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JUNE 2025

Another financial year is coming to an end. The following articles will help you with your tax planning and, please, ask us if you have any questions. Included are the following:

- 2025 Tax Planning Guide Part 1
- 2025 Tax Planning Guide Part 2
- Guide to buying a business.
- $20,000 instant asset write-off
- 2025 tax time checklist

2025 Tax Planning Guide Part 1

Planning your taxes for the year is essential

CONSIDER THE FOLLOWING OPPORTUNITIES

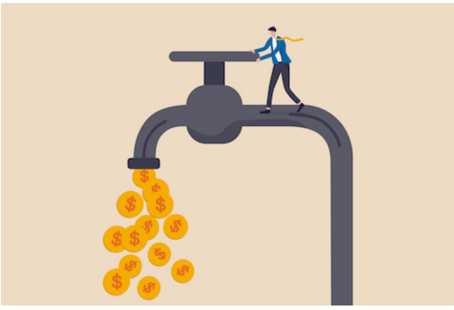
1. Delay Deriving Assessable Income

If it is possible, delay deriving income until after June 30, 2025 by:

a. Delaying the Timing of the generation of Income until after June 30.

b. Look at the timing of when Invoices are raised for incomplete work.

Of course, cash flow for your business is paramount but if this is not adversely affected, then consider deferring the recognition of income until after 30 June 2025. For example:



- Cash Basis Income - Some income is taxable on a cash receipts basis rather than on an accruals basis (e.g. rental income or interest income in certain cases). You should consider whether some income can be deferred in those instances.
- Consider delaying your invoices to customers until after July 1 which will put that income into the next financial year and defer the tax payable on that income. If you operate on the cash basis of accounting you simply need to delay receiving the money from your customers until after June 30.
- Lump Sum Amounts - If a lump sum payment to you is likely to be received close to the end of a financial year, you could consider the question of whether this amount (or part thereof) can be delayed or spread over future periods.

2. Bringing Forward Deductible Expenses or Losses

Prepayment of Expenses - In some circumstances, a small business or individual who derive passive income (such as rental income and dividends) should consider pre-paying expenses prior to 30 June 2025. A tax deduction can be brought forward into this financial year for expenses like:

- Employee Superannuation Payments including the 11.5 % Superannuation Guarantee Contributions for the June 2025 quarter (that have to be received by your Superannuation Fund by June 30, 2025 to claim a tax deduction. Anything received by your Superannuation Fund after this date is not deductable in the 2024-25 financial year).
- Working from home. You will need to have kept records of the hours you worked from home. This is used to calculate the amount you can claim.
- Superannuation for Business Owners, Directors and Associated Persons.
- Wages, bonuses, commissions and allowances

- Contractor Payments
- Travel and accommodation expenses
- Trade creditors
- Rent prepayment for up to 12 months
- Insurances including Income Protection Insurance
- Printing, Stationery and Office Supplies
- Advertising including Directory Listings
- Utility Expenses - Telephone, Electricity & Power
- Motor Vehicle Expenses - Registration and Insurance
- Accounting Fees
- Subscriptions and Memberships to Professional Associations and Trade Journals
- Repairs and Maintenance to Investment Properties
- Self-Education Costs
- Home Office Expenses – desk, chair, computers etc.
- Donations to deductible gift recipient organisations
- If appropriate, consider prepaying any deductible investment loan interest. This could include interest payments on an investment loan for either an investment or commercial property or an investment portfolio you hold.

If you are planning to make any deductions like those listed above, then it is advisable that you discuss your plans with your accountant before you act. Also, such a deduction for prepaid expenses will need to be paid before 30 June 2025. Be careful, though, don't purchase goods or services you will never use, and be aware of the effect of such spending on your cash flow.

Superannuation Contributions - some low or middle-income earners who make personal (after-tax) contributions to a superannuation fund may be entitled to the government co-contribution. The amount of government co-contribution will depend on your income and how much you contribute. So be aware of any thresholds that relate to the Government's co-Contribution scheme.

Capital Gains/Losses – Note that the contract date (not the settlement date) is often the key sale date for capital gains tax purposes and when it comes to the sale of an asset that triggers a capital gain or capital loss, you need to consider your overall investment strategy when making the decision to sell. Here are several important points regarding the management of capital gains and capital losses on sale of your assets from a tax planning perspective:

1. If appropriate, consider deferring the sale of an asset with an expected capital gain (and applicable capital gains tax liability) until it has been held for 12 months or longer. By doing so, you could reduce your personal income tax. For example, if you hold an asset for under 12 months, any capital

gain you make may be assessed in its entirety upon the sale of that asset.

2. A capital gain will be assessable in the financial year that it's crystallised.
3. If appropriate, consider deferring the sale of an asset with an expected capital gain (and applicable capital gains tax liability) to a future financial year. By doing so, you could help reduce your personal income tax for the current financial year. This could also be of benefit if, for example, you expect that your income will be lower in future financial years compared to the current financial year.
4. If appropriate, consider offsetting a crystallised capital gain with an existing capital loss (carried forward or otherwise) or bringing forward the sale of an asset currently sitting at a loss. By doing so, you could reduce your personal income tax in this financial year.
5. Note that a capital loss can only be used to offset a capital gain.

Accounts Payable (creditors) - If you operate on an accruals basis and services have been provided to your business, ensure that you have an invoice dated June 30, 2025.

From July 1, 2025, the compulsory Super Guarantee Contribution (SGC) rate increases from 11.5 % to 12%.

In addition to the tax planning opportunities, there are several obligations in relation to the end of the financial year which should be considered:

If you use a Motor Vehicle in producing your income you may need to:

- Record Motor Vehicle Odometer readings at 30 June 2025
- Prepare a logbook for 12 continuous weeks if your existing one is more than 5 years old. *Please note, if you commence the logbook prior to June 30, 2025, the usage determined will still be appropriate for the whole of 2024/25. As such, it is not too late to start preparing one for the current financial year.*

***If you are in business or earn your income through a Company or Trust*:**

Employer Compulsory Superannuation Obligations:

The deadline for employers to pay Superannuation Guarantee Contributions (SGC) for the 2024/25 financial year is the 28 July 2025. However, if you want to claim a tax deduction in the 2024/25 tax year the super fund (or Small Business Superannuation Clearing House) must receive contributions by 30 June 2025. Also avoid making contributions at the last minute because processing delays could deny you a significant tax deduction in this financial year.

For Private Company - Div 7A Loans

Business owners who have borrowed funds from their company in prior years must ensure that the appropriate principal and interest loan repayments are made by 30 June 2025. Loans taken out in the current year must be either paid back in full or have a loan agreement entered into before the due date of lodgement of the company return. Failure to comply risks having it counted as an unfranked dividend in the individual's tax return

Trustee Resolutions

Ensure that the Trustee Resolutions on how the income from the trust is distributed to the beneficiaries are prepared and signed before June 30, 2025, for all Discretionary ("Family") Trusts. If a valid resolution hasn't been executed by this date, the default beneficiaries become entitled to the trust's income and are then subject to tax. Income derived but not distributed by the trust will mean the trust will be assessed at the highest marginal rate on this income.

Preparation and reconciliation of Employee PAYG Payment

PAYG Summaries were formerly known as Group Certificates. Note you are not required to supply your employees with payment summaries for amounts you have reported and finalised through Single Touch Payroll.

Company Tax Rates for Small Businesses

The company tax rate for base rate entities with less than $50 million turnover was 25% for the 2025 financial year where it as:

- An aggregated turnover less than the aggregated turnover threshold ($50 million)
- 80% or less of their assessable income is base rate entity passive income – this replaces the requirement to be carrying on a business.

Business Should also Consider the Following Items

Preparation of Stock Count Working Papers at June 30, 2025

Stock Valuation Options - Review your Stock on Hand and Work in Progress listings before June 30 to ensure that it is valued at the lower of Cost or Net Realisable Value. Any stock that is carried at a value higher than you could realise on sale (after all costs associated with the sale) should

be written down to that Net Realisable Value in your stock records.

Write-Off Bad Debts – if you operate on an accrual's basis of accounting (as distinct from a cash basis) you should write off bad debts from your debtors listing before June 30. A bad debt is an amount that is owed to you but you consider is uncollectable or not economically feasible to pursue collection. Unless these debts are physically recorded as a 'bad debt' in your system before 30th June 2025, a deduction will not be allowable in the current financial year.

Repairs and Maintenance Costs – Where possible and cash flow allows, consider bringing these repairs forward to before June 30. If you don't understand the distinction between a repair and a capital improvement, please consult with us because some capital improvements may not be tax deductible in the current year and could be claimable over a number of years as depreciation.

Obsolete Plant and Equipment - should be scrapped or decommissioned prior to June 30, 2025, to enable the book value to be claimed as a tax deduction.

Superannuation Tax Planning Opportunities

Compulsory Superannuation Guarantee – If you want a tax deduction in the 2024/25 financial year, the superannuation fund must receive the funds by 30 June 2025. The Tax Office doesn't consider a contribution to be made until the amount is actually credited to a super fund's bank account so an electronic transfer to another bank account on June 30 is not necessarily considered paid. We strongly recommend you make the payment a week or so before June 30 and then follow up with the super fund to ensure the funds have been received. Don't risk the tax deductibility of what can often be a significant amount by leaving payment to the last minute.

Concessional Contributions Cap of $30,000 for Everyone

The tax-deductible superannuation contribution limit or cap is **$30,000** for all individuals regardless of their age for the 2024/25 financial year.

If eligible and appropriate, consider making the most of your 2024/25 financial year annual concessional contributions cap with a concessional contribution. Note that other contributions such as employer Superannuation Guarantee Contributions (SGC) and salary sacrifice contributions will have already used up part of your concessional contributions cap.

Carry Forward Concessional Contributions

If your total superannuation balance as of June 30, 2024, was less than $500,000 you may be able to carry-forward unused concessional caps for up to 5 years.

Members can access their unused concessional contributions caps on a rolling basis for five years and amounts carried forward that have not been used after five years will expire.

Typically, self-employed individuals and those who earn their income primarily from passive sources like investments make their super contributions close to the end of the financial year to claim a tax deduction. However, individuals who are employees may also use this strategy and those who might want to take advantage of this opportunity.

Non-Concessional Super Contributions

If eligible and appropriate, consider utilising all or part of your 2024/25 financial year annual non-concessional contributions cap by making a non-concessional contribution for up to $120,000 for the 2025 financial year or up to $360,000 over 3 years.

Government Co-Contribution to Your Superannuation

The Government co-contribution is designed to boost the superannuation savings of low and middle-income earners who earn at least 10% of their income from employment or running a business. If your income is within the thresholds listed below and you make a 'non-concessional contribution' to your superannuation, you may be eligible for a government co-contribution of up to $500.

To be eligible you must be under 71 years of age as of June 30, 2025. In 2024/25, the maximum co-contribution is available if you contribute $1,000 and earn $44,500 or less. A lower amount may be received if you contribute less than $1,000 and/or earn between $44,500 and $60,400. If unsure then ask your tax agent for clarification.

The matching rate is 50% of your contribution and additional eligibility include: having a total superannuation balance of less than $1.9 million on 30 June of the year before the year the contributions are being made having not exceeded your non-concessional contributions cap in the relevant financial year

Transition to Retirement

Date of Birth	Preservation Age
Before 1 July 1960	55
1 July1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
1 July 1964 - 30 June 1965	60

If you don't want to fully retire and would like to reduce your working hours you can take advantage of what is known as "Transition to Retirement" TTR. This means that providing you have reached your preservation age, see below, you can elect to keep working full time or part-time and take money out of your super to supplement your income. This is popular for those who want to scale down their working hours rather than retiring.

When you are receiving a TRT pension you can still work and claim a tax deduction for concessional contributions into your super up to $30,000 for the 2025 financial year.

If you decide to implement a TTR strategy, you must withdraw a minimum amount, currently 4% for someone aged 60 (based on age) from your superannuation account balance up to a maximum of 10%.

If you are under 60 any amount you withdraw will be subject to tax at your marginal rate of tax. You will also be entitled to receive a tax rebate of 15%. After the age of 60, the good news is that any amount you withdraw is TAX FREE!

Account Based Pensions

If you are aged 60 + and retired or 65+ and still working, there are options worth considering. There are significant tax advantages in taking an Accountants Based Pension from your super. Not only are the withdrawals you make tax- free, but also <u>the earnings within your superannuation fund are tax-free to 1.9 million dollars</u>.

However, you must withdraw a minimum amount each year for pensions as per the table below, there are no limits on the amount you can withdraw.

The minimum amount for ages:

Under 65 is 4%
65 to 74 is 5%
75 to 79 is 6%
80 to 84 is 7%

To put in place an accounts-based pension, you will need to speak to your superannuation fund provider.

What you need to know about the risks and benefits of buying an existing business or franchise.

Assess a business before you buy it

Before you commit to buying an existing business, ensure it's a worthwhile investment by checking its finances and assessing the risks. Read more …

Buy an existing business

How to buy an existing business, including everything you need to prepare before you sign the contract and warning signs to watch out for. Read more ...

Buy a franchise

Find out the pros and cons of buying a franchise, what to do before signing a franchise agreement, what questions to ask before you buy. Read more ...

$20,000 Instant Asset Write-off

This is a great scheme for small businesses and runs until the 30 June 2025.

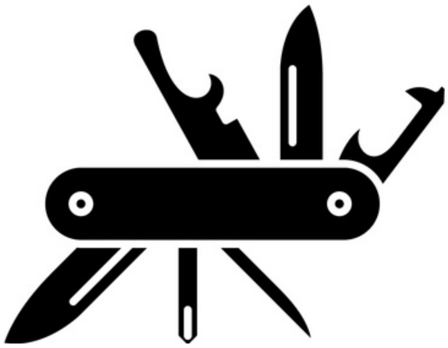
Under this measure small businesses with an aggregated turnover of less than $10 million, can deduct the following. **NB:** The second element referred to below generally refers to amounts a small business has paid after the asset was acquired to bring it to its present condition and includes improvements and upgrades to assets. It is best to discuss timing and clarification of any possible 'second element' spending and claims with your accountant first.

- The full cost of eligible depreciating assets costing less than $20,000 that are first used or installed ready for use between 1 July 2024 and 30 June 2025
- It only relates to Plant, Equipment and Vehicles. It does NOT relate to Capital improvements to buildings
- The items can be new or second hand. You can have paid cash or they can be financed
- The entity must operate a business during the 2025 income year.
- Choosing to apply the simplified depreciation rules for the 2025 income year is necessary.

- an amount included in the second element (cost addition) of eligible depreciating asset's cost that they have incurred between 1 July 2024 and 30 June 2025, if they claimed an immediate deduction for the asset under the simplified depreciation rules in a prior income year where the amount is:
    - the first amount of second element cost incurred after the end of the income year in which the asset was written off; and
    - less than $20,000.

The $20,000 limit under the measures applies on a per asset basis, so small businesses can instantly write off multiple assets.

Assets valued at $20,000 or more can continue to be placed into the small business simplified depreciation pool and depreciated at 15% in the first income year and 30% each income year after that. In addition, pool balances under $20,000 at the end of 2024-25 income year can be written off.



More information:

- Eligibility for instant asset write-off

The greatest compliment we receive from our clients is the referral of their friends, family and business colleagues. Thank you for your support and trust.

Tax Time Checklists
Individuals; Company; Trust; Partnership; and Super Funds

These checklists will help us ensure you don't miss any deductions. Simply print, complete and return.

Please click on the following links to access the checklists most appropriate to your needs.

Individuals

Company Trust Partnership

Superannuation Funds