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End of Financial Year Business Review and Tax Plan

As the end of the financial year fast approaches, it's time to review your business' performance and consider tax planning opportunities before 30 June 2017.

Most people will have the information required to commence a review and tax plan when they finalise their March 2017 Business Activity Statement (BAS). We can assist by calculating a forecasted tax estimate for you and your business and then discuss and suggest strategies tailored to your circumstances.

Some common tax planning opportunities may be created using:

- Farm management deposits – now available to be offset against farm debt
- Prepayments, e.g. interest
- Deductible super contributions
- Instant asset write off less than $20,000 – this will not be available after 30 June 2017
- Immediate deduction for fencing or water conveyancing assets (primary producers)
- Accelerated depreciation of fodder storage assets over 3 years (primary producers)
- Medical expenses offset for some aged care services and equipment
- Negative gear property or shares
- Review bad debts
- Management of tax losses
- Trading stock valuations
- Change to business trading structure
- SBE capital gains tax concessions

Changes to the small business eligibility from $2 million to $10 million is likely to pass the House of Representatives in early May. This bill will back date the increased eligibility from 1 July 2016. This will create opportunities for businesses with a turnover of less than $10 million to access a range of tax concessions including;

- 27.5% company tax rate
- 12 month prepayment rule
- Accelerated depreciation
- Instant asset write off less than $20,000
- GST small business concessions (3)
- FBT exemption for multiple electronic devises
- Simplified trading stock rules
- Tax concessions when restructuring a business

The benefits created from planning at this time of the year can be huge. Waiting until after the end of the financial year to calculate your tax liability will significantly reduce your planning options.

To start your business review and tax plan, call our office on 02 6813 0799.

Deal struck on Enterprise Tax Bill

A last minute deal has been struck between the government and Senator Nick Xenophon to pass the *Treasury Laws Amendment (Enterprise Tax Plan) Bill 2016.*

The revised Bill enables:

- An increase to the aggregated turnover threshold to $10 million for access to small business tax concessions from 2016-17.
- Note that the current aggregated turnover threshold of $2 million will be retained for the small business CGT concessions.
- Progressive reductions in the corporate tax rate or base rate entities (corporate tax entities that carry on a business with an aggregated turnover of less than $50 million) to:

Corporate Tax Rate	Less than		
	$10m	**$25m**	**$50m**
2016-17	27.5%	30.0%	30.0%
2017-18	27.5%	27.5%	30.0%
2018-19 to 2023-24	27.5%	27.5%	27.5%
2024-25	27.0%	27.0%	27.0%
2025-26	26.0%	26.0%	26.0%
2026-27	25.0%	25.0%	25.0%

- An increase to the aggregate turnover threshold to $5 million for access to the small business income tax offset from 2016-17.
- An increase to the unincorporated small business tax discount to 8% from 2016-17. The offset will be capped at $1,000.

The final amendments exclude businesses with an aggregated turnover of $50 million or more from the tax cuts. These entities will continue to pay a corporate tax rate of 30%.

The Bill has passed the Senate with amendment and will now go back to the House of Representatives where the Government holds a majority. The next sitting day to formally pass this Bill is 9 May 2017.

Australian Taxation Office (ATO) Scams

As you appointed tax agent, all official ATO contact about your tax affairs should be with our office.

There have been recent cases of fake ATO emails containing malware. This can potentially infect your computer and block access to your own data. Please do not open emails allegedly from the ATO or links and attachments in such emails. Contact our office for assistance.

Any telephone callers purporting to be ATO officials or debt collection agents should be referred to us. Under no circumstances should you give any personal or financial information over the phone. Nor should you transfer funds as a result of such contact.

June 2017 Quarter GIC Rate

The ATO has released the general interest (GIC) rates for the June 2017 quarter, which has increased slightly from the March 2017 quarter to 8.78% (annual rate).

Cash Rate Hold

The RBA has announced it will keep the official cash rate on hold at 1.5 per cent as widely anticipated for the eighth consecutive month.

With low inflation fears, a high Australian dollar, and unemployment and underemployment remaining at over 14 per cent combined, a rate hike was also out of the question.

While the RBA will keep an eye on the housing market and underlying growth, many commentators expect the cash rate to remain on hold for the remainder of the year.

SMSF and Farming Families

Sam Martel conducted Martel Wheatley's first seminar earlier this month. The topic for the seminar was Self-Managed Super Funds (SMSF) and Farming Families – The Basics.

The seminar focused on the place of a SMSF in a farming family's business structure. The seminar was well received and we have received many follow up questions regarding opportunities available through a SMSF.

It is worth reiterating the message around the changes to super from 1 July 2017. The changes concern a reduction in superannuation contribution caps and changes to the taxation of income inside a superannuation fund, especially for those people aged 55 – 65 years of age taking advantage of a transition to retirement income stream.

If you would like to discuss the changes to super or just have an idea you would like to bounce, please feel free to give us a call.

Don't forget to like our Facebook page.

Simply search Martel Wheatley and hit that like button!