

Now is the time to finalise your 2020-21 end of financial year tax plan. Traditionally, year-end tax planning for small businesses is based around two simple concepts (i.e., Accelerating business deductions and deferring income). This year, consideration will obviously also need to be given to the impact of the continuing COVID-19 pandemic on business.

The following are a number of areas that may be considered for all business taxpayers.

#### Prepay Expenses prior to 30 June

If you have an expense that will fall due after June 30 you are able to claim that expense in the current year if you make payment in full now.

#### Plant & Equipment Deductions

Any equipment installed and ready for use by 30 June 2021 will be fully tax deductible in the current 2021 year.

Any asset/equipment that has previously been added to an asset pool can also be written off in full this year. (Please note that for most small business taxpayers this occurred in the 2020 year)

Review your Depreciation schedule for any plant and equipment you no longer have or use. The balance of these amounts can be written off.

If your equipment misses the 30 June 2021 date these deductions have been extended for the 2022 financial year as well.

#### Company Loss Carry Back

Companies that incur a loss for 2021, that paid tax in 2020 or 2019, may be able to carry that loss back and obtain a refund of previously paid tax. This only applies to companies and in specific circumstances. We will review this with each company at the time of preparing their 2021 tax returns.

#### Maximise superannuation contributions

Superannuation deductions are only available if they are processed by the fund prior to 30 June. To ensure you get your tax deduction this year please make sure your contributions are made prior to June 20. This will allow time for the superannuation fund to process and allocate the funds to the appropriate members. If you are unable to make the contributions prior to 30 June, (they are not actually due until July 28), you will be able to claim the deduction in the 2022 financial year.

The maximum concessional superannuation contribution cap for 2021 is \$25,000. If you are looking for an additional tax deduction increasing the super for the year to this amount will assist.

### Stock

Review your stock on hand. Any obsolete stock can be written off but must be done so by 30 June.

### Bad Debts

Your debtors should be reviewed and if you have ANY that are not recoverable they should be written off prior to June 30. Make sure your GST adjustment on the write off is recorded at the time and included in your June 2021 BAS.

### Accelerating Expenditure

A business taxpayer may wish to bring forward expenditure on regular, on-going deductible items.

The following may act as a checklist of possible accelerated expenditure:

- Repairs
- Consumables/spare parts
- General Office expenses including stationery and printing
- Advertising
- Rent
- Lease Payments
- Training Courses & Seminars
- Business Subscriptions
- Salary or wages and bonuses – the accrued expense for the days that employees have worked but have not been paid as at 30 June 2020
- Interest – any accrued interest outstanding on a business loan that has not been paid
- Commissions – where employees or other external parties are owed commission payments
- Fringe benefits tax ('FBT') – if an FBT instalment is due for the June 2021 quarter, for example, but not payable until July, it can be accrued and claimed as a tax deduction in the 2021 income year

As always if you have any queries regarding any of the above don't hesitate to contact me.