

# BusinessPlus+ Newsletter



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## End Of Year Tax Planning – June 2015

### The 2015 Financial Year is Coming to an End

This special edition of the Business Plus+ newsletter contains commentary on many of the items you may encounter as part of your end of financial year deliberations. Please contact us for a copy of our End of Year Tax Planning paper and checklist. Both will assist you in identifying items that you might like to discuss with us.

### End of Year Tips

**Prepayments** – if your turnover is under \$2million, consider any prepayments prior to 30<sup>th</sup> June 2015.

**“Cash is King!”** – update your financial records to 30<sup>th</sup> June 2015 so you can discuss with us the possible variation of your PAYG instalment due by 28<sup>th</sup> July 2015.

**Please note that none of these matters will become law until the Budget is passed by the House of Representatives and the Senate and signed by the Executive Council.**

#### From Budget Night – 12<sup>th</sup> May 2015

- Small businesses with aggregated turnover of less than \$2million are able to immediately deduct the cost of assets (cars, vans, kitchens, office equipment, plant and equipment, etc.) they start to use or are installed ready for use, provided the asset cost less than \$20,000 (previously \$1,000).

Small businesses can apply this \$20,000 rule to as many individual items as they like.

“Aggregated turnover” is calculated on a group basis and must be “business income”.

- Assets valued at \$20,000 or more can continue to be placed in the small business simplified depreciation pool, depreciated at 15% in the first income year and 30% each income year thereafter.
- The government plans to suspend the current “lockout” laws for the simplified depreciation rule. Currently, these “lockout” rules prevent small businesses from re-entering the simplified depreciation regime for 5 years if they opt out.

## End of Year Tips (Continued)

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### From 1<sup>st</sup> July 2015

- The government proposes that the company tax rate will be reduced by 1.5% to 28.5%, for companies with aggregated annual turnovers of less than \$2million. "Aggregated turnover" is calculated on a group basis and must be "business income".
- The government also intends to introduce a legislation, whereby individual taxpayers with business income from an unincorporated business, sole trader and partnership that has aggregated annual turnover of less than \$2million, will be eligible for a small business tax discount.

The discount will be 5% of the income tax payable on the business income received by an unincorporated small business entity. The discount will be capped at \$1,000 per individual for each income year and will be delivered as a tax offset.

- Start-up businesses will benefit by being able to immediately deduct professional costs associated with starting a new business, subject to the Budget being passed.

### Taxation Planning For 30<sup>th</sup> June 2015

- You could consider whether there are benefits in delaying the receipt of income until after 30<sup>th</sup> June 2015, to avail yourself of the reduction in the corporate tax rate for the 2015/16 fiscal year.

You could delay the incurring of expenses, relative to the establishment of a new business, until after 1<sup>st</sup> July 2015 so that those expenses can be 100% written off in 2015/16 fiscal year.

## Taxing of Trading Income

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There are two forms of taxing trading income, depending on whether the business is assessed on a:

- "cash" basis - businesses are assessed when payment is received; or
- "accruals" basis - businesses are assessed when a legally recoverable debt arises, usually at the point of invoicing.

## Small Business Entities

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(Aggregated turnover of less than \$2million – "aggregated turnover" is calculated on a group basis and must be "business income". Please ignore this section if not applicable to you.)

The small business entity rules apply to a sole trader, partnership, company or trust which has a group turnover of less than \$2million in the previous year, or likely to be less than \$2million in the current year.

### Depreciation Rules

Small businesses can have a small business asset pool.

The balance in the asset pool at 1<sup>st</sup> July 2014 can be written off at 30%.

Assets acquired in the period 1<sup>st</sup> July 2014 to 11<sup>th</sup> May 2015 are treated as:

- Acquisition price up to \$1,000 – written off in 2014/15.
- Acquisition price \$1,001 onwards – depreciation of 15% able to be claimed in 2014/15.

Assets acquired in the period 12<sup>th</sup> May 2015 to 30<sup>th</sup> June 2015 are treated as:

- Acquisition price of up to \$20,000 – written off in 2014/15.
- Acquisition price \$20,001 onwards – depreciation of 15% able to be claimed in 2014/15.

### Depreciation – Motor Vehicle

You can choose to use the capital allowance provision to calculate the deduction for a motor vehicle costing \$1,000 or more, if you've started to use or have installed ready for use for business purposes.

From 12<sup>th</sup> May 2015 (subject to the 2015 Budget being passed), you can immediately write off the cost of a vehicle costing up to \$20,000. If the vehicle costs more than \$20,000, the vehicle can be placed into the small business simplified depreciation pool, depreciated at 15% in the first income year (2014/15) and 30% each income year thereafter.

## Small Business Entities (Continued)

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### Prepayments

Small business entity taxpayers are entitled to a deduction where the relevant services will be wholly provided within 12 months of the date of expenditure, such as office supplies, stationery, rent, advertising etc.

### General Deductions

- Staff Bonuses – ensure a cheque has been written prior to 30<sup>th</sup> June 2015 and PAYG withholding tax deducted.
- Staff Holidays – where practical, encourage staff to take holidays prior to 30<sup>th</sup> June 2015.
- Superannuation – for the year ending 30<sup>th</sup> June 2015, superannuation contributions can be paid for any person:
  - aged under 50 years – \$30,000
  - aged 50 years and over – \$35,000
- Self-Employed Persons – self-employed persons can obtain a superannuation deduction on the same basis as that adopted for employees.
- Salary Sacrifice Arrangements – salary sacrifice arrangements can be utilised to maximise superannuation contributions subject to the overall deduction limits.
- Non-Concessional Contributions – non-concessional contributions can be made up to \$180,000 per annum or a total of \$540,000 over a 3-year period.
- Superannuation Minimum Contributions – superannuation contributions have to be paid to all eligible employees who are paid, at least, \$450 gross per month.

Interest On Loan Funds – interest can be claimed on loans taken out for business purposes or to buy income producing properties and/or shares.

- Repairs & Maintenance – ensure that the work has been completed prior to 30<sup>th</sup> June 2015.
- Directors' Fees – ensure cheques are drawn prior to 30<sup>th</sup> June 2015 and that PAYG Withholding Tax is deducted.
- Travel Deductions:
  - Overseas – prepare a full itinerary and diary.
  - Local – more than 6 nights you are required to maintain a diary.
- Motor Vehicle Expenses – there are 4 methods available to calculate tax deductions for work-related motor vehicle expenses:
  - cents per kilometre method:
    - small car – 65 cents per kilometre
    - medium car – 76 cents per kilometre
    - large car – 77 cents per kilometre
  - logbook method
  - 12% of the original value method
  - 1/3 of actual expense method
- Depreciation – review capital expenditure and ensure you claim depreciation at the highest legally allowable amount.
- Donations – any promised tax deductible donations should be made prior to 30<sup>th</sup> June 2015.
- Borrowing Costs – borrowing costs can be claimed over the shorter of the 5 years or the term of the loan.
- Entertainment – entertainment is not deductible unless it is provided as a fringe benefit and Fringe Benefits Tax has been paid.
- Research & Development for companies with turnovers under \$20million – companies that incur research and development can claim additional taxation benefits. Companies must register their research and development projects with AusIndustry by 30<sup>th</sup> April 2016 or the date of lodgement of the company's income tax return, whichever is earlier. The company will receive the benefit of a research and development 43.5% refundable tax offset, calculated at 43.5% of the eligible research and development expenditure. The rebate can be paid to the company by the ATO within 30 days of the company lodging its income tax return. If you require further information on the treatment of research and development expenditure, please contact us.

## Small Business Entities (Continued)

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- [Gifts](#) – ensure payment is made to a tax-deductible charity on or before 30th June 2015.
- [Audit Fees](#) – deductible if there's a contract that creates a presently existing liability before 30th June 2015.
- [Salary Packages](#) – ensure salary packages for 2015/16 are negotiated and documented prior to 30th June 2015.
- [Legal Costs](#) – review any legal costs that have been incurred. If the legal costs relate to regular business operations (e.g. debt collections), separate them from costs relating to capital items which are not claimable for income tax purposes.
- [Luxury Car Tax](#) – the Luxury Car Tax is 33% and applies to the GST inclusive value in excess of \$61,884 (including GST). The Luxury Car Tax for “fuel efficient vehicles” applies from a cost of \$75,375.

### Stock

- [Trading Stock Rules](#) – small business entities do not have to account for changes in trading stock or prepare a stocktake for tax purposes, where the difference between the value of the opening stock and a reasonable estimate of the closing stock is \$5,000 or less.
- [Stock on Hand](#) – review stocktake list as at 31st May 2015. Determine whether to conduct “sales” prior to 30th June 2015. Conduct stocktake as at 30th June 2015. If you're conducting regular “rolling” stocktakes throughout the year, it may not be necessary to conduct a stocktake as at 30th June 2015. Stocktaking may not be necessary if you're a small business entity.
- [Value of Stock](#) – stock can be valued at different individual methods for each item of stock:
  - Cost
  - Sale Value
  - Lower of Market Value or Replacement Cost
- [Obsolete Stock](#) – identify any obsolete stock and decide whether to clear or dump that stock prior to stocktake.

### Assets

- [Fixed Assets](#) – determine if there are any benefits in scrapping any fixed assets to obtain the tax write off prior to 30th June 2015.

### Employment Issues

- [Payment Summaries](#) - payment summaries have to be prepared and sent to all employees by 14th July each year.
- [PAYG Withholding Tax](#) - annual summary due 14th August to ATO.
- [Payroll Tax \(if you are liable\)](#) - you have to prepare a reconciliation of total payroll for the year showing the total amount of payroll tax payable and then reconcile this with the remittances that you have forwarded on a monthly basis.
- [Work Cover](#) - a Work Cover Declaration is due by 31st August certifying wages paid for year ending 30th June 2015.

### Income Issues

- [Government Grants](#) – if your business has received a grant from a government department, it's most likely paid to you on the basis that it's taxable income and therefore you need to disclose in your tax return the receipt of the government grant. If you are lodging your income tax return on a cash basis, this highlights the desirability of ensuring that all of the government grant funds have been expended on tax-deductible items prior to 30th June 2015 (if possible).
- [Personal Service Income](#) – taxation laws include measures that are designed to limit the deductions available to certain contractors, whether operating as a sole trader or through a company, trust or partnership; these are known as the Personal Services Income (PSI) measures. A taxpayer, who meets certain specified tests, will be treated as carrying on a personal services business and will be able to claim a wider range of deductions. If you are operating a personal service business you need to be aware of the ATO's strict approach to income retention and income splitting.
- [Non-Commercial Losses](#) – for a business to be commercial, under the “non-commercial losses tests”, the business needs to meet certain prescribed tests. If the tests are not met, any losses arising from the activities have to be carried forward and offset in a later year against future income from the same type of source. If you have non-commercial losses, please contact us for advice on the treatment of the losses in 2014/15.
- [Trust Distributions](#) – the ATO has indicated that it will be enforcing the full meaning of the law, whereby trust distributions have to be made by the 30th June each year.

### Utilising Tax Free Threshold

- Every adult taxpayer has a tax-free threshold of \$18,200. If a taxpayer is verging on losses, consideration should be given to the decision being made in relation to the valuation of stock, bringing forward or delay of sales, etc., to utilise the tax-free threshold. Otherwise, it will be lost forever.

## Entities Not Defined as Small Business

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(Aggregated turnover of over \$2 million. Please ignore this section if not applicable to you.)

### Prepayments

The prepayment rule for other small businesses applies to business taxpayers with a group turnover of \$2million or more.

### General Deductions

- Staff Bonuses – ensure a cheque has been written prior to 30th June 2015 and PAYG withholding tax deducted.
- Staff Holidays – where practical, encourage staff to take holidays prior to 30th June 2015.
- Superannuation – For the year ending 30th June 2015, superannuation contributions can be paid for any person:
  - Aged under 50 years – \$30,000
  - Aged 50 years and over – \$35,000
- Self-Employed Persons – self-employed persons can obtain a superannuation deduction on the same basis as that adopted for employees.
- Salary Sacrifice Arrangements – salary sacrifice arrangements can be utilised to maximise superannuation contributions subject to the overall deduction limits.
- Non-Concessional Contributions – non-concessional contributions can be made up to \$180,000 per annum or a total of \$540,000 over a 3-year period.
- Superannuation Minimum Contributions – superannuation contributions have to be paid to all eligible employees who are paid, at least, \$450 gross per month.
- Interest On Loan Funds – interest can be claimed on loans taken out for business purposes or to buy income producing properties and/or shares.
- Repairs & Maintenance – ensure that the work has been completed prior to 30<sup>th</sup> June 2015.
- Directors' Fees – ensure cheques are drawn prior to 30<sup>th</sup> June 2015 and that PAYG Withholding Tax is deducted.
- Travel Deductions:
  - Overseas – prepare a full itinerary and diary.
  - Local – more than 6 nights you are required to maintain a diary.
- Motor Vehicle Expenses – there are 4 methods available to calculate tax deductions for work-related motor vehicle expenses:
  - cents per kilometre method:
    - small car – 65 cents per kilometre
    - medium car – 76 cents per kilometre
    - large car – 77 cents per kilometre
  - logbook method
  - 12% of the original value method
  - 1/3 of actual expense method
- Depreciation – review capital expenditure and ensure you claim depreciation at the highest legally allowable amount.
- Donations – any promised tax deductible donations should be made prior to 30<sup>th</sup> June 2015.
- Borrowing Costs – borrowing costs can be claimed over the shorter of the 5 years or the term of the loan.
- Entertainment – entertainment is not deductible unless it is provided as a fringe benefit and Fringe Benefits Tax has been paid.
- Research & Development – companies that incur research and development can claim additional taxation benefits.

There are two components:

- companies with turnovers under \$20million
- companies with turnovers over \$20million

Companies must register their research and development projects with AusIndustry by 30<sup>th</sup> April 2016 or the date of lodgement of the company's income tax return, whichever is the earlier.

## Entities Not Defined as Small Business (Continued)

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- Companies with turnovers under \$20million – the company will receive the benefit of a research and development 43.5% refundable tax offset, calculated at 43.5% of the eligible research and development expenditure. The rebate can be paid to the company by the ATO within 30 days of the company lodging its income tax return.
- Companies with turnovers over \$20million – the company will receive a 38.5% non-refundable tax offset. If you require further information of the treatment of research and development expenditure, please contact us.
- Gifts – ensure payment is made to a tax-deductible charity on or before 30th June 2015.
- Audit Fees – deductible if there's a contract that creates a presently existing liability before 30th June 2015.
- Salary Packages – ensure salary packages for 2015/16 are negotiated and documented prior to 30th June 2015.
- Legal Costs – review any legal costs that have been incurred. If the legal costs relate to regular business operations (e.g. debt collections), separate them from costs relating to capital items which are not claimable for income tax purposes.
- Luxury Car Tax – the Luxury Car Tax is 33% and applies to the GST inclusive value in excess of \$61,884 (including GST). The Luxury Car Tax for “fuel efficient vehicles” applies from a cost of \$75,375.

### Deductions On “Accruals” Basis

*(subject to income tax return being lodged on an “accruals” basis)*

- Fringe Benefits Tax Payment (Accruals Basis) – if a Fringe Benefit Tax instalment is due on 21st July 2015, it can be accrued and claimed as a tax deduction in the year ending 30th June 2015.
- Commissions Owing (Accruals Basis) – where employees or another business are owed commission by your business for services rendered up to 30th June 2015, the accrued amount can be claimed as a tax deduction at 30th June 2015.
- Bad Debts (Accruals Basis) – actually write-off any bad debts prior to 30th June 2015 and prepare minutes authorising the write-off.
- Interest (Accruals Basis) – any accrued interest outstanding on a business loan, that has not been paid at 30th June 2015, can be claimed as a tax deduction at 30th June 2015.
- Salaries & Wages (Accruals Basis) – the accrued expense for the days that employees have worked, but not paid at 30th June 2015, can be claimed as a tax deduction at 30th June 2015.
- Commercial Bills (Accruals Basis) – where the term of a Commercial Bill expires beyond the 30th June 2015, the discount applicable to the period up to 30th June 2015 can be claimed as a tax deduction.
- Rent (Accruals Basis) – if rent is in arrears, the part that is owed up to 30th June 2015 can be claimed as a tax deduction.

### Stock

- Stock On Hand – review stocktake list as at 31st May 2015. Determine whether to conduct “sales” prior to 30th June 2015. Conduct stocktake as at 30th June 2015. If you're conducting regular “rolling” stocktakes throughout the year, it may not be necessary to conduct a stocktake as at 30th June 2015.
- Value Of Stock – stock can be valued at different individual methods for each item of stock:
  - Cost
  - Sale Value
  - Lower of Market Value or Replacement Cost
- Obsolete Stock – identify any obsolete stock and decide whether to clear or dump that stock prior to stocktake.

### Assets

- Fixed Assets – determine if there are any benefits in scrapping any fixed assets to obtain the tax write off prior to 30th June 2015.

### Employment Issues

- Payment Summaries - payment summaries have to be prepared and sent to all employees by 14th July each year.
- PAYG Withholding Tax - annual summary due 14th August to ATO.
- Payroll Tax (if you are liable) - you have to prepare a reconciliation of total payroll for the year showing the total amount of payroll tax payable and then reconcile this with the remittances that you have forwarded on a monthly basis.
- Work Cover - a Work Cover Declaration is due by 31st August certifying wages paid for year ending 30th June 2015.

## Entities Not Defined as Small Business (Continued)

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### Income Issues

- Bad Debts Recovered (on an accruals basis) – if a debtor, who had been written off as a bad debt and claimed as a tax deduction for the amount of the bad debt, subsequently pays any part of the amount owing, you have to bring the amount paid to account as assessable income in the year of recovery.
- Government Grants – if your business has received a grant from a government department, it's most likely paid to you on the basis that it's taxable income and therefore you need to disclose in your tax return the receipt of the government grant. If you are lodging your income tax return on a cash basis, this highlights the desirability of ensuring that all of the government grant funds have been expended on tax-deductible items prior to 30<sup>th</sup> June 2015 (if possible).
- Personal Service Income – taxation laws include measures that are designed to limit the deductions available to certain contractors, whether operating as a sole trader or through a company, trust or partnership; these are known as the Personal Services Income (PSI) measures. A taxpayer, who meets certain specified tests, will be treated as carrying on a personal services business and will be able to claim a wider range of deductions. If you are operating a personal service business you need to be aware of the ATO's strict approach to income retention and income splitting.

### Income Issues (cont'd)

- Non-Commercial Losses – for a business to be commercial, under the “non-commercial losses tests”, the business needs to meet certain prescribed tests. If the tests are not met, any losses arising from the activities have to be carried forward and offset in a later year against future income from the same type of source. If you have non-commercial losses, please contact us for advice on the treatment of the losses in 2014/15.
- Trust Distributions – the ATO has indicated that it will be enforcing the full meaning of the law, whereby trust distributions have to be made by the 30<sup>th</sup> June each year.

### Utilising Tax Free Threshold

Every adult taxpayer has a tax-free threshold of \$18,200. If a taxpayer is verging on losses, consideration should be given to the decision being made in relation to the valuation of stock, bringing forward or delay of sales, etc., to utilise the tax-free threshold. Otherwise, it will be lost forever.

## Property Investments

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### Deductions

- Interest On Investment Loans – taxpayers who have borrowed money for a non-business investment (e.g. rental property) can check with their lenders to see if they can prepay interest prior to 30<sup>th</sup> June 2015.
- Building Allowance – the construction costs of income producing buildings may be written off at 2.5% or 4%, depending on the date of construction. Please contact us if you require additional details.
- General expenses can include real estate agents fees; building allowance (can be written off at 2.5% or 4% depending on date of construction); depreciation of fixtures, fittings, plant and equipment; share of depreciation of common property in a strata titled property; repairs and maintenance; pest control; interest on monies borrowed for investment in the property; bank charges on the property bank account; cleaning; electricity; rates; land tax; insurance and travel for inspection trips by the owner apportioned for partly private travel.
- Negative Gearing – the net loss, which may include interest, borrowing costs, etc., may be deductible.

### Income Issues

- Income Splitting – income splitting can be highly tax effective, especially if investments have been placed in the name of a lower income earner. This can be applicable where a spouse is not working and the income in the spouse's hands would therefore be taxed at a lower rate.
- All income from a rental property should be declared.

## Superannuation Funds

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Contributions to superannuation funds for taxpayers earning less than \$180,000 are taxed at 15% of the contribution. For taxpayers earning in excess of \$180,000, contributions are taxed at 30%. Earnings made in a superannuation fund are taxed at 15% and paid by the superannuation fund. For people 60 years or over who have started drawing a pension, payments from the superannuation fund are, in the majority of cases, tax-free.

Generally, monies invested in superannuation funds cannot be accessed until 55 years of age.

# Individuals

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## Deductions

- [Superannuation Co-Contribution](#) – the government will give lower income earners \$0.50 for each \$1 they contribute to superannuation from their after-tax salary up to a maximum of \$500.
- [Taxation Advice](#) – fees payable to an accountant or registered tax agent for taxation advice can be claimed.
- [Expense Substantiation](#) – ensure that you can justify all employment-related expense amounts incurred.
- [Working From Home Expenses](#) – expenses can be claimed for working from home (as distinct from having a home office).
- [Expenses For Shareholding Investments](#) – expenses incurred in gaining income from shares are a tax deduction.
- [Personal Insurance Payments](#) – premiums for Sickness and Accident Cover are tax deductible. Payments can be made by the employer without incurring Fringe Benefits Tax.
- [Home Office Expenses](#) – if you use an area in your home, you can claim the expenses of a home office. Items that could be claimed include:
  - electricity (proportionate)
  - rent (proportionate)
  - cleaning (proportionate)
  - repairs and maintenance for the office
  - depreciation of fixtures and fitting and plant and equipment for the home office
- [Work-Related Expenses](#) – items such as travel, uniforms, laundry of work clothes, subscriptions, union fees and self-education.
- [End of Year Tax Schemes](#) – the ATO produces product rulings on various investment products that are marketed particularly around 30<sup>th</sup> June each year. To avoid confrontation with the ATO, it is best to consider investing in products that have obtained a product ruling. These product rulings are not a guarantee or government endorsement on the likely success, or profitability, of the investment.
- [Medical Expenses](#) – if your medical expenses exceed \$2,162, you can claim a tax offset calculated at 20% of the excess over \$2,162, if a claim was made in the 2013 income tax return. If a taxpayer's income is above \$84,000 for singles and \$168,000 for families, the claim is limited to 10% of the amount above \$5,100.
- [Managed Investment Schemes](#) – it is recommended that you have a meeting with your professional accountant prior to committing to a Managed Investment Scheme (MIS) investment.

## Income Issues

- [Interest Earned](#) – declare interest earned on bank accounts, loans, etc.
- [Employee Share Schemes](#) – if you're a member of an employee share scheme, you should ensure that any income earned is included in your income tax return.
- [Qualifying Employee Share Schemes](#) – scheme formed before 1<sup>st</sup> July 2009 – any discount on the shares is subject to taxation. If the scheme qualifies under the Employee Share Scheme Rules, the employee can choose when they include the discount in their assessable income. If the employee elects to include the discount benefit in their tax return for the year of receipt of the benefit, they are eligible for an exemption of the first \$1,000 of the discount.
- [Scheme Formed After 1<sup>st</sup> July 2009](#) – the discount on Employee Share Schemes are taxed either upfront or on a deferred basis. For 'qualifying' schemes, if the employee is earning less than \$180,000 taxable income plus reportable fringe benefits, reportable superannuation contributions and total investment losses, then the employee can claim a \$1,000 exemption from the inclusion of the assessable discount.
- [Dividends, Interest, Managed Funds Distributions, etc.](#) – the ATO matches information provided in tax returns with information received from external sources, such as public companies, banks, managed funds etc.

## Offsets

- [Zone Offset](#) – record the number of days you spend in Zone A or B, especially if you live in Zone B but spend some time in Zone A during the year.
- [Salary Packaging](#) – salary packaging can assist in the minimisation of income tax, particularly in the areas of voluntary superannuation contributions and acquisition of assets that are not subject to Fringe Benefit Tax. Your employer is required to report the value of fringe benefits in your payment summary. That may have an effect on other government payments you receive.

## Companies

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### Franking Account

- A company's dividend payments and franking profile should be reviewed before year-end to ensure sufficient credits are available.

### Company Loans

- The law requires that a loan to a shareholder is properly documented. If there is no security offered, the term of the loan should not exceed 7 years. If security is offered, the loan should not exceed 25 years. The interest rate to be charged during 2014/15 is a minimum of 5.95%. If loans have been made to shareholders that haven't been supported by properly-documented loan agreements, then the ATO can treat these payments as being dividends that are assessable to the shareholder.

## Primary Producers

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(In addition to small business entities and entities not defined as small business.)

**From Budget Night – 12<sup>th</sup> May 2015** (*Instead of 1<sup>st</sup> July 2016*)

- Accelerated Depreciation for Primary Producers – an immediate deduction for capital expenditure on fencing and water facilities such as dams, tanks, bores, irrigation channels, pumps, water towers and windmills. Able to depreciate all capital expenditure on assets such as silos and tanks used to store grain and other feed over 3 years.

### Deductions

- Non-Commercial Losses – for a business to be commercial, under the “non-commercial losses tests”, the business needs to meet certain prescribed tests. If the tests are not met, any losses arising from the activities have to be carried forward and offset in a later year against future income from the same type of source. If you have non-commercial losses, please contact us for advice on the treatment of the losses in 2014/15.

### Income Issues

- Deferring Livestock & Produce Sales – farmers can defer livestock and produce sales until after 30<sup>th</sup> June 2015.

## Capital Gains Tax

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- Matching Capital Losses and Capital Gains – capital losses are not directly deductible. Capital losses have to be offset against any capital gains generated during that financial year.
- 50% Capital Gains Tax Discount – you should check your eligibility for the general 50% capital gains tax discount for individuals. If you are a small business operator and are able to meet the \$6million net value asset test or have turnover of less than \$2million, you might be entitled to further capital gains tax concessions.
- “Wash Sales” - the ATO has issued a ruling that relates to “wash sales”. This is a situation where shares, in companies listed on the Stock Exchange, are sold to crystallise the capital loss and then shortly thereafter the taxpayer, or an associate of the taxpayer, purchases shares in that same corporation on the Australian Stock Exchange.

## Building and Construction

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### Reportable Payments Report

- If you're in the building and construction industries, you have to prepare a Reportable Payments Report to submit to the ATO, showing the payments you've made to each contractor for the year ending 30th June 2015. The return has to be lodged by 20th July 2015.

## End of Financial Year Review

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If you have any queries on any other items not discussed in this newsletter, or you have general matters that you'd like to discuss with us relative to your taxation affairs for the year ending 30th June 2015, please contact us to arrange a convenient meeting time.

## Business Review

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Now is an ideal time to talk to us about business development strategies for your business, particularly relating to:

- a business health check
- business evaluation workshop
- Personal Property Securities Register Due Diligence System Review
- cashflow management, including:
  - debtors
  - stock
  - work in progress reviews
- business plan development for 2015/16
- budgets & cashflow forecasts for 2015/16
- leadership review
- succession planning
- buying a business - if you're contemplating expanding your business operations
- selling a business - if you're planning on selling your business
- bank's/lender's review
- gross profit analysis review
- sales targets and calculations of "what ifs"
- surviving in difficult times
- accessing government grants

If you'd like us to undertake a business review on your business, please contact us as soon as possible.

## Important Dates

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*This list of dates is not comprehensive and is provided as a guide only. As dates are subject to change, we strongly recommend that you contact the [Australian Taxation Office](#) to confirm relevant dates applicable to your specific circumstances.*

<b>25 June</b>	<b>Fringe Benefits Tax Return</b> – Due date for lodgement for tax agents (electronic lodgement)
<b>30 June</b>	<b>Superannuation Guarantee Contributions</b> – Must be paid by this date to qualify for a tax deduction in the 2014/15 financial year.
<b>21 July</b>	<b>Monthly Activity Statement</b> – June 2015. Due date for lodgement and payment.
<b>28 July</b>	<b>Quarterly Activity Statement</b> – Quarter 4 2014/15. Due date for lodgement and payment.
	<b>Quarterly Instalment Notice (Form R, S or T)</b> – Quarter 4 2014/15. Due date for payment. Lodgement only required if the instalment amount varies.

## An Important Message

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*While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.*

*Liability limited by a scheme approved under Professional Standards legislation.*

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