

# PALMER & ASSOCIATES

CERTIFIED PRACTISING ACCOUNTANTS

June Newsletter

June, 2016

## 5 Top Tax Tips for Individuals & Small Businesses

June 30 is just around the corner so we have compiled 5 handy tax tips for individuals and small businesses to help you be prepared for the end of the financial year. Please do not hesitate to contact us if you require further information.

### Individuals – Tax Tips

#### ➤ Donations

Donations and gifts of over \$2 to deductible gift recipient charities and organisations are tax deductible. Ensure that documentation of the donations is retained.

#### ➤ Prepayments

In certain circumstances an immediate deduction is available for expenses paid up to 12 months in advance. This can include items such as interest on your rental property or share portfolio.

#### ➤ Motor Vehicle Expenditure

For all work related motor vehicle travel to and from your place of business you are able to claim a deduction under two methods;

- ❖ The cents per kilometre method (66 cents per business km travelled up to 5,000 km).
- ❖ The log book method (log book is kept over 12 weeks and updated every 5 years).



#### ➤ Get Health Insurance

Singles who earn over \$90,000 and families who earn over \$180,000 are liable to pay an additional 1% to 1.5% tax on their adjusted taxable income if they don't have an appropriate level of private patient hospital cover.

#### ➤ Income Protection Insurance

Premiums paid for income protection insurance are tax deductible as well as a good way to protect your income source should you be unable to work.

### ➤ Closing Stock Valuation

For businesses that have stock on hand at the end of the financial year, by revaluing that stock you are able to lower your business's taxable income and thus lower the tax payable on that income. The ATO allows three methods of valuing closing stock:

- ❖ Cost value
- ❖ Market value
- ❖ Replacement value

### ➤ Defer Income

The ATO assesses income as taxable in the hands of your business when it is received. If you can delay the receipt of income until the July, you will delay payment of tax on that income by more than 12 months. This can be achieved by delaying the invoicing of a job until July or not taking any upfront deposits in June for work that will be completed in July.

### ➤ Bring Forward Expenditure

As is similar to deferring income, the ATO assesses expenditure as deductible by your business when money is spent. By bringing forward any July planned expenditure into June will allow you to claim a tax deduction for that expenditure this financial year. Some expenses you may wish to bring forward include repairs and maintenance, rental payments and utility bills.



### ➤ \$20,000 Instant Asset Write Off

As announced in the 2015 Federal Budget, small business can now claim an instant tax deduction for any assets valued under \$20,000. This means items such as certain motor vehicles, machinery and computer hardware that cost under \$20,000 can be claimed as an instant tax deduction instead of depreciating them over several years, however, the write off is claimable in the year the asset was first used or installed ready for use.

To claim the write off you must not only ensure that you have paid for your asset by 30 June 2016, you must also ensure that you have received and are using or are able to use it by 30 June, 2016.

### ➤ Superannuation Contributions

Concessional superannuation contributions are contributions that are taxed in your superannuation fund, therefore your business is eligible to claim a tax deduction for the payment of those contributions. Concessional Contributions are limited to \$35,000 per year for all individuals 50 years of age and over before 1 July 2015 and \$30,000 for those under 50.

## Are you struggling with your business bookkeeping?

Here at Palmer & Associates we provide accurate and reliable bookkeeping services customised to meet your business requirements and goals. Our aim is to deliver affordable bookkeeping solutions to alleviate your stress and allow you to concentrate on what you do best - running and growing your business!

Our experienced team will work with you to provide a personalised service ensuring your business bookkeeping is effective, efficient and ATO compliant. We are certified for all the major software packages including XERO, MYOB, Reckon & Quickbooks and have experience with many other systems.

Please contact our office if you would like further information.

Our aim is to provide relevant information to inform and help create opportunities for our clients. Please note: many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation of the information's applicability to their particular circumstances. If you require further information regarding the contents of this newsletter, please do not hesitate to contact our office.