

2014 Business Tax Planning Strategies



The end of the 2013/14 financial year is almost here, so now's the time to review what strategies you can use to minimise your tax.

#1 | Concessional Superannuation Cap

The concessional superannuation cap for 2014 is \$25,000 per year for persons under 60 as at 30/6/14, and \$35,000 for persons age 60 to 75. Do not go over this limit or you will pay more tax!

Note that employer super guarantee contributions are included in these caps. Where a contribution is made that exceeds these limits, the excess is taxed to the fund member's account at an effective rate of 46.5%.

In order to claim a tax deduction in the 2014 financial year, the super fund must receive the contribution by 30 June 2014.

#2 | Asset Depreciation

If your business is a Small Business Entity (turnover less than \$2 million), then from 1 January 2014 the following tax concessions apply:

- Depreciating assets (including motor vehicles) valued at less than \$1,000 will be immediately deductible
- Depreciating assets valued at more than \$1,000 will be depreciated in one pool at a rate of 15% in the first year and 30% in future years

#3 | Tools of Trade / FBT Exempt Items

The purchase of Tools of Trade and other FBT exempt items for business owners and employees can be an effective way to buy equipment with a tax benefit. Items that can be packaged include Handheld/Portable Tools of Trade, Computer Software, Notebook Computers, Personal Electronic Organisers, Digital Cameras, Briefcases, Protective Clothing, and Mobile Phones.

If structured correctly, the Employer will be entitled to a full tax deduction for the reimbursement payment to the employee (for the equipment cost), and the employee's salary package will only be reduced by the GST-exclusive cost of the items purchased.

You should buy these items before 30 June 2014.

#4 | Employee Superannuation Payments

To claim a tax deduction in the 2014 financial year, you need to ensure that your employee superannuation payments have **CLEARED** your business bank account by 30 June 2014.

For any last minute superannuation payments, we recommend that you arrange for a BANK CHEQUE made payable to your employee super fund prior to 30 June 2014.

Also, check that your payroll system is now paying the required 9.25% rate (up from 9%) from 1 July 2013.

#5 | Defer Income

Where practical, defer issuing further invoices and/or receiving cash/debtor payments until after 30 June 2014.

#6 | Bring Forward Expenses

Purchase consumable items BEFORE 30 June 2014. These include stationery, printing, office and computer supplies.

#7 | Repairs & Maintenance

Make payments for repairs and maintenance (business, rental property, employment) BEFORE 30 June 2014.

2014 Business Tax Planning Strategies

#8 | Defer Investment Income & Capital Gains

If practical, arrange for the receipt of Investment Income (e.g. interest on Term Deposits) and the Contract Date for the sale of Capital Gains assets, to occur AFTER 30 June 2014.

The Contract Date is generally the key date for working out when a sale occurred, not the Settlement Date!

#9 | Motor Vehicle Log Book

Ensure that you have kept an accurate and complete Motor Vehicle Log Book for at least a 12-week period. The start date for the 12-week period must be on or before 30 June 2014. You should make a record of your odometer reading as at 30 June 2014, and keep all receipts/invoices for motor vehicle expenses.

#10 | Investment Property Depreciation

If you own a rental property and haven't already done so, arrange for the preparation of a Property Depreciation Report to allow you to claim the maximum amount of depreciation and building write-off deductions on your rental property.

#11 | Private Company ("Division 7A") Loans

Business owners who have borrowed funds from their company must ensure that the appropriate principal and interest repayments are made by 30 June 2014.

#12 | Year End Stock Take / Work in Progress

If applicable, you need to prepare a detailed Stock Take and/or Work in Progress listing as at 30 June 2014. Review your listing and write-off any obsolete or worthless stock items.

#13 | Write-off Bad Debts

Review your Trade Debtors listing and write off all Bad Debts BEFORE 30 June 2014. Prepare a minute of a Directors' meeting, listing each Bad Debt, as evidence that these amounts were actually written off prior to year-end.

#14 | Small Business Concessions - Prepayments

"Small Business Concession" taxpayers can make prepayments (up to 12 months) on expenses (e.g. Loan Interest, Rent, subscriptions) BEFORE 30 June 2014 and obtain a full tax deduction in the 2014 financial year.

#15 | Trustee Resolutions

Ensure that the Trustee Resolutions are prepared and signed BEFORE 30 June 2014 for all Discretionary ("Family") Trusts. Please see us for more information about these resolutions.

**Talk to us TODAY before the 30 June 2014 deadline
for assistance to reduce your tax!**

ECLIPSE ACCOUNTING GROUP

LEVEL 1, 12-16 PRESIDENT AVE, CARINGBAH NSW 2229
T: 02 9531 0922 E: ADMIN@ECLIPSEACCOUNTING.COM.AU

