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Issues Facing Businesses & Investors at Tax Time

By **Brad Callaghan**

Like in the Amazing Race, we have entered the last leg and it's now time to focus on your taxation obligations otherwise the ATO may eliminate you.

The biggest focuses from the Australian Taxation Office for this year is on their Benchmarking system (Cash Economy) and the Bamford case which deals with unpaid trust distributions to Companies.

ATO Benchmarking

The ATO has issued a list of benchmarks which can be found here [http://www.ato.gov.au/businesses/pathway.aspx?](http://www.ato.gov.au/businesses/pathway.aspx?pc=001/003/102)

pc=001/003/102 and show what they believe your business should be able to prove in the way of income and expenses. If you fall outside their range consider yourself a target to be questioned. If you have reasonable grounds to be then you have nothing to worry about.

Trust Distributions

Make sure you have paid distributions to any companies before 30 June. Contact you accountant NOW to deal with this.

Item to consider pre 30/06/2011

Write off any bad debts. Make sure you take them out of your Debtors ledger, adjust for GST and claim as a Bad Debt expense.

Review your asset register and determine what items need to be replaced or have kicked the bucket. This also goes for obsolete or damaged stock.

Don't forget to pre-pay expenses and declare any bonuses or directors' fees before 30 June. You don't have to pay these pre 30 June but the company must be committed to the payment via a director's resolution.

Look for any repairs that need doing and bring them forward to this year.

Bring forward your SGC payments for super pre 30 June, this include this amount that you owe for the June quarter, but the Superfund must receive it before 30 June for you to claim the tax deduction.

The timing of income is always an issue leading up to 30 June. Make sure you watch issuing invoices around this time.

If you are selling shares or real estate, remember that for Capital Gains Tax purposes it goes on contract date and not settle date. So try push signing your contract to July, to defer that tax bill to next year.

PAYG Payment Summaries

Make sure these are issued to employees by 14 July 2011 and lodged with the ATO by 14 August 2011. There are some exemptions for closely held companies.

Personal Service Income

This is an area all Individuals, Companies and Contractors should be wary of. In short if you receive more the 80% or more of your income from one client you will be caught under the PSI rules. You should call you accountant to discuss this, as this can have varied effects of your deductions and personal income situation.

Remember that preparation, organisation and good records are the key to successful outcome and a happy accountant.

Brad has more than 9 year's professional accountancy experience. Brad has worked in senior management roles within Taxation and Business Services dealing with a number of clients from a range of business sectors. Brad is an avid property investor and renovator and has always been involved in small business ventures since the age of fourteen. Callaghan Partners was formed to deliver and exceed our client's expectations; the continuation of this is the driving passion and focus of our business. Brad enjoys developing his own business interests and property portfolio along with his interests in golf, horseracing and fishing. Brad Can be contacted at www.callaghanpartners.com.au or brad@callaghanpartners.com.au

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