Brentnalls | WA
Chartered Accountants and Advisors

SMALL BUSINESS END OF FINANCIAL YEAR CHECKLIST

For businesses to maximise their cash position, they should consider the following tax planning opportunities before 30 June.

Prepay expenses before the end of the year:

- If aggregated turnover is < $50m, you can claim 100% deduction in the year an expense is paid

Bring forward the purchase of plant and equipment (finishes June 2023):

- Equipment installed and ready for use by 30 June 2022 will be fully tax-deductible in the current year
- General Asset Pool will be deducted in full this year
- Choice can be made for assets not held in General Asset Pool as to whether or not full deduction is allowable

Technology Investment Boost:

- Additional 20% deduction on purchase cost of asset or expenses that assist with going digital (Limit of $100k)
- Applies to entities with aggregated turnover <$50m
- Only claimable in 2023 FY
- Applies for assets purchased after 29th March 2022 (budget night)

Skills and Training Boost:

- Additional 20% deduction on costs incurred in providing external training courses for employees (No cost limit defined)
- Applies to entities with aggregated turnover <$50m
- Only claimable in 2023 & 2024 FY
- Applies to costs incurred after 29th March 2022 (budget night)

Review eligibility for Loss Carry Back rules (Finishes June 2023):

- Consider if this further encourages immediate write-off of assets
- Review impact on franking account, and whether adequate franking credits exist to pay dividends (including for remuneration purposes, and Div 7A loan management)
- Consider whether appropriate to change shareholder remuneration from dividend to a deductible director expense

Maximise your tax-deductible debt:

- Loans for private purposes are not tax-deductible
- Review whether refinance options may be available to increase the split of deductible vs non-deductible debt
- Consider whether Div 7A loans can be restructured

Maximise superannuation contributions:

- Super is only deductible if paid by 30 June
- Annual concessional contribution caps are $27.5k
- Review whether you are eligible to utilise carry-forward of unused concessional contribution caps from prior years to further maximise your contributions

Write off bad debts:

- If debtors are not recoverable, and all action has been taken to resolve, then write off the bad debt before 30 June to bring to account the expense
- Ensure GST is adjusted

Write off slow-moving or obsolete stock:

- Review your stock holding
- If the market value is lower than the cost of the stock, a deduction can be realised for the difference

Utilise unrealised capital losses:

- Ensure you take advantage of capital losses within your group
- Consider whether distribution minutes can be prepared in a way to utilise group losses

Review plant and equipment:

- Review depreciation schedule for any scrapped plant and equipment that can be written off
- Review the effective lives of equipment and consider whether appropriate to increase rate of depreciation

Repay Div 7A loans:

- Cash repayments can reduce the requirement for dividends to be declared

Review tax rate applying to companies:

- Base rate companies pay tax at 25% while all others pay tax at 30%
- Consider impact of timing on dividends and the tax credit vs top-up tax payable
- Review any planning that could occur to achieve the desired tax rate (may be lower to reduce tax, may be higher to maximise franking credits on dividends)

Review for access to refundable franking credits:

- Review for opportunities ahead of 30 June 2022 to access any refundable franking credits
- Consider whether any loss entities could result in a flow of highly franked income resulting in a refund

Claim and document your Research & Development activities:

- When engaged in R&D activities, clearly document the activities and costs relating to those activities to take advantage of R&D Tax Offsets

Plan for your tax position prior to 30 June:

- Understand options to reduce or defer tax payments
- Plan the cashflow for instalments of tax, and the tax due on lodgements of tax returns
- Identify opportunities to vary tax instalments and improve cashflow
- Implement above tax planning and other savings