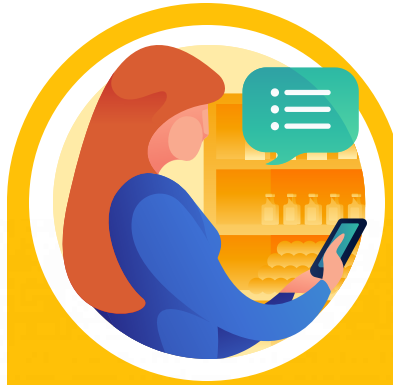
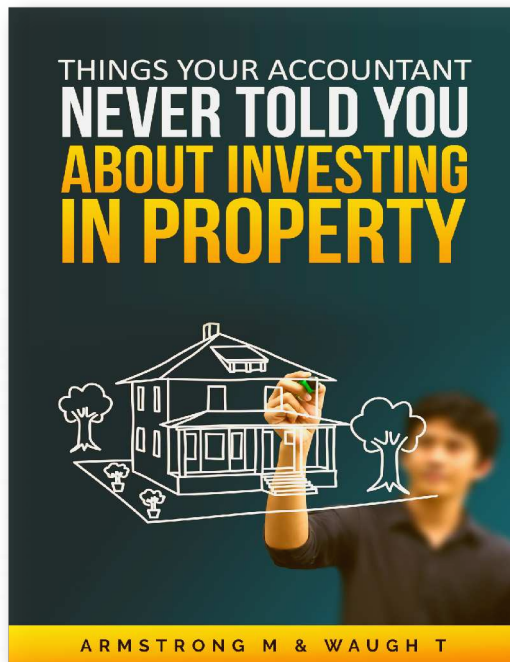


# 2022 - 2023 Tax Planning



# Income



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# Income Deferral



Consider deferring sales invoicing and the impact on your cashflow, especially if you expect lower income for the 2023/24 year compared to 2022/23

Most businesses are taxed on income when it is invoiced. Some small businesses may only be taxed when income is received. Income from construction contracts are generally taxed when progress payments are invoiced or received.

For individuals If you expect lower income in 2023/24 due to retirement or any other reason, consider deferring income or capital gains until after 1 July, when you will be in a lower tax bracket. If you are primary producer and you expect a permanent reduction in income , consider withdrawing from the income averaging system.

## Capital vs Revenue



Analyse income received to determine whether it is on capital or revenue account.

# Personal Services Income



If income has been generated through a company or trust consider whether the Personal Services Income rules apply.

## Capital Gains



Consider realising capital losses if you have already realised capital gains on other assets during 2022/23. Conversely, consider realising capital gains if you have unrecouped capital losses, or you expect substantially higher income in 2023/24 compared to 2022/23.

Consider if you can apply any concessions to the sale of a small business and potentially reduce the gain in some instances to zero.

# Foreign Tax Offsets



Determine whether you can claim a tax offset for any foreign taxes paid on income generated offshore and when that foreign income tax offset can be claimed.

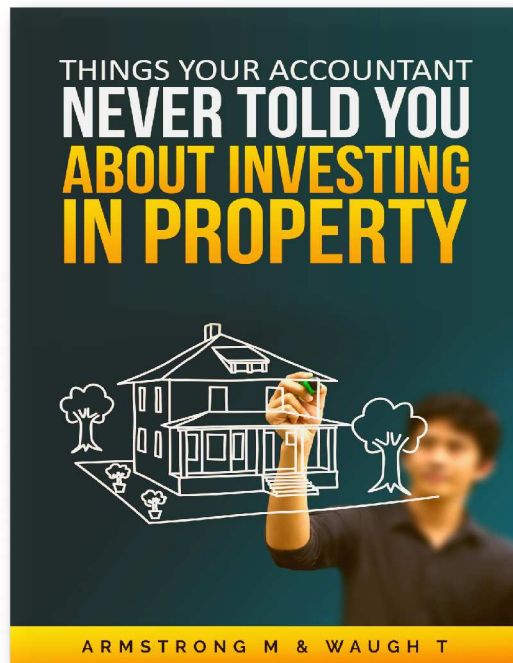
# Term Deposits and Investments



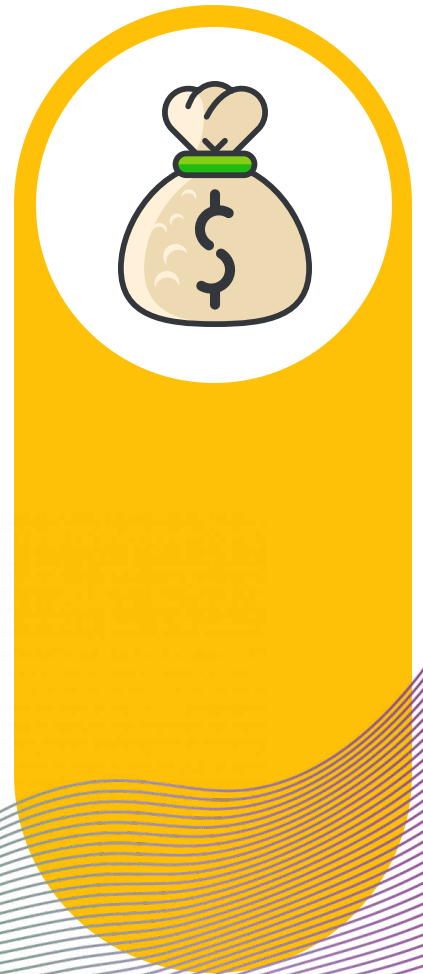
Subject to cashflow requirements, set term deposits and other interest bearing investments to mature after 1 July, rather than before 30 June.



# Deductions



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# Gifts and Donations



Consider making any tax deductible gifts or donations and ensure that the recipient is a Deductible Gift Recipient and you have adequate documentation.

# Prepayments



Consider whether it was worth making a prepayment of expenses for a payment that is incurred for an eligible service period not exceeding 12 months.

# Bad Debts



Determine whether any amounts recorded as income are unlikely to be received and whether these amounts can be claimed as bad debts.

# Plant and Equipment



Review your asset register and whether items are obsolete and can be scrapped and the value written off.

Consider delaying the sale of assets that will realise a profit on sale and bringing forward the sale of assets that will generate a loss.

Consider the Temporary Full Expensing of Assets measures to acquire assets required in the business and obtain a potentially significant tax benefit. **Remember the Temporary Full Expensing rules end on 30 June 2023**

# Motor Vehicles



Consider keeping a logbook for a 12 week period. Ensure you have kept all receipts.

For businesses be aware of the requirement for reporting of any Fringe Benefits.



# Home Office Expenses



Consider whether the best opportunity is provided by using either

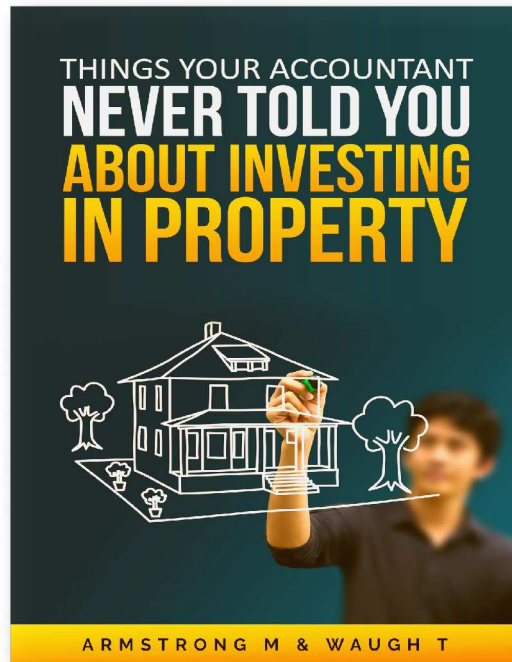
**1. Revised Fixed Rate Method.** An amount of 67 cents per hour you work from home for expenses such as data an internet, mobile and home phone usage, electricity and gas, computer consumables and stationery. **You no longer require a dedicated home office to use this method.**

From 1 July 2022 to 28 Feb 2023 an estimate of hours worked from home is acceptable

**From 1 March 2023 you must keep a record of all the hours you worked from home. Our resources section includes a diary for this purpose.**

**2. Actual Cost Method.** The actual expenses you incur as a result of working from home.

# Superannuation



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# Superannuation



There are a number of superannuation measures to consider

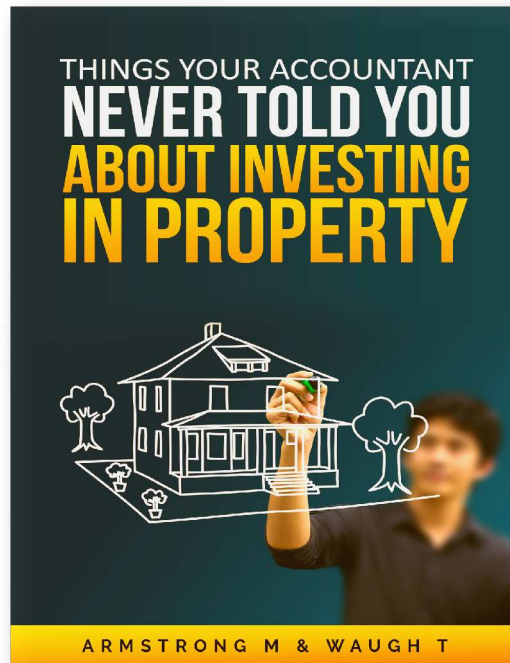
- Concessional (before tax) contribution limit is **\$27,500** for 2022/23 regardless of your age.
- Non Concessional (after tax) contribution limit is **\$110,000** (or up to **\$330,000** under the bring-forward rule).
- The total super balance requirement to make non concessional contributions increases to **\$1,700,000**
- The 'work test' has been removed for individuals aged **65 and 66**.
- Consider making a tax deductible contribution to superannuation up to the concessional contribution limit.
- If you have a total superannuation balance of **less than \$500,000** just before the start of the financial year consider making 'catch-up' contributions
- Ensure superannuation expenses for employees in a business have been paid and received by the fund prior to 30th June to claim a tax deduction in the current year.

# Pensions

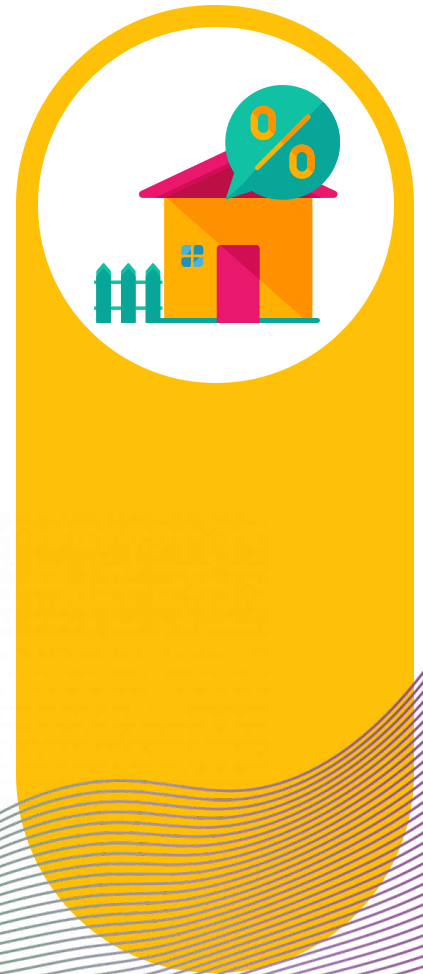


The 50% reduction in the minimum pension drawdown requirements remain for the 2022/23 financial year. Consider whether it is worth maintaining the minimum to avoid selling investment assets and maintain funds in the pension phase.

# Property



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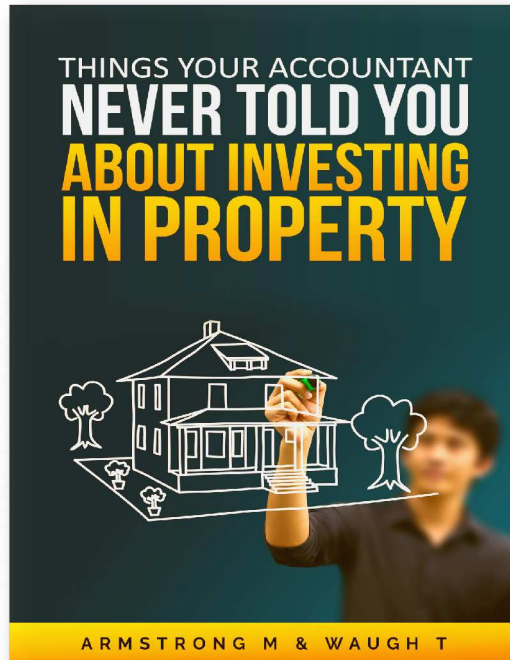


# Property



- Consider obtaining a Tax Depreciation Schedule. Don't overclaim for depreciation expenses. Ensure depreciation on plant and equipment complies with the changes to the rules on claiming these expenses.
- Ensure you are not claiming for travel expenses to your rental property unless a specific exemption applies.
- Ensure you have claimed borrowing costs over a 60 month period
- Consider whether the costs relating to vacant land are deductible. Land is considered vacant while premises are being constructed or substantially renovated.
- Consider prepayment of expenses , for example prepaying interest, if your income in the 2023/25 year is expected to be lower than the 2022/23 year.
- For property developers consider the trading stock rules and whether it is worth revaluing trading stock on hand
- For property developers consider absorption costing and ensure all expenses have been appropriately recorded as trading stock as per the absorption costing rules
- Ensure your expenses have been recorded to ensure adequate reporting for the Annual Taxable Payments Reporting Summary.

# Trusts



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# Trusts



Trustees of trusts should ensure that all necessary documentation is completed before 30 June.

Review the group position to determine who should receive trust distributions including any streaming of capital gains or franking credits.

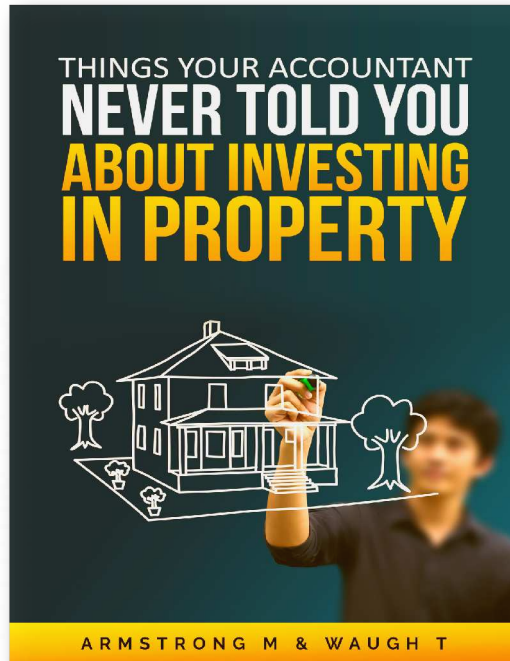
Note the ATO's position on Section 100A Reimbursement Arrangement and ensure your distributions comply with the ATO Requirements.



Trusts may need to make a Family Trust Election (FTE) if the trust has unrecouped losses or where the total franking credits for the year exceed \$5,000.

Make sure you review your trust deed before making any distributions to ensure that the proposed distributions are permitted by the deed and all requirements for making the distribution have been met.

# Companies



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# Companies



Review any loans to ensure they have a complying loan agreement and repayments have been made in accordance with Division 7a

Ensure any dividend resolutions have been appropriately prepared and comply with the Corporations Act requirements

Consider whether you are eligible for the Small Business Technology Boost and purchasing and installing (where necessary) **prior to 30 June 2023.**



# Assisting Your Strategy

Let us help you structure ,grow ,protect and minimise your taxes as you build your portfolio or development business



**Michael Armstrong**

Partner

- ✓ Bachelor of Commerce
- ✓ Master of Commerce
- ✓ Master of Tax
- ✓ Diploma of Financial Planning
- ✓ Chartered Tax Adviser
- ✓ Certified Practising Accountant
- ✓ Registered Tax Agent

## **PROPERTY TAX SOLUTIONS**

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