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END OF FINANCIAL YEAR CHECKLIST FOR BUSINESS

For businesses to maximise their cash position, they should consider the following tax planning opportunities before 30 June.

Declare dividends and trust distributions by 30 June:
- Resolutions should be signed before 30 June
- Consider declaring 1 July dividends for the following year if known

Prepay expenses before the end of the year:
- If aggregated turnover is less than $50m, and prepayments are for a period of 12 months or less, you may be able to claim a deduction for the full cost of the prepayment in the year it is paid

Maximise superannuation contributions:
- Superannuation is only deductible if paid by 30 June
- Personal contributions can only be claimed if received by the superannuation fund by 30 June and notice of intent sent to superannuation fund before the earlier of your tax return's lodgement date or lodgement due date
- Annual concessional contribution caps are $30,000
- Review whether you are eligible to utilise carry-forward of unused concessional contribution caps from prior years to further maximise your contributions

Maximise your tax-deductible debt:
- Loans for private purposes are not tax-deductible
- Review whether refinance options may be available to increase the split of deductible vs non-deductible debt
- Consider whether Division 7A loans can be restructured
- ATO interest on late repayment of tax liabilities is non-deductible from 1 July 2025

Write off bad debts:
- If debtors are not recoverable, and all action has been taken to resolve, then write off the bad debt before 30 June to bring to account the expense
- Resolution should be signed before 30 June
- Ensure GST is adjusted

Write off slow-moving or obsolete stock:
- Review your stock holding
- If the market value is lower than the cost of the stock, a deduction can be realised for the difference

Utilise unrealised capital losses:
- Ensure you take advantage of capital losses within your group
- Consider if any losses can be used to reduce current year gains, otherwise these will be carried forward until they can be offset against gains in either the same year or a future year

Review plant and equipment:
- Review depreciation schedule for any scrapped plant and equipment that can be written off
- Review the effective lives of equipment and consider whether appropriate to increase the rate of depreciation

Repay Division 7a loans:
- Cash repayments can reduce the requirement for dividends to be declared

Consider Section 100A compliance for Trusts:
- Keep a record of expenditure incurred on behalf of adult children (after they turned 18) – Including university fees and motor vehicle costs; excluding domestic expenses relating to the family home
- Best practice would be to make these payments from the trust's bank account

Review tax rate applying to companies:
- Base rate companies pay tax at 25% while all others pay tax at 30%
- Consider the impact of timing on dividends and the tax credit vs top-up tax payable

Plan for your tax position prior to 30 June:
- Plan the cash flow for instalments of tax, and the tax due on lodgements of tax returns
- Identify opportunities to vary tax instalments and improve cash flow
- Implement above tax planning and other savings.

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