



5 Ways To Minimise Tax As A Small Business Owner

Tax is a huge outlay for most small businesses. But there's plenty you can do to ensure you don't pay more of your fair share of tax.

Here are our top 5 tips for reducing your tax bill this financial year.

Tip # 1 Take advantage of the \$30,000 instant asset write-off

If you're looking to buy assets for your business in the next couple of years now is an excellent time to do so. That's because until 30 June 2018, the ATO is offering a \$20,000 instant asset write-off to small businesses with a turnover of less than \$10 million. The write-off is available for new and second-hand goods purchased and ready for use before the end of the 2017-18 financial year. Just remember, you can only claim a deduction for the portion of the asset used for business or other taxable purposes. For example, a laptop used for personal reasons and work.

Tip # 2 Claim a deduction for prepaid expenses

If you have a healthy cash flow, prepaying some of your business expenses can be a great way to minimise tax. You can claim an immediate deduction for prepaying things like business loans, leases, interest, rent, business travel and seminars, telephone and IT services, insurance premiums and

business-related subscriptions. It's important to note you can only prepay your expenses to cover 12 months or less ending in the next financial year.

Tip # 3 Maximise superannuation contributions

Putting extra money into superannuation is a smart investment in your future. It's also one of the best ways to minimise your tax. You can contribute up to \$25,000 into your super fund (including the compulsory 9.5%), and you'll pay only 15% tax and can claim a deduction for the contribution. To take advantage of this concession ensure all the money is in your super fund by 30 June.

Tip # 4 Write off bad debts

You may be able to claim a tax deduction for outstanding or "bad" debts. To qualify, you'll need to meet the ATO's strict criteria. You must show you included the money as assessable income in the current or a previous financial year. You'll also need to prove you made a genuine but unsuccessful attempt to recover the debt before the end of the financial year and there's no chance of you recovering it. Keep written records of the debt you've written off and why to show the ATO if requested. We can help talk you through this as well.

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Tip # 5 Keep track of your deductions

Knowing which expenses you can claim and keeping a record of these could save you a fortune at tax time. You can claim a variety of expenses for travel, motor vehicles, home office, advertising and other costs related to earning your taxable business income. The ATO website offers more detailed information on claimable expenses. It's also worth speaking to an accountant or tax specialist before tax time.

Remember to document your expenses as you go so you don't lose track of them. The easiest way is via your accounting system or a cloud-based productivity app that helps you organise invoices, receipts and other paperwork.

Need more small business tax advice?

If you're looking for professional accounting or tax advice for your small business, ITP can help. Our friendly and qualified tax accountants can maximise your return and give you helpful tax tips along the way. Sign up today to receive 20% off as a new business client.

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