



SUPERIOR
ACCOUNTING GROUP
Minimise Tax | Maximise Retirement

Business, Investor & SMSF Specialists

**Working With The Numbers &
Thinking Outside The Numbers**

DISCLAIMER

GENERAL
INFORMATION ONLY

DOES NOT
CONSTITUTE ADVICE

**DISCLAIMER –
TODAY'S
PRESENTATION**

PLEASE CONSULT A QUALIFIED
PROFESSIONAL BEFORE
TAKING ANY ACTION

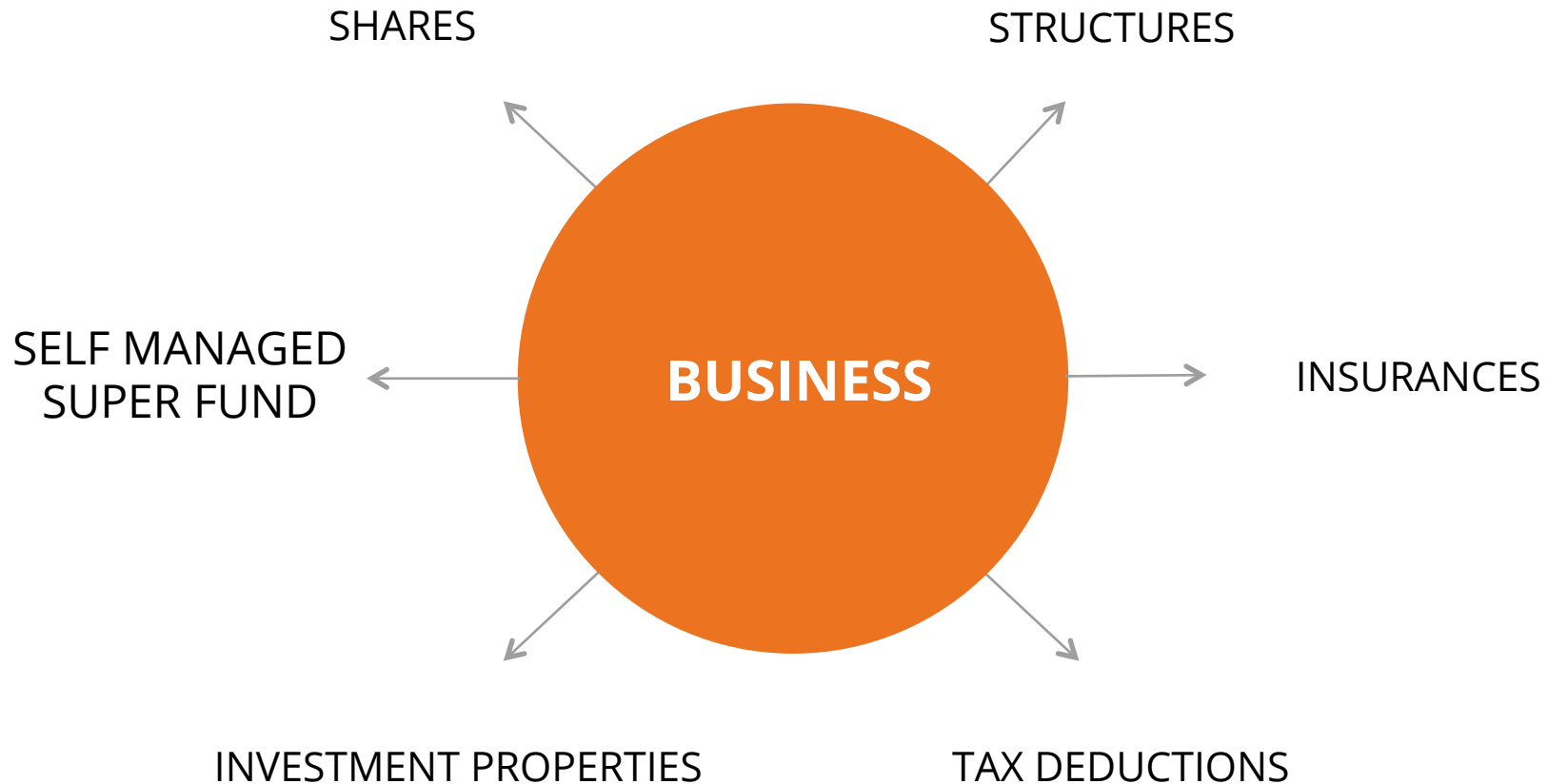
DOES NOT TAKE YOUR
PERSONAL SITUATION
INTO ACCOUNT

WHO IS SUPERIOR ACCOUNTING GROUP?

Expertise and Focus on the powerful combination of :

- Ensure your hard earned assets are protected
- Ensure that your business is running in a way that both maximises asset protection and maximises tax flexibility, whilst minimising your tax liability
- Advise on claiming every cent that you are legally entitled to claim (including deductions that most accountants are unaware of)
- Assist in you utilising your business to maximise your creation of wealth for your Family
- Fully utilising super to further enhance your creation of wealth for your family

PROSPERITY PLAN – COMBINATION OF FACTORS GETS ULTIMATE RESULTS



PERSONAL SERVICES INCOME – PSI

WHAT IS PSI ?

PSI is defined as a reward for or the result of your personal efforts or skills.

If you receive PSI, there is a series of tests you must use to work out if the PSI rules apply:

LEVEL ONE

- Unrelated Clients Test (80 / 20 Rule) **
- Employment Test
- Business Premises Test
- Results Test

PERSONAL SERVICES INCOME – PSI

LEVEL TWO

Interpretive stance of the ATO

“Rule of Thumb”

There needs to be at least as many employee orthodontists (not including other staff) generating the income of the business than there are principals (owners) of the business

It appears to be the ATO’s view that more than 50% of the practice fees must be derived from the principle efforts of the non principal practitioners

Tax Planning / Tax Minimisation

To Quote the Late Great Kerry Packer :

“Of course I am minimising my tax. And if anybody in this country doesn't minimise their tax, they want their heads read!”

What Is A Small Business Enterprise (SBE)?

- You carry on a business
- Annual turnover of your business plus any connected business or affiliates was less than \$ 2 Million for the year
- Throughout my slides my assumption is that your business derives it's income for both tax and GST purposes on a Cash Basis

Applying the rules for prepaid expenditure

- Only SBE's and Individuals incurring non-business expenditure can claim an immediate deduction for prepaid expenditure.
- All other taxpayers must generally apportion their deductions for prepaid expenditure over the relevant eligible service period.

Applying the prepayments rules for prepaid expenditure

- To fully claim, the 12 month prepayment rule must be satisfied :
 - a) The prepaid expenditure has an eligible service period not exceeding 12 months; and
 - b) The eligible service period ends in the income year after the one in which the expenditure was incurred.
- Where the 12 month prepayment rule is not satisfied, the expenses must be apportioned over the relevant period.

Tax Tip – Overriding exception for excluded expenditure

Where the 12 Month Prepayment Rule is not satisfied, the amount is still fully deductible if it is :

- a) Less than \$1,000;
- b) Required to be incurred by a law, or by an order of a court, of the Commonwealth, a State or a Territory

Year end payments checklist for Landlords and SBE businesses

Lease payments – SBEs

Consider prepaying the lease payments on assets such as non-luxury cars (under the log book method), computers, other office equipment and machinery.

Rent - SBEs

Consider prepaying rent on business premises, especially where owned by one of your trusts or SMSF.

Insurance – SBEs & Landlords

Consider paying annual (deductible) insurance premiums by 30 June where appropriate.

Year end payments checklist for Landlords and SBE businesses

Interest – SBEs & Landlords

Where there are outstanding income producing loans or overdrafts, consider organising with the financier to prepay interest.

Travel expenses – business or work trips – SBEs

Where an individual knows of overnight business or work travel they will be undertaking on or after 1 July, consider booking and paying for airfares and accommodation by 30 June.

Seminars and conferences / training / self-education – SBEs

Consider booking and paying by 30 June for a training course, seminar or conference that will take place after this date.

Year end payments checklist for Landlords and SBE businesses

Subscriptions – SBEs

Consider paying (deductible) annual subscription by 30 June where appropriate .

Rates – SBEs

Consider paying annual council rates by 30 June.

Body Corporate fees - Landlords

Consider paying a deductible body corporate fee in advance, before 30 June.

Accelerating expenditure checklist for Landlords and SBE businesses

FOR LANDLORDS

Depreciable assets - \$300 or less

Depreciable assets costing no more than \$300 can generally be written-off in full in the year of purchase. Examples include:

- For a *landlord* – a light fitting, a ceiling fan, a fire alarm, a curtain or blind, a microwave oven, and a vacuum cleaner.

(not like assets or part of a set)

Accelerating expenditure checklist for Landlords and SBE businesses

FOR SBE BUSINESSES

Depreciable assets (includes software) – less than \$1,000

SBE businesses can claim an immediate write-off in the year of purchase for those depreciable assets costing less than \$1,000 #.

SBE businesses who require such assets should consider purchasing them by 30 June.

As of 7.30 p.m. 12 May 2015, in the budget this has changed to \$ 20,000 from 12 May 2015 to 30 June 2017 (assuming it gets legislated)

Accelerating expenditure checklist for Landlords and SBE businesses

FOR LANDLORDS

Depreciable assets in low-value pool – *less than \$1,000*

Depreciable assets costing less than \$1,000 (which are not eligible for any immediate write-off) and allocated to a low-value pool are effectively depreciated for 'six months' (i.e. a depreciation rate of 18.75% in their first year.

Where a landlord is considering the purchase of a pooled item, the purchase should be made by 30 June.

Accelerating expenditure checklist for Landlords and SBE businesses

Paying bills by 30 June – SBEs

SBE businesses should consider paying bills already received by 30 June to bring the deduction into that income year.

Penalty interest on re-financing – SBEs & Landlords

Where an individual is considering re-financing an income producing loan (e.g. to obtain a lower interest rate) and will incur deductible penalty interest, the individual should consider re-financing and incurring penalty interest by 30 June.

Accelerating expenditure checklist for Landlords and SBE businesses

Consumables – SBEs

Consider purchasing office supplies, stationery, etc. before 30 June. It must be consumed within 3 months

Client Gifts – SBEs & Landlords

It is common practice to offer gifts to clients and suppliers. Examples – bottle of wine, gift voucher, etc.

Consider buying such gifts before 30 June

Accelerating expenditure checklist for SBE businesses

Superannuation contributions – SBEs

A business can claim a tax deduction for superannuation contributions made, for themselves or for any employee, up to certain limits per tax year :

Less than 49 years old	-	\$30,000
49-74 years old	-	\$35,000

However, superannuation contributions are only deductible in the income year to the extent they are actually paid to the fund by 30 June

Accelerating expenditure checklist for SBE businesses

Superannuation contributions – Contributions Reserving Strategy

It is possible to claim two years' worth of the super deduction levels mentioned in the prior slide, in the one tax year

The SMSF trust deed must allow this to happen

The additional full year's super deductions must be made in June

The super contribution is not allocated to the member until July
(it must be allocated by 28 July)

It does effect what super you pay and claim in the next tax year (care must be taken and advice sought before adopting this strategy)

Deferring Capital Gains Tax

Capital Gains (Where Property or Business Sold)

You should consider deferring the disposal of assets until the following income year, if there are insufficient capital losses to absorb those capital gains.

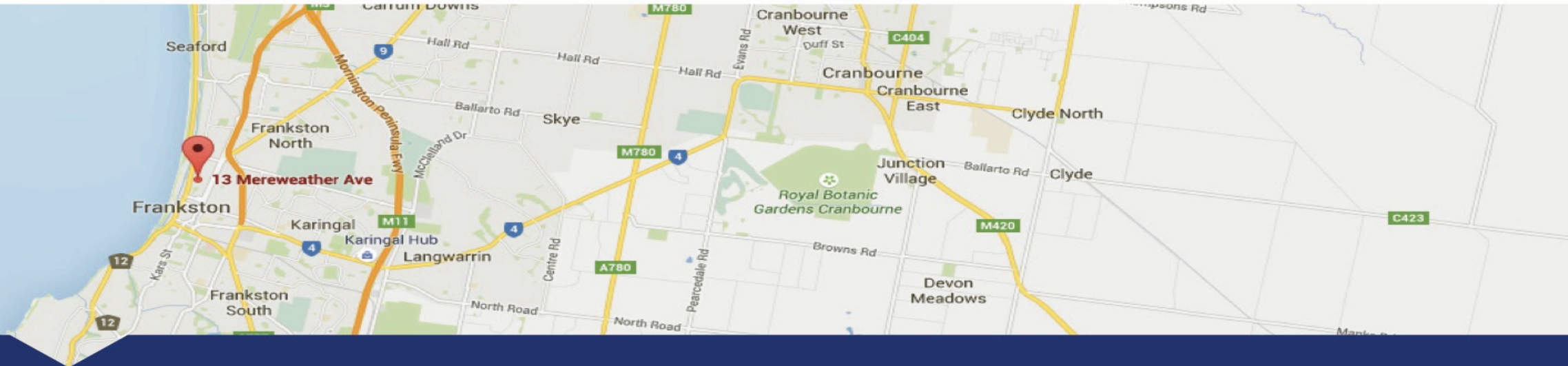
This is done with a PUT/CALL OPTION agreement.

Note: CGT is triggered by contract date, not settlement date.



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SUPERIOR ACCOUNTING GROUP
PO Box 922, Mount Eliza VIC 3930
13 Mereweather Ave
Frankston, VIC 3199

www.superioraccountinggroup.com.au
Phone: (03) 9787 8906
Fax: (03) 9783 1557
facebook.com/SAGroup.accountants