

Pre June 2021 Tax Planning

A. Items which will have a direct tax impact without direct cash outlay

- Perform a stock take at 30 June 2021 and ensure stock is valued at the lower of cost or net realisable value.
- Review your Debtors listing and write any Bad Debts off prior to 30 June 2021.
- Review your Plant & Equipment listing and write off equipment which has been scrapped or has a nil value.

B. Items which will have a direct tax impact but with a direct cash outlay

- Bring forward any expenses such as stationery, printing, office and computer supplies etc.
- Businesses with turnover of less than \$50 million can deduct the business portion of the cost of eligible **new** or **second-hand** Plant & Equipment that is held and ready for use, between 6 October 2020 until 30 June 2022. Note 1: for Passenger Vehicles this is limited to \$59,136. Note 2: businesses with turnover of \$50 million to \$5 billion can deduct the business portion of the cost of eligible **new** assets only.
- If Repairs & Maintenance are required make these prior to 30 June 2021.
- Any promised Donations should be paid by 30 June 2021.
- Prepay any regular expenses of value less than \$1,000.
- Pay items such as motor vehicle registration or insurance where invoices have been issued to you but payment is not yet due (but will be due soon after 1 July 2021).
- Prepay items under a contract of service (e.g. prepay salary and wages, bonuses and commissions which are due based on service up to 30 June 2021).
- Pay Employee Superannuation for the June'21 quarter by 30 June 2021 – as superannuation is only deductible in the financial year it is paid.
- Review your own Superannuation – consider topping up your Superannuation however ensure maximum deductible contribution cap of \$25,000 is not exceeded. If this cap is exceeded, excess contribution will need to be included as assessable income in your tax return. Note 1: Starting from the 2019/20 year, if your total superannuation balance is less than \$500,000, any unused concessional contribution cap from the prior year can also be claimed. This could potentially increase the allowable cap. Note 2: you can contribute to super up to the age of 75. If you are aged between 65 and 74 you will need to meet the work test. Refer to our earlier blog "Tax Planning 2021 – Superannuation 'Carry Forward' Deductible Contributions" for further details.

The Items covered above are general comments only. Should you wish to discuss or clarify any of the items above, with specific reference to your circumstances, please contact our office.