



2020 Year End Tax Planning Checklist Matters to Consider Before 30th June 2020

- As part of the Federal Government's economic response to the Coronavirus, businesses with a turnover of less than \$500 million can claim an immediate deduction for business related equipment purchased and installed prior to 30 June 2020 of up to \$150,000 per item net of GST. It has recently been announced that this concession will be extended to assets installed between 1st July 2020 and 31st December 2020.
- Seek Advice regarding paying Superannuation Contributions **before 30th June 2020** or you can't claim a tax deduction until the following year. Maximum amounts per person for 2019/20: \$25,000 for all taxpayers from all sources.
NB: Excess contributions will be included in your assessable income and taxed at your marginal tax rate plus an interest charge. Personal contributions require a form to your super fund of the amount you will be claiming as a deduction.
- Seek Advice regarding paying Non concessional (non-deductible) super contributions.
- Additional deductible superannuation contributions may be made for members that have a total superannuation balance of less than \$500,000. Seek advice for eligibility to utilise any unused deductible super contributions from the 2019 financial year that can now be claimed in the 2020 financial year.
This could potentially lead to a maximum deductible superannuation contribution of up to \$50,000 being made prior to 30th June 2020.
- This is the perfect time to review the appropriateness of your business and personal structures to ensure that your assets are protected and your wealth is maximised. Contact our office should you wish to discuss this further
- Small businesses are currently in a strong position to negotiate with the ATO. Due to the challenging economic conditions, the ATO is allowing temporary support measures which include the deferral of payments, options to enter into low interest repayment plans and the remission of interest on already existing debts. Please contact our office should you wish to explore any of these options
- Consider deferral of assessable income, where possible issue invoices in July rather than June (this does not apply to Small Business Taxpayers on a cash basis).
- Check for any income received in advance before work is performed that may not be taxable this year.
- Record action taken in relation to Bad Debts and write off in your books before year-end.
- Bring forward purchase of small tools consumables, stationery, repairs and maintenance, fill up fuel tanks, pay up postage etc.
- Prepare a stock take & review stock on hand for obsolete items or items that have decreased in value.
- Scrap obsolete depreciable assets.
- Make tax-deductible donations before year-end.
- Provide Laptops, Electronic Personal Diary/Organiser Mobile Phones, Briefcases, Diaries or other work-related items to employees as a fringe benefit before year end and claim cost in full as a deduction.
- Commit to paying a bonus to employees **before 30th June 2020** to obtain your tax deduction, but pay it after this date & employees will not be taxed until the next financial year.

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- Prepayments over \$1,000 are not immediately deductible (unless you are a small business taxpayer or non-business taxpayer).
- For companies pay all Division 7A loan repayments and interest commitments.
- Consider matching capital gains with capital losses – consider selling assets **before 30th June 2020** to crystallize a capital loss.
- Defer disposal of Capital Gains Tax Assets until after year-end and/or to ensure asset has been held for more than 12 months (disposal is generally the date of contract, not settlement).
- Ensure you have withdrawn your minimum pension payments from your Self-Managed Super Fund to maintain the pension Tax Exemption for your fund.
- Investigate potential savings from obtaining Private Health Insurance. The Medicare Levy Surcharge applies for 2019/20 if your “adjusted” taxable income will be over \$90,000 for a single person or \$180,000 for couples & families.
- Consider paying “commercial” wages to your spouse or children where they work in the business.
- Ensure you have signed and sent back to us your Discretionary Trust Income Distribution Resolutions, which reduces the risk of trust income being taxed to the trustee at the top tax rate



Please note:

Noel McKenney & co Pty Ltd are not licenced to provide financial advice. We recommend you obtain the advice of a licenced financial planner before making any superannuation contributions. If you have any questions please contact us.