



## ***7 smart ways to spend your tax refund***

*We're already half way through the 2019 tax time, and many Australians have received their tax returns already. With the Government's new tax offsets, this means that many tax bills have been reduced freeing up much needed cash.*

There are many ways to spend that extra cash, but there are some wise choices you can make.

### **Emergency fund**

An emergency fund is also known as a 'rainy day' fund. Those times when something unexpected happens and you need to hand out the cash. This can be stressful if you don't have ready cash on hand. It's a good idea to have a fund set aside, in which you contribute into each paycheck, just for these occasions.

### **Pay off debt**

Pay off your high interest loans. Credit cards or personal loans might incur the highest interest. The higher the interest, the more money it costs you in the long term. You may incur more costs if you pay off the loans slowly. You may also incur a higher financial charge because of the money you owe.

### **Something you need**

Assess your assets. Is there something that needs replacing? Badly running electrical equipment could mean a higher electricity bill. Maybe there's dental work you need done before things get worse. Once you collect your refund, you may be able to tick off a much-needed essential.

### **Save it**

We don't know what's going to happen in the next minute, let alone the next week. Having some savings helps you become financially secure and provide a safety net in case of an emergency. Saving money also gives you greater security, allowing you to make discretionary purchases when you need them.

It is a good time to create a budget and use these savings to start. Would you like to take a holiday? Purchase a new car? Your tax return is the best excuse to kick off your savings.

### **Mortgage**

Put the money on your mortgage. Your house is your biggest asset and loans cost you money in interest. Once you finish paying off your mortgage, you will only have living costs to pay for.

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You can also think about making home improvements to increase the value of your home. Does your deck need replacing? What about painting, or new gutters. All improvements will culminate in greater capital value for your property.

## Make a super contribution

If you self-contribute into your super account, not only will you be saving extra money for your retirement, you may be taxed at a much lower rate of 15% depending on your income level. A super fund invests in assets such as shares and property and work towards building wealth, you'll also be building your own wealth without having to do anything at all. If you don't own your own home and are saving like crazy for your deposit, you might qualify for the government's FHSS scheme.

## Pamper yourself

There's nothing wrong with some guilt-free spending. You've worked hard for your money and sometimes it pays to treat yourself or your family.

Whether you've received a large or small tax return, the best course of action is to reduce your overall tax bill. ITP The Income Tax Professionals can help you maximise your tax return so you can choose what to spend your money on. After all, it's your money.

Try our Tax Calculator and see how much of a tax return you might be eligible for. Although it's a great tool, speaking with a tax agent will help you get your best personal or business tax return. Book an appointment today.

***Are you getting a refund this year? What do you plan to do with it?***

*ITP The Income Tax Professionals are more than tax agents. They have been helping Australian individuals and businesses with their business accounting and advice for 50 years and offer a wealth of knowledge. Speak to a Professional today and see how your business can be more profitable.*



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