



## Tax Planning

Presented by:

**Tasha Hungerford**

B.Com, CPA

[www.growaccounting.com.au](http://www.growaccounting.com.au)

**Bevan Pierce**

B.Com, PG Cert (Commerce)

Ph: (07) 54489600

@: [bevan@growaccounting.com.au](mailto:bevan@growaccounting.com.au)

[www.growaccounting.com.au](http://www.growaccounting.com.au)

# Who are We

1. Sunshine Coast based accounting firm
2. Specialise in small business with a large property focus as well
3. No obligation follow up.

Presented by:

**Tasha Hungerford**

B.Com, CPA

[www.growaccounting.com.au](http://www.growaccounting.com.au)

**Bevan Pierce**

B.Com, PG Cert (Commerce)

[www.growaccounting.com.au](http://www.growaccounting.com.au)

Ph: 07 54 48 9600



# Objectives of Today's Presentation

Tax Planning Legally!

General information – Not advice



# How Tax Works

## Company

- Tax Rate is 27.5%
- Flat rate which means applies from first \$ of profit

Presented by:

**Tasha Hungerford**

B.Com, CPA

[www.growaccounting.com.au](http://www.growaccounting.com.au)

**Bevan Pierce**

B.Com, PG Cert (Commerce)

Ph: (07) 54489600

@: [bevan@growaccounting.com.au](mailto:bevan@growaccounting.com.au)

[www.growaccounting.com.au](http://www.growaccounting.com.au)

# How Tax Works

## Individuals/Sole Traders

- Marginal Tax Rates

Taxable Income	Tax (Does not include Medicare Levy)
0 - \$18,200	Nil
\$18,201 - \$37,000	19c for each \$1 over \$18,200
\$37,001 - \$90,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$90,001 - \$180,000	\$20,797 plus 37c for each \$1 over \$90,000
\$180,001 and over	\$54,097 plus 45c for each \$1 over \$180,000

Presented by:

**Tasha Hungerford**

B.Com, CPA

[www.growaccounting.com.au](http://www.growaccounting.com.au)

**Bevan Pierce**

B.Com, PG Cert (Commerce)

Ph: (07) 54489600

@: [bevan@growaccounting.com.au](mailto:bevan@growaccounting.com.au)

[www.growaccounting.com.au](http://www.growaccounting.com.au)

# How Tax Works

## Trust Structure

- Trusts must distribute their profit to beneficiaries
- Beneficiaries can be individuals or companies
- Beneficiaries then pay tax at their rate

Year 1 – Profit \$100,000; Jenny \$75,000 & her adult son Bill B \$25,000

Year 2 – Profit \$80,000; Jenny Nil & Bill \$80,000

Presented by:

**Tasha Hungerford**

B.Com, CPA

[www.growaccounting.com.au](http://www.growaccounting.com.au)

**Bevan Pierce**

B.Com, PG Cert (Commerce)

Ph: (07) 54489600

@: [bevan@growaccounting.com.au](mailto:bevan@growaccounting.com.au)

[www.growaccounting.com.au](http://www.growaccounting.com.au)

# How Deductions Work

Profit of \$100,000

- Company will pay \$27,500
- Individual will pay \$26,632

Assume a tax deduction of \$10,000

- Company will save \$2,750
  - Will always save 27.5% or 27.5c per dollar
- Individual will save \$4,035
  - Will depend on the level of taxable income for e.g:
    - Taxable Income of \$50,000 with \$10,000 deduction saves \$3,450
    - Taxable Income of \$150,000 with \$10,000 deduction saves \$3,900

Presented by:

**Tasha Hungerford**

B.Com, CPA

[www.growaccounting.com.au](http://www.growaccounting.com.au)

**Bevan Pierce**

B.Com, PG Cert (Commerce)

Ph: (07) 54489600

@: [bevan@growaccounting.com.au](mailto:bevan@growaccounting.com.au)

[www.growaccounting.com.au](http://www.growaccounting.com.au)

# Business Losses

- Sole trader losses cannot be offset against other income (eg wages) unless you meet one of the tests:
  - Profit in 3 out of the last 5 years
  - Sales of \$20,000
  - Land value of more than \$500,000 used in business
  - Assets worth over \$100,000 which include plant & equipment or stock but specifically EXCLUDE Vehicles.
- Trust losses will not be distributed and rather will be retained in the trust indefinitely until the business makes a profit.

Presented by:

**Tasha Hungerford**

B.Com, CPA

[www.growaccounting.com.au](http://www.growaccounting.com.au)

**Bevan Pierce**

B.Com, PG Cert (Commerce)

Ph: (07) 54489600

@: [bevan@growaccounting.com.au](mailto:bevan@growaccounting.com.au)

[www.growaccounting.com.au](http://www.growaccounting.com.au)



# OTHER TAX PLANNING CONSIDERATIONS

- Calculate & Project your profit
- Calculate tax payable
- Pay your children!
- Small Business Tax Offset up to \$1,000
- Budget announcement of \$1,080 Tax Offset

$$\frac{\text{Your total net small business income for the income year}}{\text{Your taxable income for the income year}} \times \text{Your basic income tax liability for the income year}$$

Presented by:

**Tasha Hungerford**

B.Com, CPA

[www.growaccounting.com.au](http://www.growaccounting.com.au)

**Bevan Pierce**

B.Com, PG Cert (Commerce)

Ph: (07) 54489600

@: [bevan@growaccounting.com.au](mailto:bevan@growaccounting.com.au)

[www.growaccounting.com.au](http://www.growaccounting.com.au)

# No Money Needed Strategies

- **STOCK ADJUSTMENTS**
- Small businesses don't need to do a stocktake if movement for year is less than \$5,000
- Cost, Market or Replacement
- Different categories for different stock
- Higher closing stock than opening stock means increased profit & vice versa

## Cost of Sales

Opening Stock	28,320.00
Purchases	41,672.73
Closing Stock	(45,532.00)
<b>Total Cost of Sales</b>	<b>24,460.73</b>

## Gross Profit

129,577.59



# No Money Needed Strategies

- Bad Debts (Accruals method)
- Delaying Income (Cash method)
- Claim everything you are entitled to!
  - Motor vehicle – Log book or Cents per KM
  - Mobile/Internet use
  - Home Office
  - KEEP YOUR RECEIPTS

# Spending Money Strategies

## Don't Spend Money for Tax Planning Sake!

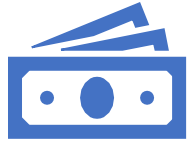
- Purchase Equipment
- How much to spend?
- How to finance?

Immediate claim for amounts:

\$20,000 1/7/18 – 28/1/19

\$25,000 29/1/18 – 2/4/19 (<7:30pm)

\$30,000 2/4/19 (<7:30pm) – 30/6/2020



# FINANCE OPTIONS

- Lease
  - claim payment amount
- Hire Purchase, Chattel Mortgage or Loan
  - claim depreciation and interest portion of payments only.
  - \$60,000 motor vehicle purchased 1/6/19. The payments are \$725 per month.
    - First Year in General Pool so  $\$60,000 \times 15\% = \$9,000$  claim + Interest on payment.



# OTHER SPENDING STRATEGIES

grow  
accounting

- Prepay Expense
- Income Protection
- Super – the collective groan in the room!



Thank You!