Tax Tips 2024

– Ensure your accounting records and bookkeeping are all up to date as at 30 June 2024.

– Ensure you have documentation (eg. receipts) to support each transaction.

– Defer the receipt of income (hold off invoicing where possible until after 30 June 2023).

– Accelerate legitimate deductions by bringing them forward by 30 June 2024.

– Small businesses can claim an upfront deduction for prepaid expenses (in certain circumstances) instead of spreading it over multiple tax years. Consider prepaying business expenses that relate to a 12-month period or less on or by 30 June 2024.

– If you have received any income in advance (where the good or service has not been provided yet), you may be able to defer the taxing of the income to the 2025 tax year (instead of 2024 tax year).

– Write off any bad debts. To claim a deduction for bad debts, the debtor must have been "written off" in your accounting ledger on or before 30 June 2024. A good business practice is to review this regularly and not just at year end.

– To claim a deduction for employee superannuation, this must be paid before 30 June 2024.

– To claim a deduction for employee bonuses, the bonuses must be committed to or communicated to the employees on or before 30 June 2024.

– Conduct a year end stocktake and review stock on hand to determine if any stock needs to be scrapped or written off by 30 June 2024.

– Review your payroll records and perform year end reconciliations. Be prepared for year-end Single Touch Payroll reporting for employees by the ATO due dates.

– Donations to Deductible Gift Recipients should be made on or before 30 June 2024 to claim a tax deduction in your 2023 tax return.

– Ensure the minimum Division 7A loan repayments are made by 30 June 2024 and place any applicable Division 7A loans under loan agreements.

– Reconcile petty cash / float balances to the accounting records.

– Ensure your motor vehicle logbook is current and up to date. If you do not have a current logbook, you will need to start a new logbook for 12 weeks. This can be used for 5 years.

– Declare and pay any company dividends to shareholders by 30 June 2024. Minutes and dividend statements should be prepared and issued

Tax planning 2024

HOME OFFICE EXPENSES

There are 2 ways to calculate a work from home deduction:

- fixed rate method
- actual cost method

Using the fixed rate method, you can claim a rate of **67 cents** per hour worked at home.

This amount covers additional running expenses, including electricity and gas, phone and internet usage, stationery, and computer consumables. A deduction for these costs cannot be claimed elsewhere in their tax return.

You can, however, separately claim any depreciating assets, like office furniture or technology.

The most important thing is that you have the right records.

For the **fixed rate method**, this includes a record of:

- the total number of hours worked from home (for the entire year)
- the additional running expenses covered by the rate per hour that they incurred (for example, phone bill, electricity bill)
- any depreciating assets (and how much of their use of that asset was work-related).

For the **actual cost method**, you'll need a record of:

- their hours worked from home (whether that be the total hours, or a continuous four-week period representing the usual pattern of work, if their hours are consistent throughout the year)
- your additional running expenses (for example, phone bills, electricity bills)
- how the deduction was calculated.

SUPERANNUATION CONTRIBUTIONS

While you might not have cash now and able to put large amounts into superannuation, it is important that you are aware of what is possible to maximise your super balance and possibly reduce your tax at the same time.

The tax-deductible super contribution limit (or "cap") is $27,500 for all individuals under age 75. Individuals need to pass a work test if over age 67. To save tax, you could consider making the maximum tax-deductible super contribution this year before 30 June. The advantage of this strategy is that superannuation contributions are taxed at between 15% to 30% compared to typical personal income tax rates of between 34.5% and 47%.

Carry-forward contributions are not a new type of contribution, they are simply new rules that allow super fund members to use any of their unused concessional contributions cap on a rolling basis for five years. This means if you don't use the full amount of your concessional contribution cap ($25,000 from 2019 to 2021, and $27,500 for 2021 and 2023), you may qualify to carry-forward the unused amount and take advantage of it up to five years later. Carry-forward contributions are calculated on a rolling basis over five years, but any amount not used after five years expires. These carry‑forward rules only relate to concessional contributions into super, not non‑concessional contributions, as they have different caps

MOTOR VEHICLE LOGBOOK

Ensure that you have kept an accurate and complete Motor Vehicle Logbook for at least a 12-week period. The start date for the 12- week period must be on or before 30 June 2024. You should make a record of your odometer reading as at 30 June 2024 and keep all receipts/invoices for your motor vehicle expenses. Once prepared, a logbook can generally be used for a 5-year period. An alternative (with no logbook needed) is to simply claim up to 5,000 business kilometres (based on a reasonable estimate) using the cents per km method.

PREPAY EXPENSES AND INTEREST

Expenses relating to investment activities can be prepaid before 30 June 2024. You can prepay up to 12 months of interest before 30 June on a loan for a property or share investment and claim a tax deduction this financial year. Also, other expenses in relation to your investments can be prepaid before 30 June, including rental property repairs, memberships, subscriptions, and journals

INSURANCE PREMIUMS

Possibly your greatest financial asset is your ability to earn an income. Income Protection Insurance generally replaces up to 75% of your salary if you are unable to work due to sickness or an accident. The insurance premium is normally tax deductible, plus you get the benefit of protecting your family's lifestyle if you cannot work due to sickness or an accident. It's a small price to pay for peace of mind. Like rental property interest, income protection premiums can also be pre-paid for 12 months to increase your deductions.