2019 Financial Year Tax Planning Checklist

As the end of the financial year is fast approaching, now is an important time to ensure your tax affairs are in order. This includes consideration of strategies to help manage your taxation obligations by utilising taxation incentives currently available. Outlined below are some tax planning strategies and important reminders.

BUSINESS & OTHER ENTITIES

- [ ] **Instant Asset Write-Off**

An immediate deduction is available to eligible Business Entities.
The table below summarises the various thresholds:

Date of acquisition and installation	Asset value	Business turnover threshold
Before 29/01/2019	Up to $20,000	Less than $10m
Between 29/01/2019 & 02/04/2019	Up to $25,000	Less than $10m
Between 02/04/2019 & 01/07/2020	Up to $30,000	Less than $50m

You may consider bringing forward the purchase of capital items prior to 30 June 2019, to enable a tax deduction to be claimed sooner.

- [ ] **Deferring Income**

Businesses, subject to cashflow, may consider the deferral of invoicing until July 2019.

- [ ] **Review Depreciation Schedules**

Review your Fixed Asset Register and write off obsolete, scrapped or damaged depreciating assets before 30 June 2019 to claim the remaining written down value as a tax deduction.

- [ ] **Bad Debt Write Off**

Review your trade debtors and write off any bad debts by 30 June, to claim a tax deduction in this financial year.

- [ ] **Timing of Deductions**

If cash flow permits, you may consider the acquisition of deductible replacement tools, equipment and consumable supplies (office stationery, protective clothing etc.) to bring forward deductions into the 2019 financial year.

- [ ] **Prepaid Expenses**

Small Business Entities can claim a tax deduction for prepaid expenditure, where the value is greater than $1,000, and the prepaid expense covers a period of no longer than 12 months. You may wish to consider prepaying expenses prior to 30 June, such as insurance and rent.

- [ ] **Expense Accruals**

Businesses that account on an accruals basis may want to consider accruing additional expenses incurred in the current financial year to claim additional tax deductions. Common examples include commissions, rent, and wages.

- [ ] **Stock Take**

The value of closing stock directly affects your business' profit, the higher the stock value the higher the profit and tax. Subject to some exceptions for Small Businesses with minimal stock, you must count your stock as at 30 June. As part of the stocktake you should identify any obsolete, old or damaged stock which can be written off or written down to its realisable value.

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INDIVIDUALS

- [ ] **Company Tax Rate**
  Companies with an aggregated turnover of less than $50 million may now be eligible for the 27.5% corporate tax rate. The eligibility threshold has been increased from companies with a turnover of less than $25 million.

- [ ] **Dividends and Franking Credits**
  The rate at which you can frank your dividends has changed and is dependent on the activities that the company has engaged in. The franking percentage will now be either 27.5% or 30%. It is important to confirm your franking percentage with your accountant prior to declaring and issuing dividends and statements to shareholders.

- [ ] **Division 7A Shareholder Loans**
  Shareholders or associates of private companies who have borrowed money from the company using Division 7A loan mechanisms should ensure they make any necessary minimum loan repayments before 30 June 2019.

- [ ] **Trust Distribution Minutes**
  Discretionary trusts must prepare minutes or resolutions in the form required by the ATO and their trust deed to validly distribute the trust's income on or before 30 June of each year. Failure to do so can result in the trustee being taxed on the trust's taxable income at 47%.

- [ ] **Capital Gains**
  If you have made a capital gain during the financial year you may want to review your wider investment portfolio and consider realising any underperforming investments and realise capital losses, subject to "wash sale" rules, to offset the capital gain and reduce tax payable in 2019.

- [ ] **Motor Vehicle Deductions**
  Deductions for motor vehicles can be determined by using either the cents per km method or logbook method. Please ensure you have a valid up to date logbook for the 2019 financial year or can substantiate the kilometres travelled. Logbooks must be maintained for a period of 12 continuous weeks and are valid for five years.

- [ ] **Work Related Deductions**
  Individuals may consider the payment of professional memberships and subscriptions before 30 June 2019 to ensure expenses are deductible this financial year.

OTHER

- **Superannuation Contributions**
  Ensure all super contributions are remitted to and received by the relevant superannuation funds before 30 June 2019 to claim a tax deduction in the 2019 financial year. The 2019 concessional cap remains at $25,000 for all ages. For more information regarding superannuation tax planning, please refer to our 2019 Superannuation Tax Planning Checklist which was released on 4 June 2019.

  Please click on the following link to read more:

  https://www.lombardipartners.com.au/uploaded_files/media/eofy_superannuation_checklist.pdf

- **Travel Expenses for Rental Properties**
  From 1 July 2017 travel expenses relating to inspecting, maintaining or collecting rent for a residential property cannot be claimed as a tax deduction.

- **Beware of scams**
  There are a number of scams that target small business and individuals, particularly around tax time. Make sure to never provide sensitive information such as Tax File Numbers and bank details via email or over the phone.

Contact Us… to discuss any of your year-end tax planning requirements.

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