



YEAR END TAX PLANNING

Tax planning is the process of arranging your tax affairs in the best possible way to minimise tax while complying with tax laws. There are a range of options available, which are discussed in this information sheet.

Deferring Income

In some circumstances, you may be able to defer income to the next financial year. This can be simply done by rendering accounts after 30 June.

Maximising Deductions

Businesses may want to consider the following:

- Pay employee superannuation before 30 June to obtain a deduction
- Review debtors prior to 30 June and write off any bad debts
- Review asset register and write off any assets which are no longer being held for business use, or those which can be pooled to access higher depreciation rates
- Review stock for any obsolete stock

Non-business taxpayers may want to consider following:

- Prepaying interest on rental property or margin loans
- Assets costing less than \$300 may qualify for an immediate deduction
- Personal superannuation contributions may be deductible in some circumstances
- Making donations prior to 30 June

Capital Gains Tax

For assets that are likely to generate a capital gain, consider deferring the disposal until after 30 June.

If you wish to sell assets before 30 June, consider selling assets that have been held for longer than 12 months to access the CGT discounting. Also, look at crystallising losses to offset other capital gains.

There are other concessions available, such as small business CGT concessions or deferrals that may be available.



Superannuation

Low income earners (including those self employed) should consider making personal superannuation contributions to qualify for the government superannuation co-contribution payment.

Consider making deductible contributions up to age based limits for business owners.

In some circumstances, pensions drawn from a superannuation fund will be tax free.

Other Issues to Consider

Companies

Those operating a company should review any loans, payments or debt forgiveness as they may give rise to unfranked dividends, which are assessable to shareholders or associates.

Trusts

Avoid retaining income in a trust as it may be taxed at 46.5%. Consider distributing to children under 18 as they can receive up to \$2,667 in non-taxable distributions for the 2009 financial year. Also review whether there are any unpaid present entitlements to corporate beneficiaries that need to be paid.

Contact Sapphire Accounting & Taxation today to discuss the above and how we can assist you to minimise your tax.

This information sheet does not constitute professional advice