

It's just one week to the end of the 2020 Financial Year – are you ready?

Manage your deductions

There's still time to consider whether you need new office equipment, tools/machinery, or any other fixed asset for the coming year? This needs to be paid for before the 30th June.

You may wish to take advantage of the federal government's instant asset write-off scheme for small businesses. As a result of COVID-19, the threshold of the initiative has been increased from \$30,000 worth of asset purchases to \$150,000 for the 2019/2020 financial year.

You can also claim deductions if you prepay certain expenses, such as professional subscriptions, electricity, rent, wages, insurance, and utilities.

Pay out director's loans/accounts

If you owe the company money, you can repay any Director or shareholder loan account. Otherwise, they may be treated as a dividend for income tax purposes under Division 7A even if the participants treat it as some other form of transaction such as a loan, advance, gift or writing off a debt.

Meet your superannuation obligations

Meeting your superannuation guarantee obligations by 30 June 2020 will allow you to claim a tax deduction in your 2020 income tax return rather than having to wait until the following year.

Your total personal superannuation contributions are capped at \$25,000 for 2020. If you have not reached your capped amount, you may want to consider Self-Sacrifice superannuation to take advantage of reducing your taxable income as well as paying a lower tax rate on the sacrificed amount.

Payment Summaries – Income Statements

A reminder that with the introduction of mandatory STP reporting, payment summaries will no longer be provided directly to your employees. Employees can access their payment summary (now called an income statement) through their registered tax agent or ATO online services using myGov.

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