringe Benefits

Where you have provided fringe benefits to your employees in excess of \$2,000, you need to report the FBT grossed-up amount. This is referred to as a 'Reportable Fringe Benefit Amount' (RFBA).

### DO YOU NEED TO DO A STOCKTAKE?

Businesses that buy and sell stock generally need to do a stocktake at the end of each financial year as the increase or decrease in the value of stock is included when calculating the taxable income of your business.

If your business has an aggregated turnover below \$50 million you can use the simplified trading stock rules. Under these rules, you can choose not to conduct a stocktake for tax purposes if the difference in value between the opening value of your trading stock and a reasonable estimate of the closing value of trading stock at the end of the income year is less than \$5,000. You will need to record how you determined the value of trading stock on hand.

If you do need to complete a stocktake, you can choose one of three methods to value trading stock:

- **Cost price** - all costs connected with the stock including freight, customs duty, and if manufacturing, labour and materials, plus a portion of fixed and variable factory overheads, etc.
- **Market selling value** - the current value of the stock you sell in the normal course of business (but not at a reduced value when you are forced to sell it).
- **Replacement value** - the price of a substantially similar replacement item in a normal market on the last day of the income year.

A different basis can be chosen for each class of stock or for individual items within a particular class of stock. This provides an opportunity to minimise the trading stock adjustment at year-end. There is no need to use the same method every year; you can choose the most tax effective option each year. The most obvious example is where the stock can be valued below its purchase price because of market conditions or damage that has occurred to the stock. This should give rise to a deduction even though the loss has not yet been incurred.

# REDUCE YOUR RISKS & MINIMISE YOUR TAX

## TOP TAX TIPS

### 1 **Declare dividends to pay any outstanding shareholder loan accounts**

If your company has advanced funds to a shareholder or related party, paid expenses or allowed a shareholder or other related party to use assets owned by the company, then this can be treated as a taxable dividend. The regulators expect that top-up tax (if any applies) should be paid by shareholders at their marginal tax rate once they have access to these profits. This is unless a complying loan agreement is in place.

If you have any shareholder loan accounts from prior years that were placed under complying loan agreements, the minimum loan repayments need to be made by 30 June 2022. It may be necessary for the company to declare dividends before 30 June 2022 to make these loan repayments.

The tax rules in this area can be extraordinarily complex and can lead to some very harsh tax outcomes. It is important to talk to us as soon as possible if you think your company has made payments or advanced funds to shareholders or related parties.

### 2 **Directors' fees and employee bonuses**

Any expected directors' fees and employee bonuses may be deductible for the 2021-22 financial year if you have 'definitely committed' to the payment of a quantified amount by 30 June 2022, even if the fee or bonus is paid to the employee or director after 30 June 2022.

You would generally be definitely committed to the payment by year-end if the directors pass a properly authorised resolution to make the payment by year-end. The employer should also notify the employee of their entitlement to the payment or bonus before year-end.

The accrued directors' fees and bonuses need to be paid within a reasonable time period after year-end.

### 3 **Write-off bad debts**

To be a bad debt, you need to have brought the income to account as assessable income and given up all attempts to recover the debt. It needs to be written off your debtors' ledger by 30 June. If you don't maintain a debtors' ledger, a director's minute confirming the write-off is a good idea.

### 4 **Review your asset register and scrap any obsolete plant**

Check to see if obsolete plant and equipment is sitting on your depreciation schedule. Rather than depreciating a small amount each year, if the plant has become obsolete, scrap it and write it off before 30 June. Small business entities can choose to pool their assets and claim one deduction for each pool. This means you only have to do one calculation for the pool rather than for each asset.

### 5 **Bring forward repairs, consumables, trade gifts or donations**

To claim a deduction for the 2021-22 financial year, consider paying for any required repairs, replenishing consumable supplies, trade gifts or donations before 30 June.

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## Pay June quarter employee super contributions now

Pay June quarter super contributions this financial year if you want to claim a tax deduction in the current year. The next quarterly superannuation guarantee payment is due on 28 July 2022. However, some employers choose to make the payment early to bring forward the tax deduction instead of waiting another 12 months.

Don't forget yourself. Superannuation can be a great way to get tax relief and still build your personal wealth. Your personal or company sponsored contributions need to be received by the fund before 30 June to be deductible.

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## Realise any capital losses and reduce gains

Neutralise the tax effect of any capital gains you have made during the year by realising any capital losses – that is, sell the asset and lock in the capital loss. These need to be genuine transactions to be effective for tax purposes.

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## Raise management fees between entities by June 30

Where management fees are charged between related entities, make sure that the charges have been raised by 30 June. Where management charges are made, make sure they are commercially reasonable and documentation is in place to support the transactions. If any transactions are undertaken with international related parties then the transfer pricing rules need to be considered and the ATO's documentation expectations will be much greater. This is an area under increased scrutiny.



# WHAT WE NEED FROM YOU

**This is a general list of what to have ready when we next meet with you:**

- Accounts data file (MYOB, Quickbooks, access to Xero)
- Debtors & creditors reconciliation
- Stocktake if applicable (or if your business is a Small Business Entity, use the simplified trading stock rules mentioned above)
- 30 June bank statements on all relevant loan documents
- Documents on new assets bought or sold, including the date you entered the contract and the date the asset was first used or installed ready for use
- Details of any grants or disaster loans received
- Details of any insurance payouts for your business or business premises
- Payroll reconciliation
- Superannuation reconciliation
- Cash book (if applicable)
- Details of any transactions involving cryptocurrency (e.g., Bitcoin)
- 30 June statements on any investment or operating accounts

**And, if we are preparing your individual income tax return:**

- Income Statement
- Tax statements of managed investment funds
- Interest income from banks and building societies
- Dividend statements for dividends received
- For share sales or purchases, the purchase and sale contract notes
- For real estate sales or purchases, the solicitor's correspondence for the purchase and sale
- Rental property statements from real estate agent and details of other expenditure incurred
- Work related expenses
- Self-education expenses
- Travel expenses
- Donations to charities
- Health insurance and rebate entitlement
- Family Tax Benefits received
- Commonwealth assistance notices
- IAS statements or details of PAYG Instalments paid
- Details of any transactions involving cryptocurrency (e.g., Bitcoin)
- Details of any income derived from participating in the sharing economy (e.g., Uber driving, rent from AirBNB, jobs completed through Airtasker etc.)



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