

# TAXWISE® BUSINESS NEWS

EOY 2010

## OUR SERVICES

Did you know we can assist you in the following ways:

### Income Tax

- Income Tax Preparation
- Tax Planning Advice
- GST
- Business Activity Statements
- Superannuation
- Land Tax
- Fringe Benefits
- Tax Audit Support

### Accounting

- Preparation of financial and management accounts
- Company Secretarial services
- Accounting systems and technology
- Better management and procedures for your business

### Business and Advisory

- Business plans and cash forecasts
- Start up feasibility studies
- Introduction to financiers and assistance with financial applications
- Preparation for sale of business

### Audit

- Statutory Audits
- Not for profit organisations
- Half Yearly Reviews
- Superannuation Funds
- Systems and Control Reviews

### Other

- Business valuations and appraisals
- Remuneration planning
- Mediation and dispute resolution

## IN THIS ISSUE:

- Year end issues
- Minimum wage increase
- IR made easy
- Planning for your tax return
- Smile for the quarter

## YEAR END ISSUES

### Super Contributions

Contributions must be received by Superannuation Funds by 30/6/10.

The maximum contribution for those under 50 is \$25,000 and for those over 50 is \$50,000 to 30/6/10.

### Pensions

Ensure minimum pension has been paid by 30 June 2010.

Concessional superannuation pension amounts for 2009/10:

Under 65	2%
65-74	2.5%
75-79	3%

## MINIMUM WAGE INCREASE

From 1 July 2010 the minimum wage will increase by \$26.12 per week to \$569.90.

## IR MADE EASY

The NSW Business Chamber has a website that makes understanding and managing IR in your business simple – [www.irmadeeasy.com](http://www.irmadeeasy.com).

## PLANNING FOR YOUR TAX RETURN

### Getting ready for your tax return

Before looking at some key tax-time issues for you to consider when preparing your 2009-10 return, it's important to recap briefly on some important basics for your tax return preparation.

### Tax planning basics

Tax planning is something you should be looking at regularly throughout the year. The reality, however, is that most of us tend only to look at it about now. Whilst there is no magic formula for the 'best' tax planning strategies, good planning practice aims to:

- **cover the basics** – such as include all your assessable income and maximising all the tax deductions to which you are entitled; and
- **look at opportunities to improve your tax situation** – this depends on your particular circumstances but may

include things like ensuring any capital gains are offset with any available capital losses or maximising your superannuation contributions for the year.

## Key tax-time issues

### **Maximise your deductions now**

One of the more popular strategies to legitimately maximise your deductions is by prepaying some items of your business expenditure before 30 June.

Before you prepay any business expenses, you should be aware that there are some rules that may affect your entitlement to claim a deduction for prepaid business expenses (eg, you may have to apportion your deduction over more than one tax year). Therefore please contact us before making the prepayment.

### **COMMON PREPAYMENTS**

Commonly prepaid business items include rent, lease payments, interest, audit and accounting fees, repairs and maintenance, and business related subscriptions.

### **Check your bad debts now**

This is a real issue in the current economic climate and one that the ATO always takes a close look at. If your business has a debt that has already been brought to account as assessable income and you can't collect that debt, you want to make sure you don't end up paying tax on income you can't collect.

The way you do this is to claim a deduction for this debt, where such a debt is 'bad' and is written off in your accounts before 30 June.

### **TIP**

A debt is likely to be considered as 'bad' when you have made an effort to collect it, there is little likelihood that you will ever be successful in collecting it and you have abandoned any debt recovery action.

### **Keep an eye on your business losses**

Has your business received income from more than one activity during the year and one (or more) of these activities made a loss?

This is another area that increases in importance in an economic downturn.

You may be able to reduce your overall taxable income by offsetting this loss (or losses) against profits from your other business activities during this year but special circumstances apply so please contact us.

### **Value your trading stock at 30 June**

You'll need to value your closing stock on hand and work-in-progress at 30 June. Resist the temptation to guess – this is a common mistake that businesses make!

When you value your trading stock, clearly identify which valuation method you use – cost, replacement, market value (or less if the stock is obsolete).

### **Issue employees' payment summaries**

As a general rule, you are required to give your employees their payment summaries ('group certificates' in the old language) on or before 14 July 2010.

### **TIP**

Where the total taxable value of reportable fringe benefits for an employee is more than \$2,000 for the current FBT year, you will have to disclose this value (grossed-up) on the employee's payment summary.

## **SMILE FOR THE QUARTER**

### **DOLLARS AND SENSE**

Take a look at some of the strange and outrageous deductions that people have tried to get away with.

#### **Breast enlargement:**

Waitress said it helped her get bigger tips.

**Mink coat:** Woman said she worked better when she looked her best.

#### **Dentures that fell into toilet:**

Man said they were a work-related loss.

#### **The fee paid to a business consultant**

who happened to be an arsonist. This was claimed by a furniture-shop owner whose business burnt down. The shop owner's plan was not only to collect the \$500,000 insurance money, but also to deduct the \$10,000 expenses of hiring the arsonist. He was denied the deduction!

### **Disclaimer**

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