



Complete Commerce

Completing your business picture.

TAX TIPS 2022



TAX TIPS 2022

Welcome to our Tax Tips 2022 Newsletter. The year seems to be flying by faster than ever and we are only a few weeks away from the end of the financial year. It is time to think about what we can do before 30 June 2022 to put us in the best position possible. As always, make sure that you have all your records together and your ducks in a row leading up to 30 June.

TAX TIPS 2022

SUPER CAN BE SUPER!

Whether you are an employee or a business owner or supporting yourself with investment income you may be able to claim a tax deduction for personal super contributions that you make into your super fund from your after-tax income.

The maximum amount that you can contribute into superannuation and claim a tax deduction for has increased to \$27,500 for the year ending 30 June 2022. Please note that this also includes amounts employers have paid into your super account during the year.

Also if you haven't contributed the maximum amount since 1 July 2018, you can contribute these extra amounts this year. These are known as carry forward contributions. However, please note, you can only access carry forward contributions if your total superannuation balance at 30 June 2021 is less than \$500,000.

Importantly, your contribution has to be received and processed by your super fund by 30 June 2022. We suggest that you make your contributions at least fourteen days before year end so that you don't miss out on the important tax deduction.

NEED TO BUY SOME ASSETS FOR YOUR BUSINESS?

The ATO have introduced Temporary Full Expensing of assets. This measure allows small businesses to claim a deduction for the full cost of an asset with no ceiling on the amount that you can claim. For example, if you purchase a piece of machinery for \$120,000 your business gets a tax deduction for \$120,000.

Buildings, capital works and some primary production assets are not eligible.

For all other assets to be eligible they need to be purchased and available for use by 30 June 2022 so make a list and get shopping!



ARE YOU STILL WORKING FROM HOME?

The ATO understands that not everyone has made it back to the office post lockdown and accordingly the increased hourly rate amount of 80c for calculating the home office deduction has been extended to 30 June 2022 for those using that method.

To make sure that you maximise your home office claim, go through your diary and make as accurate a calculation as possible of the hours that you have worked at home during the year. We will review this against other home office claim methods available to get you the best claim.



HAVE YOU USED YOUR CAR FOR WORK?

If you use your car for work and want to maximise your tax deduction you should keep a logbook. If you have previously completed a logbook more than five years ago or if your pattern of travel has significantly changed you need to update your logbook. The ATO is monitoring motor vehicle claims in light of all the lockdowns as they expect car claims to reduce given that we all stayed at home a lot (particularly in Victoria).

You can keep an actual logbook in your glove box and jot down your trips or you can use technology and use a logbook app like Driversnote, EROAD or GOFAR to harness the power of maps to record your logbook work trips.

ARE YOU RUNNING A SMALL BUSINESS?

These are a few tips for small businesses as we head towards 30 June:

- Prepay some expenses. Small businesses can claim a deduction for expenses relating to the next twelve months that are paid now.
- Scrap obsolete equipment. Review your equipment that is being depreciated and check if there are any assets that you don't use that you can throw out. You can then claim the remaining cost not already depreciated as an expense.
- Write off obsolete stock. If your business holds a lot of stock, look through what you have on hand and scrap any items that are no longer sellable. This will reduce the value of the stock you have on hand at year end and therefore reduce your taxable income.
- Write off bad debts. If you have debts that you have tried to recover without any luck and you feel that they won't be paid you can write these off. From a tax point of view this means that you are reducing your income and paying less tax. Remember that if that debt is paid at a later date it must be included as income at that point.



IS IT TIME TO CRYSTALISE SOME CAPITAL LOSSES?

If you have had a good year on the share market and made some capital gains or if you have focused on cryptocurrency and made profits, you will have some tax to pay on those realised capital gains.

You can reduce your taxable capital gains if you have also made some capital losses in this financial year. If you have some investments that are running at a loss that you have been considering getting rid of, now might be the time to do it. If you sell those investments and realise your losses, these can be used to reduce your capital gains resulting in less tax to pay.

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