



Complete Commerce

Completing your business picture.

TAX TIPS 2018



[TAX TIPS 2018](#)

As another financial year draws to a close we would like to take the opportunity to remind you of a few key measures that can help shape your tax position. You will have previously read these ideas in past communications from us but now is the time to act if you want to make things count.

SUPERANNUATION TAX DEDUCTIONS

From 1 July 2017, employees are able to make tax deductible superannuation contributions even when they earn over 10% of their income from salary and wage income. This regulation now becomes one of the best ways for employees to make substantial tax savings each year all whilst boosting their retirement income. Simply transfer money across to your nominated superannuation fund and fill out the forms stating that you are claiming a tax deduction for that amount. The amount paid will then become a tax deduction in your personal return and will save you tax at your marginal tax rate as long as the payment reaches your super fund by 30 June 2018.

Two things to consider:

- 1) For this financial year, those aged 65 to 74 will still need to meet the work test in order to be eligible to make the superannuation contribution.
- 2) Employees must remember that the total of their tax deductible superannuation contributions and the superannuation paid by their employer must not go over the annual cap of \$25,000.

PURCHASE ASSETS AND POTENTIALLY CLAIM THE FULL AMOUNT IMMEDIATELY

Are you a business whose turnover is less than \$10 million? If so, the ATO classes you as a small business and as such you are entitled to an immediate tax deduction for any asset you purchase that is 100% used in business and that is less than \$20,000 in cost. Think of the options – tools, cars, plant and equipment, computers, technology, desks, tables, chairs, artwork, memorabilia etc. If your business needs it then why not purchase it before 30 June to claim an immediate tax deduction on it. For something worth \$19,999 it would save the average business tax in the vicinity of \$6,000-\$9,000 which is certainly substantial. Please note this only applies to a business and doesn't apply to claims against an employed role or an investment you hold. Please also note that the asset must be on hand and ready to use by 30 June 2018.



OFFICEWORKS

There are many expenses you can incur in order to claim a tax deduction even if you aren't running a business. However we always advise that you should only spend money on something if you genuinely need (or really really want) an item. Never spend on something you don't need just to improve your tax position as spending \$1,000 on something not useful to get a \$300-\$500 tax deduction doesn't make financial sense. However, we always find that a good trip to Officeworks before 30 June can be of good use to get the Home Office set up for the year ahead. As long as each individual item that you purchase is under \$300 and will be used for predominantly work related purposes then we will be able to claim tax deductions on these expenses.



UNDERSTANDING THE IMPORTANT INDIVIDUAL RETURN THRESHHOLDS

Keeping an eye on the different thresholds can have a big impact on your end position. If you are going to just tip over one of the thresholds it may be worth considering deferring income, making some tax deductible expenditure as mentioned above or even making some donations.



THRESHOLD A - \$250,000 ADJUSTED TAXABLE INCOME

If the total of your a) concessional superannuation contributions (up to the cap of \$25,000) and b) your adjusted taxable income is over \$250,000 (adjusted taxable income being Taxable Income + Reportable Fringe Benefits + Rental/Investment Losses) then you will have to pay a tax of 15% on the super contributions amount over \$250,000. This tax is known as Div 293 tax. If you are able to get under this cap or be as little over the cap as possible it might save you an extra 15% tax on your super contributions.

THRESHOLD B - \$55,874 REPAYMENT INCOME

If you have a HECS debt, a HELP debt or a Student Supplement Loan, you have to make repayments to the ATO when your Repayment Income Level reaches \$55,874. Repayment income is the total of your Taxable Income, Reportable Fringe Benefits, Reportable Super Contributions and Net Rental/Investment Losses. There is a massive difference between paying 0% and paying either 4% HECS/HELP or 2% SSL. If you are close to this threshold now is the time to consider how you can get under it.



THRESHOLDS C & D - \$180,000 FAMILY INCOME OR \$90,000 SINGLE INCOME

If you don't have Private Health Insurance and your income is over \$180,000 for a family or \$90,000 for a single then you will have to pay the Medicare Levy Surcharge. Depending on how far over the thresholds you are you could pay extra tax of up to 1.5% on your income. For Medicare Levy Surcharge purposes income is defined as Repayment Income (listed above) plus exempt foreign employment income. Please keep in mind that for a family all members must be covered to avoid the surcharge. If only one person has cover then that person and the other members of the family all have to pay the surcharge.

