



Bookkeeping

2014/2015 Year-end Checklist

Business



FORWARD FOCUS

POWERING YOUR BUSINESS

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INTRODUCTION

Many of our business clients like to review their tax position at the end of the income year and evaluate any year-end strategies that may be available to legitimately reduce their tax. Traditionally, year-end tax planning for small businesses is based around two simple concepts – i.e., accelerating business deductions and deferring income.

However, Small Business Entities ('SBEs') have greater access to year-end tax planning due to particular concessions that only apply to them. The SBE system replaced the previous Simplified Tax System ('STS') on 1 July 2007. Taxpayers that qualify as an SBE can generally pick and choose which of the concessions they wish to use each year (although see below regarding the simplified depreciation rules). The basic requirement to be eligible for the SBE concessions is that the business taxpayer's annual turnover (including that of some related entities) is less than \$2 million. The following are a number of areas that may be considered for all business taxpayers.





CHECKLIST

Maximising deductions for non-SBE taxpayers

Non-SBE business taxpayers should endeavour to maximise deductions by adopting one or more of the following strategies:

- Prepayment strategies;
- Accelerating expenditure; and
- Accrued expenditure.

Prepayment strategies – non-SBE

Any part of an expense prepayment relating to the period up to 30 June is generally deductible.

In addition, non-SBE taxpayers may generally claim the following prepayments in full:

- expenditure under \$1,000;
- expenditure made under a 'contract of service' (e.g., salary and wages); or
- expenditure required to be incurred under law.

Editor: Prepayments can be a little confusing, so before you commit to making a payment please feel free to call us with any queries or assistance if required.

Accelerating expenditure – non-SBE

This is where a business taxpayer brings forward the expenditure on regular, on-going deductible items. However, business taxpayers are generally entitled to deductions on an 'incurred basis'.

Therefore, there is generally no requirement for the expense to be paid by 30 June 2015. As long as the expense has genuinely been incurred, it will generally be deductible.

Checklist

The following may act as a checklist of possible accelerated expenditure:

- Depreciating assets costing \$100 or less can be written off in the year of purchase.

Depreciating assets costing less than \$1,000 can be allocated to a low value pool and depreciated at 18.75% (which is half of the full rate of 37.5%) in their first year regardless of the date of purchase.

- Repairs – repairs to office premises, equipment, cars or other business items.
- Consumables/spare parts.
- Client gifts.
- Donations.



- Advertising.
- Fringe benefits – any benefits to be provided, such as property benefits, could be purchased and provided prior to 1 July 2015.
- Superannuation – contributions to a complying superannuation fund, to the extent contributions are actually made (i.e., they cannot be accrued but must be paid by 30 June).

Accrued expenditure – non-SBE

Non-SBE taxpayers (and some SBE taxpayers) are entitled to a deduction for expenses incurred as at 30 June 2015, even if they have not yet been paid.

The following expenses may be accrued:

- Salary or wages and bonuses – the accrued expense for the days that employees have worked but have not been paid as at 30 June 2015.
- Interest – any accrued interest outstanding on a business loan that has not been paid as at 30 June 2015.
- Commercial bills – the discount applicable to the period up to 30 June 2015, where the term of the bill extends past 30 June.

- Commissions – where employee are owed commission payments.
- Fringe benefits tax – if an FBT instalment is due for the June 2015 quarter, for example, but not payable until July, it can be accrued and claimed as a tax deduction in the 2015 income year.
- Directors' fees – where a company is definitively committed to the payment of a director's fee as at 30 June 2015, it can be claimed as a tax deduction.

Maximising deductions for SBE taxpayers

Deductions can be maximised for SBE business taxpayers by accelerating expenditure and prepaying deductible business expenses.

Former STS taxpayers who have continued to use the STS cash method since before 1 July 2005 cannot accrue expenses, but other SBE taxpayers on an accruals basis can accrue expenses

To find out more, see above regarding accruing expenditure.



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CONTACT US

What can we do for you?

Checklists like the one above are great, but if you're still in need of some extra help to break it down, we're always here to help.

Whether you manage the books or you hire someone to, combining bookkeeping with accounting services is one of the most cost effective and time saving business moves you can make.

Why you might ask?

Knowing your bookkeeping will be handled expertly and presented in a way that's easily understandable for both you and your accountant will make a significant difference to both the time spent on work and the money spent on it.

If our bookkeeping services interest you, we'd love to help! Don't hesitate to call our office today or email us for a [free business consultation](#), or to receive more information about our many services, packages and prices.

Why you should keep accounting and bookkeeping services together:

Save Time

Combining bookkeeping and accounting services together allows you to cut out the middle man - resulting in less time liaising back and forth.

Pay Less/Earn More

Combining bookkeeping and accounting service packages will reduce your accounting fees by having organised and accurate records, managed by us, for us.

Take Control

We manage your records in order to efficiently complete your accounting work which helps us identify and resolve issues before they become serious problems. We also help ensure your customers are paying you sooner, help take care of your obligations with the ATO and help ensure everything is lodged on time saving you hundreds of dollars on late fees and penalties.

When your business
needs a fresh
pair of eyes.

Phillip Power

