



# Complete Commerce

*Completing your business picture.*

## TAX TIPS 2020



### TAX TIPS 2020

Welcome to our Tax Tips 2020 Newsletter. The world is a different place to what it seemed to be just five minutes ago. The goal posts are moving day by day as we try to be as adaptable and fluid in our lives as possible. For the last few months, most of us have focused on survival or at least trying to get through to the other side of all of this. With a month to go in this tax year, although we'll keep our eyes firmly on the fight that we are in, we must start to look ahead and to take advantage of whatever is available to us.

### TIPS FOR SPENDING MONEY

#### Spending Tax Tip Number One – Small Business Asset Write-Off

As previously mentioned in our correspondence to you, the government announced an increase in the small business asset write-off threshold all the way up to \$150,000 (excluding GST but fully delivered and installed). If your business has a genuine need for a business asset then purchasing before 30 June 2020 is a great way of reducing your taxable income and paying less tax. For anyone who is looking into getting an expensive asset, this increased concession is only available until 30 June 2020.



#### *Things to watch out for:*

1. This is not a cash back scheme. The ATO do not send you a cheque after you have purchased it. You get an immediate tax deduction in your 19/20 tax return for the asset as opposed to depreciating it over a number of years. This will reduce your tax payable further than it otherwise would.
2. You need to make sure your business is in a profit position for the year ended 30 June 2020 if you are to properly take advantage of this concession. Considering the current climate, where most businesses have taken a cut in revenue, this is crucially important. If the write-off turns your profit into a loss (or increases your loss) then rather than getting a tax benefit this year the loss is carried forward to future years to help you offset future profit. This isn't necessarily a bad thing but you need to make sure you are aware of how this works.

#### Spending Tax Tip Number Two – Superannuation Contributions

This tip comes up every year and will continue to do so because of how effective it is. Every year whether you are in business or an employee you are allowed to make concessional superannuation contributions up to the \$25,000 cap (or potentially more if you have access to the concessional contributions catch-up rules). Making a tax deductible contribution into super before 30 June is an easy way to get a tax deduction that will reduce your income tax.



#### *Things to watch out for:*

1. The concessional cap also includes amounts employers have paid into your super account. This includes salary sacrifice amounts and the standard 9.5% superannuation guarantee charge.
2. Considering the economic uncertainty it is really important to realise that once the money goes into your super account that you can't access this money until you reach a condition of release. For most people this will be when they are over 65-75 years of age. That is a long time to lock away money so if you are making the contribution you need to understand that you may not be able to access that money for quite some time.

## TAX TIPS 2020

### Spending Tax Tip Number Three – Is It Time To Invest?

It is such a strange time but it is also a great time to pivot into new business opportunities or to invest in assets. There are opportunities out there so you need to be ready. The staff at Complete Commerce are not allowed to offer advice on what to invest in but we work closely with the team at Acumen Asset Management and they would be more than happy to chat to you. The directors of Acumen are Gavin Polmans (gpolmans@acumenasset.com.au) and Simon Thompson (sthompson@acumenasset.com.au) and they can be contacted either at their listed email address or on the office number of (03) 9824 5727.

#### **Things to watch out for:**

1. More than ever it is important to get proper advice. Although we can't give you investment advice you are always welcome to chat to us at Complete Commerce so that we can take a look at what you are planning and advise on the most appropriate structures for you.



## TIPS FOR THE NEW NORMAL

### New Normal Tip Number One – Are you working from home?

For those of you who haven't claimed (or have only put in a nominal claim) for working from home, there are a lot of deductions that can be claimed as follows:

1. Light and power at 52c per hour worked.
2. The work related percentage of home internet.
3. Printer cartridges, printer paper, stationery and other office supplies.
4. Equipment, computer hardware (either claimed directly or depreciated depending on the cost).
5. Fixtures, fittings, desks, chairs etc (again either claimed directly or depreciated).



### New Normal Tip Number Two – Get your tax done early.

As most businesses/people have taken a revenue cut, there will be a lot of those businesses/people who have overpaid their PAYG Instalments for the year ended 30 June 2020. Therefore it would be worthwhile to do your tax as soon as possible so you can get any overpaid instalments back as refunds to help with cash flow. At worst, if you have tax to pay it allows you to understand the amount you owe and plan for the payment of it.

*If there is anything at all you need or if you have any questions, please do not hesitate to contact us.*

*These tax tips are intended to provide information of a general nature only. We have not taken into account your personal financial situation or needs. For personal advice please contact Complete Commerce.*