# The big mistakes small businesses should avoid when doing their taxes


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With June 30 fast approaching, we have outlined the mistakes that small businesses tend to make so you can avoid them this year.

## Paying super

One item that always gets forgotten is super contributions. Super is payable 28 days after the end of the quarter. However, to claim a tax deduction for the super contribution you have to have made the contribution before June 30. Not paying super by the due date will also lead to a penalty imposed by the ATO.

Be aware of the concessional contributions cap of $25,000.

## Stocktake

If you have slow-moving stock which is unlikely to sell, then the best option is to bite the bullet and physically write it off prior to June 30 to obtain a tax deduction. For the remaining stock on hand you have the choice of valuing it at actual cost, replacement cost or market selling price. The closing value of trading stock effectively forms part of assessable income, so a lower value will result in a deferral of income and therefore tax.

## Lodging group certificates correctly and on time

Businesses always make the mistake of being late with issuing group certificates to staff and reporting the correct figures on the group certificate. You are required to issue your payment summaries to your employees by July 14 and to the ATO by August 14.

Do not report your 9% employer contributions under the reportable contributions section, only report any of the following in that section.

Reportable employer superannuation contributions are:

- contributions made under a salary sacrifice agreement;
- additional amounts paid to an employee's super fund – for example, an annual bonus paid to super;
- employee negotiated increases in super contributions as a part of their salary package – for example, under individual employment contracts.

## Personal services 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. These rules are extensive and restrict certain expenses along with how you deal with your profit.

## ATO benchmarking

Not paying attention to the ATO benchmarking system? I would suggest that everyone in business review the benchmark amounts as the ATO is using this data to compare your business and determine if you are paying your fair share.

### Trust distributions and company loans

If you operate through a trust or have company loans between yourself and your company, I would suggest you visit your accountant before June 30. There are many issues and mistakes that occur if you have the above.

### Small business concessions for Capital Gains Tax (CGT)

If you are a small business owner selling your businesses or active assets it's worth getting advice. In most cases, your tax payable on this transaction can be reduced to nil with some careful planning and the correct advice.

### Writing off bad debtors

Coming up to June 30 you should do two things: write off your debtors and review your depreciation schedule to scrap obsolete items.

### Write-offs

For small businesses this year the instant asset write-off threshold has increased from $1000 to $6500. Make sure you review all assets purchased and if under $6500 move them to the P&L from the balance sheet.

### Not pre-paying expenses

Pre-paying expenses before June 30 each year allows you to claim a larger tax deduction in this year and will help you save tax. Some examples: prepaying interest, rent, bonuses, materials and supplies or anything you will require for the next tax year.

And the biggest mistake of all is not seeing your accountant before June 30. We cannot help you reduce your tax after the year has finished, so you need to contact us to discuss your situation early in the year so we can plan to reduce your tax. In most cases, we can save you thousands in tax.