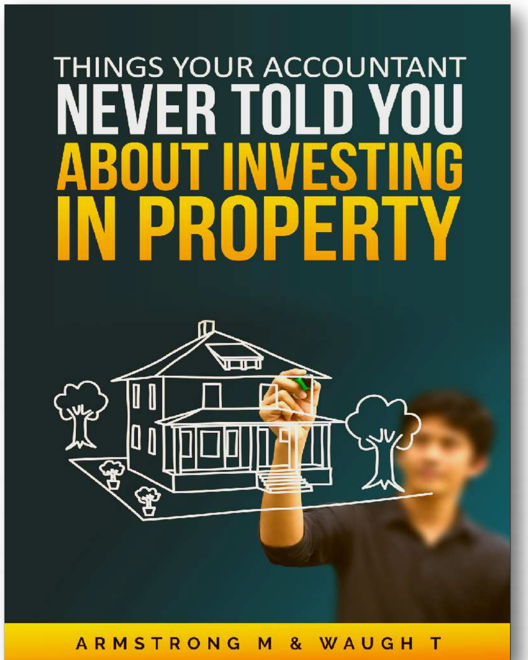
2024 - 2025

Tax Planning

PROPERTY TAX
SOLUTIONS

Income



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Income Deferral

For individuals If you expect lower income in 2025/26 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.

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.

Look at the PSI Decision Tool provided by the ATO https://www.ato.gov.au/calculators-and-tools/income-personal-services-income-tool

Capital Gains

Consider realising capital losses if you have already realised capital gains on other assets during 2024/25. Conversely, consider realising capital gains if you have unrecouped capital losses, or you expect substantially higher income in 2025/26 compared to 2024/25.

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

Consider whether a superannuation contribution reserving strategy will assist. This can allow deductibility in the current year while allocating the contribution to the following year for cap purposes. This requires a notice.

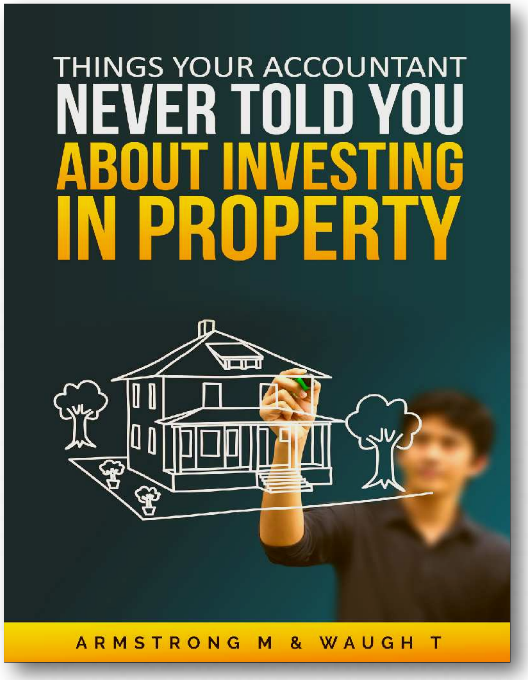
Foreign Tax Offsets

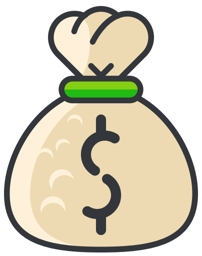
Determine whether you can claim a tax offset for any foreign taxes paid on income generated offshore and when that foreign income tax offset can be claimed.

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 instant asset write-off. For 2024–25, the instant asset write-off is $20,000 per asset for businesses with turnover under $10 million.

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.

Consider the FBT exemptions for Electric Vehicles until 1 July 2025, then phases out for vehicles over the luxury car threshold

Start Up Expenses

Review your start -up expenses and whether the following may be fully deductible instead of being capitalised.

1. Professional Advice and Services relating to the structure or the operations of the proposed business
2. Payments to Australian Government Agencies.

Home Office Expenses

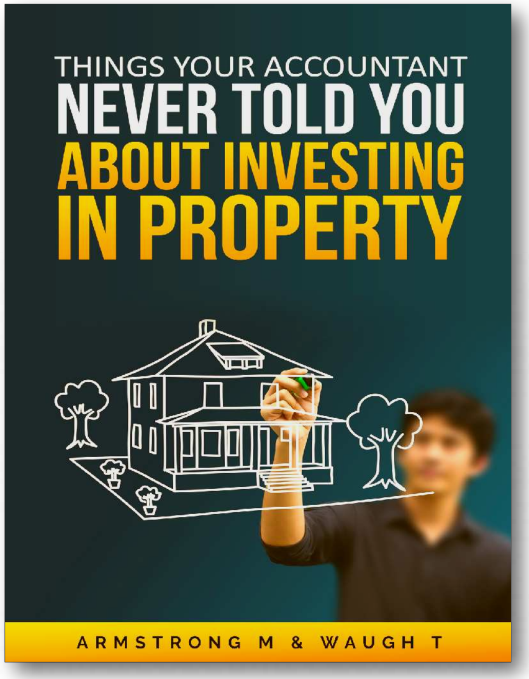
Consider whether the best opportunity is provided by using either

1. **Revised Fixed Rate Method.** An amount of 70 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 March 2023 (so for the 2025 FY this is applicable) 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 **$30,000** for 2024/25 regardless of your age.
- Non Concessional (after tax) contribution limit is **$120,000** (or up to **$360,000** under the bring-forward rule).
- The total super balance requirement to make non concessional contributions increases to **$1,900,000**
- 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.
- **Consider super splitting** that allows couples to divide super between themselves

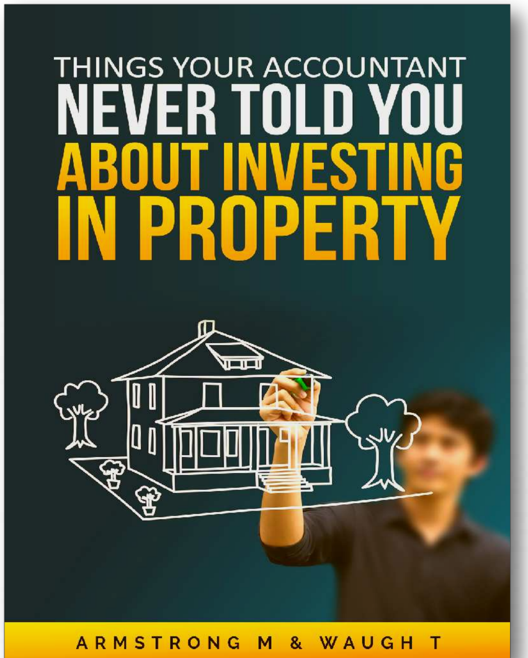
Pensions

When you have a pension account you need to withdraw a minimum amount each year.

Minimum pension drawdown rates

Your age on 1 July or commencement of pension*	Minimum drawdown rate (% of account balance)
Younger than 65	4
65-74	5
75-79	6
80-84	7
85-89	9
90-94	11
95 or older	14

Property



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Property

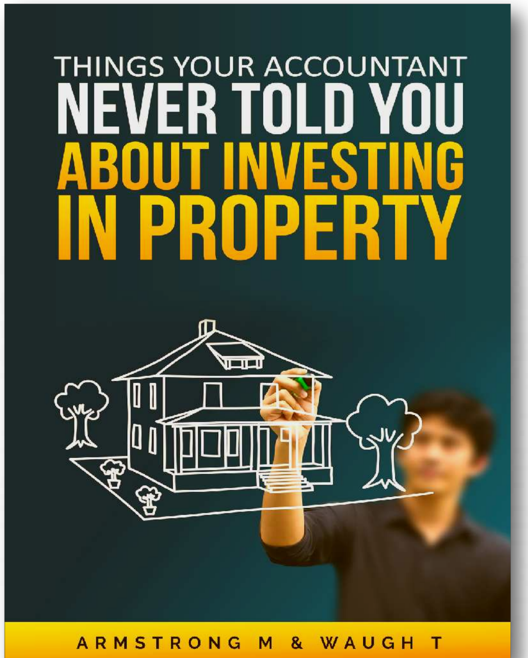
- Consider obtaining a Tax Depreciation Schedule. Don't overclaim for depreciation expenses. Ensure depreciation on plant and equipment complies with the changes to the rules on claiming these expenses.
- Ensure you are not claiming for travel expenses to your rental property unless a specific exemption 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. **Be aware of the rules re constructing on vacant land**
- Consider prepayment of expenses , for example prepaying interest, if your income in the 2025/26 year is expected to be lower than the 2024/25 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.

Property

Main Residence

- What are your long term plans with your main residence ?
- Redraw vs Offset ? Have you discussed with us ?
- **Always** discuss your loan structures before doing anything
- Have you considered if the 6 year rule can help ?
- What about the 4 year construction rule ?
- The first used to produce income rule ?
- And to add into the mix what about 3rd element costs ?

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.

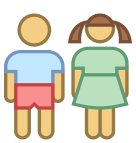
Trusts

Loans to Trusts

Did you lend money to your trust? Consider whether it is worth putting an interest free loan agreement in place. What if you or your partner pass and it is argued the funds were gifted to the trust? What if the things don't work out and you want to claim a capital loss ?

If you have lent money to your trust and the funds were sourced from loaned funds you will need an on-lending agreement (NOT interest free) to get a tax benefit of the interest paid

If the funds came from a related company consider Division 7a.



Children with Disabilities

Consider whether the children are able to receive a trust distribution and whether the minor is an excepted person for the relevant income year. If so, normal tax rates apply to their income rather than penalty rates.

Trusts

Ensure you comply with the Findings from Owie's Case

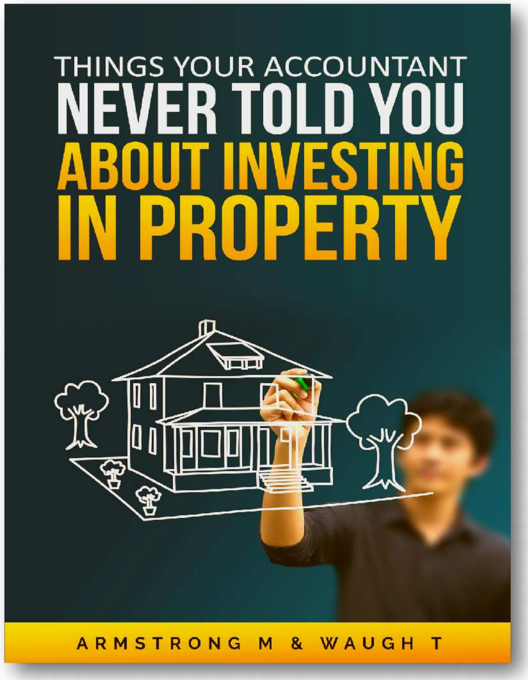
� Practical Implications for Trustees

The Owies decision significantly raises the bar for how trustees must manage annual distributions and other discretionary decisions:

✅ **Trustees must:**

- Make genuine inquiries into the circumstances of all beneficiaries.
- Be able to demonstrate the rationale for excluding or including certain beneficiaries.
- Keep documented evidence that supports the decision-making process (e.g., meeting minutes, inquiry letters, internal memos).
- Avoid arbitrary or habitual exclusion of certain beneficiaries.
- Review trust deeds regularly to confirm distribution powers and limits.

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. **Remember things MUST be done prior to 30 June**. A journal entry merely represents what was agreed and done.

Have you considered paying a wage for a new company or a company with small profits ? Maybe the company even has a loss ? Why on earth would you pay a salary ? Remember tax free thresholds for the owners. Don't waste them.

Did you lend money to your company ? Consider whether it is worth putting an interest free loan agreement in place. What if you or your partner pass and it is argued the funds were gifted to the company ? What if the company doesn't work out and you want to claim a capital loss ?

If you have lent money to your company **and** the **funds were sourced from loaned funds** you will need an on-lending agreement (NOT interest free) to get a tax benefit of the interest paid

Companies

To get a deduction for FY 25 make sure all super contributions are into the funds before 30 June 2025.

To ensure a tax deduction for superannuation contributions made on behalf of employees (including directors) in the 2024–25 financial year, a company must ensure that all contributions are received by the employees' super funds on or before 30 June 2025.

It is not sufficient for the payment to merely be made or processed by that date—the contribution must actually be credited to the fund's account.

Given delays in processing through clearing houses (such as the ATO's Small Business Superannuation Clearing House), it is recommended that payments be made at least 7 to 10 days before 30 June to guarantee deductibility in the current financial year.

Contributions paid after this date will not be deductible until the next income year, potentially deferring valuable tax savings.

Assisting Your Strategy

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

Note that this is general advice and any advice regarding your financial situation MUST be discussed with a licensed financial planner. Any legal advice on these strategies should be discussed with an appropriately qualified legal adviser.

Anything regarding superannuation relates to the tax impact of these strategies and a financial adviser must be consulted to determine if this is appropriate. Advice is provided in accordance with Corporations Regulation 7.1.29(4)

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Partner

- **Bachelor of Commerce**
- **Master of Commerce**
- **Master of Tax**
- **Diploma of Financial Planning**
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