



Complete Commerce

Completing your business picture.

TAX TIPS 2023



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It seems the ATO are always trying to minimise the ways in which we can reduce our tax. Their latest Section 100A legislation being an example of ways that they are trying to tie accountants' hands and reduce flexibility for the taxpayer. Unfortunately, we also don't seem to have been blessed with any kind of magic wand. So what can we do before 30 June to keep our taxes as low as possible? The following are a few tips that might be of assistance (you'll have no doubt read these in previous years but a refresher is always helpful).



IMMEDIATE TAX DEDUCTION FOR BUSINESS ASSETS OF ANY VALUE

As it stands, any small business can claim an immediate tax deduction for an asset purchased for the business. The only exception to this being the purchase of standard passenger motor vehicles where the cost limit of \$64,741 applies and is the maximum tax deduction you can claim on that asset purchase.

From 1 July 2023, the government has announced that any asset over \$20,000 will have to be depreciated over the course of its life (8 years for cars as an example). So although you get the full write off over a number of years you miss out on that upfront tax benefit by being able to claim the tax deduction fully in the year of purchase.

Also from 1 July 2023, the turnover (revenue/sales) threshold for small business is reducing down to \$10 million from \$50 million. For our clients with over \$10 million in turnover, the \$20k threshold won't be available to you and any asset purchased over \$1,000 will need to be depreciated. This is a real sting and also creates a lot of extra work for your friendly accountant in maintaining your asset registers.

If there are items your business needs then you need to act before 30 June 2023 to both purchase the asset and have it ready and installed (where applicable) for use. This really feels like a last chance saloon so make it count.

THE UNHERALDED HOME OFFICE

The home office often gets left as the last thing on the refurbishment list. But it might be time to reassess that if you can claim some tax deductions.

For business clients, with the unlimited asset write off before 30 June, it would be wise to consider all manner of home office expenditure such as:

- * Laptops, Meeting screens (a fun way to say TV!), Printers, Headphones, Projectors and other such equipment;
- * Artwork, Memorabilia, Rugs, Blinds and everything that goes into making the home office a suitable business environment;
- * Paper, Diaries, Fun Stationery (we always do a big Officeworks shop before 30 June!)

For our employee clients, all the same kinds of items can be purchased as per the above but please remember that anything that costs over \$300 will need to be depreciated and written off over a number of years (ie laptops normally 3 years)

THE BETTER HALF'S SUPER

If your spouse has adjusted taxable income of less than \$37,000 then you are able to claim a tax offset of \$540 when you make a \$3,000 super contribution on their behalf. If you make a contribution of less than \$3,000 then you will still get an offset of 18% of whatever contribution you make on behalf of your spouse.





SUPERANNUATION CONTRIBUTIONS

As we report each year, making super contributions is the easiest way to save tax. The majority of our clients are well versed in this process and over the last few weeks have been enquiring about how much super to contribute. If you have spare cash flow and are wanting to save some tax then please reach out to us so that we can review your circumstances with you.

The standard maximum that can be put into super for 22/23 is \$27,500 but this cap includes amounts contributed by your employer. There is however an ability to put in catch-up contributions whereby any part of the annual cap not used over the last five years can be contributed to super as well. Next year that will be the last year that you are able to claim any unused cap from 18/19 and I know a number of clients are maximising this year's cap plus at least that 18/19 cap to make sure they are getting as much into super as possible.

A few of warnings though:

* It is most important to note that your super contribution needs to be paid, received and allocated by your super fund prior to 30 June. We are suggesting to clients with industry funds that this should happen by 16 June to allow their money to be allocated in time as there is an ever increasing amount of work for these industry super funds in regards to allocation at this time of year. For our SMSF clients, all that is required is the money is deposited into the SMSF's bank account by 30 June. Make sure that you still leave plenty of time to make the contribution as different banks have different processing times.

* If you are considered a high income earner (ie your adjusted taxable income is over \$250k) then although you will still be able to claim the tax deduction for your extra super contribution it is worth noting that your super fund will pay 30% tax on the contribution rather than the standard 15%. The 30% tax on contributions into super is still a lot better though than the 47% tax the high income earners would be paying if they didn't make the contribution.

* Catch-up contributions are only allowed for those with a super balance of less than \$500,000.

* Superannuation is locked away until your retirement. Only make the extra contribution if you have sufficient cash flow to do so.

DONATIONS

Watching AFL 360 last night it was mentioned that FightMND has raised over \$69 million since its inception. What an incredible amount of generosity shown by a number of people. One wonderful Complete Commerce client has tipped in \$100k in Donations to this cause which is just a spectacular effort. But even if you can only afford \$5 or \$20 then as long as we are all doing our bit, the numbers really do add up, as the \$69 million can attest to.

However, if you get a benefit from a donation ie you buy one of the FightMND beanies, or you get a raffle ticket for another charity, please note you won't be able to claim a tax deduction as you can't claim a tax deduction where you receive a benefit (a benefit includes a potential to win a prize). But maybe the tax deduction isn't the point, it is about doing something good for others and you get a good feeling in return.

Do you have a charity that you'd like Complete Commerce to donate to before 30 June? Let us know by email to our competitions@completecommerce.com.au email address.

