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Business Strategies Tax Planning 2022

Having a tax plan in place before 30 June will help you make strategic decisions to maximise your returns. Here are some of our top tips for businesses.

Our top 10 Tax Effective Strategies for Businesses to Consider - (Small Business)

1. **Instant Assets Write-Off** Take advantage of the immediate tax deduction available for depreciating assets acquired and first used by 30 June 2023, with no threshold limit on the cost of the asset. Small and medium businesses, with turnover less than $50 million, are also able to immediately write-off second -hand assets.
2. **Superannuation** Super Guarantee (SG) contributions must be paid by 30 June 2022 to qualify for a tax deduction in the 2021-22 fin year. Also consider, topping up your voluntary superannuation.
   The concessional contributions cap is $27,500 for all ages for the 2021-22 financial year
3. **Prepayments** Prepaying some of your 2022-23 expenses (such as your rent, insurance, or subscriptions to professional associations) in the 2021-22 financial year. (Immediate deduction for prepaid expenditure when payment covers a period of less than 12 months.)
4. **Invoicing** Reviewing and postponing some of your invoicing for the current tax year, if appropriate can be an option.
5. **Stock** If your business carries stock, do your Stocktake as at 30 June.
6. **Motor Vehicles** Check that the logbooks for your business vehicle are up-to-date. You'll need to start a new logbook if your current one is more than five years old or your vehicle usage has changed significantly. You could also consider investing in one of the many mileage tracking digital apps available.
7. **Small Business Technology Investment Boost** Small businesses with less than $50 million annual turnover, will be able to deduct $1.20 for every $1 spent on business expenses and depreciating assets that support their digital adoption (such as portable payment devices, cyber security systems and subscriptions to cloud-based services). The boost applies to expenditure from 7.30pm 29 March 2022 until 30 June 2023 but will only be able to be claimed in the 2023 income tax return. An annual cap of $100,000 of expenditure applies, so those who expect to maximise their claim will benefit from spreading their expenditure between the 2022 & 2023 financial years.
8. **Temporary Loss Carry Back Tax** Eligible entities get the offset by choosing to carry back losses to earlier years in which there were income tax liabilities. The offset effectively represents the tax the eligible entity would save if it were able to deduct the loss in the earlier year using the loss year tax rate. As it is a refundable tax offset, it may result in a cash refund, a reduced tax liability or a reduction of a debt owing to the ATO.
9. **Start-Up Expenses** Deduct any start-up expenses if applicable – such as obtaining legal or accounting advice on your business structure, and fees in relation to establishing the structure (e.g. ASIC company registration fee).
10. **Bad Debts** Review your debtors and write off any unrecoverable debts

Have you thought about….

- ⇒ **Look at accounting for GST on a cash basis**
- ⇒ **Small Business Tax Concessions, Available to Businesses**
- ⇒ **Backing-up & Securing your files**
- ⇒ **Interest Deductibility on Financing Business Expenses**
- ⇒ **Government Grants available**