



Please call your VCFO on 1800 1800 98 to discuss



June 30th is just around the corner, and we all know what that means – Tax Time! But it doesn't need to be a scary or daunting time of year, look at it as an opportunity to plan and get your financial affairs in order. There are several strategies that can help you meet your legal obligations and assist you in getting the right tax outcomes for your business.

GET YOUR PAPERWORK UP TO DATE

Now is the time to check you have sent all the relevant paperwork to your bookkeeper or accountant

- Receipts for sales and purchases
- Records concerning tax returns, activity statements and employee super contributions
- GST returns and Business Activity Statements (BAS).

PAYOUT DIRECTOR'S LOANS/ACCOUNTS

You may consider repaying any Director or shareholder loan accounts. Otherwise, they will 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, or gift.

WRITE OFF BAD DEBTS

You may be able to claim a deduction for income that cannot be recovered from a customer or debtor. This unrecoverable income is also known as a 'bad debt'. Writing off bad debts may allow you to claim a GST refund depending on your GST reporting method (cash or accrual). There are certain criteria that define bad debt and several steps to be taken before it can be written off. Please discuss these with your accountant.

Before taking the steps to writing off a debt, consider offering the client a discount if they pay before 30 June.

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.

The new **Temporary Full Expensing** rule should also be considered. This allows an immediate deduction for 100% of the cost of eligible depreciating assets. The eligible new assets must be first held, first used or installed ready for use for a taxable purpose, between 6 October 2020 and 30 June 2023. Businesses can claim the deduction when lodging their 2021 or 2022 tax return.

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

MEET YOUR SUPERANNUATION OBLIGATIONS

Meeting your superannuation guarantee obligations by 30 June, will allow you to claim a tax deduction in your 2022 income tax return rather than having to wait until the following year. **Note that super isn't tax-deductible until it has been paid**, so ensure all super contributions are completed by the end of the financial year.

From 1 July 2021, the concessional contributions cap has increased to \$27,500. Your cap may be higher if you did not use the full amount of your cap in earlier years. This is called the carry-forward of unused concessional contributions. Concessional contributions include employer contributions, salary sacrifice, and personal contributions claimed as a personal deduction. The concessional contribution tax rate is 15%.

Have you reached your Concessional Contributions Cap? Making additional payment prior to 30 June may reduce your taxable income as well as paying a lower tax rate on sacrificed amounts.

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.

Please ensure all payroll information and payments are up-to-date and completed by 30 June. STP finalisation will be processed by your accountant on or before 14th July 2022.

To discuss your 2022FY Tax position and the ways you can make the most of your return, contact one of VCFO to arrange a meeting on 1800 1800 98.

2023 FINANCIAL YEAR

It is also the right time to start planning for the next financial year. With the bumpy road we've all had over the last 2.5yrs, it's time to look to the future and plan for success. Our VCFOs can help with your budget, forecasting and strategy planning for 2023 Financial Year.

BUDGET

Having a detailed and accurate budget is a must if you want to build a thriving, sustainable business. A budget is an important financial statement. It tells you how to direct your money to where it's needed most. Now is the time to start planning your Budget for 2023FY

REVIEW

Take time to set yourself up for the year ahead. Regularly reviewing and updating your plans will help you to:

- remember your goals and priorities
- assess whether your strategies are working
- adapt to any changes in your environment
- make the most of new opportunities as they come your way
- prioritise and maximise your effort (work smarter, not harder)

ASSESS

As your business grows and expands, you may decide to change your business structure, or to restructure your business. The compliance and taxation regulations differ depending on your business structure. Talk to your accountant to discuss your options.

TALK TO US



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