

Client eBrief



End of Financial Year Things to consider

Following on from last month's 'End of Financial Year Project Plan', take this opportunity to review your business generally.

Before End of Year - Review Business Progress

- Review Profit & Loss to end March/April - Check with your trusted advisor (accountant & bookkeeper) on how you are doing for the financial year. Mark it in your diary to do this every April/May!
- Review Superannuation paid for Directors - Discuss with Accountant/Bookkeeper effects of budget on superannuation
- Review the list of Assets & remove obsolete or defunct items
- Review cashflow for additional tax deductible pre-30June purchases
- Review all your Insurances - are they still suiting your needs
- Review the Integrated Balance Account (monies owed to the ATO)– can this be paid off by 30th June
- Review if changes are required to business process/procedures - so timelines can be established & work completed– eg software upgrade/change
- Review how Budget effects your business - advantages/disadvantages

Ensure last year is finalised

- Last year tax return is lodged and you have a copy
- Are all adjustments from last year processed?
- Have you adjusted the data file for any impact of the end of the FBT year?
- Have you adjusted the data file for any adjustments by the accountant?

Stock / Inventory

- Review stock list in detail including when the item last sold and at what price
- Consider sale at discount of items that are slow - turn goods into cash
- Write-off the value of stock that won't sell
- Take a full stock count at 30 June and adjust accounting file

New Plant and Equipment

- Businesses are permitted to write off Plant and Equipment that cost less than \$100 (incl. GST)
- Business with turnover less than \$2m using Small Business Entity Concessions; highlight assets bought under \$20,000 to accountant for the financial years 2015-16 and 2016-17
- GST reporting of Capital Acquisitions (G10) threshold is \$1,000
- Review Budget effects on Asset Purchases

Maximise those tax deductions - Superannuation

While Superannuation Guarantee is not due till the 28th of July, in order to get the income tax deduction in this financial year, the superannuation must have been paid through your bank account before 30 June.

Before End of Year - Review Your Business

Review your Business Growth and Cashflow

The impact of Growth on your Business can seriously effect your Cashflow e.g., If you have increased your workforce there may be implications in funding superannuation in a timely manner and payroll tax could be an added expense. The sooner you can predict a cash shortfall or surplus, the better you can prepare.

Review and update your Business Plan

Business changes also require you to update your Business Plan. Reflect on the direction you set for the year, and review if your business grew, expanded as you expected?

- Are your goals the same or have they matured?
- Do you need to rethink your strategies?
- Is technology changing your business environment?

ATO Lodgement Dates

These dates are from the ATO website and do not take into account possible extensions.

You remain responsible for ensuring that the necessary information is with us in time.

BAS/IAS Monthly Lodgement –
March Activity Statement: 21st April, 2016 final date for lodgement and payment.

BAS/IAS Monthly Lodgement –
April Activity Statement: 21st May, 2016 final date for lodgement and payment.

BAS/IAS Monthly Lodgement –
May Activity Statement: 21st June, 2016 final date for lodgement and payment.

**3rd Quarter of FY 2016: BAS
Lodgement – March Quarter 2016
(including PAYG)** 28th April, 2016
final date for lodgement & payment

**4th Quarter of FY 2016: BAS
Lodgement – June Quarter 2016
(including PAYG)** 28th July, 2016
final date for lodgement & payment

When a due date falls on a Saturday, Sunday or Public Holiday, you can lodge or pay on the next business day.

A public holiday is a day that is a public holiday for the whole of any state or territory in Australia

Due date for super guarantee contributions, for:

3rd Quarter of FY 2016. January to March 2016 - contributions to be made to the fund by 28th April, 2016.
4th Quarter of FY 2016. April to June 2016 - contributions to be made to the fund by 28th July, 2016.

The super guarantee charge is not a tax deduction if not paid by these dates.

Super Guarantee Contributions must be paid (**to fund**) by 30th June to qualify for a tax deduction in the 2015-16 financial year.

Refer to the ATO for details regarding any SGC charges applicable if not paid by due date.

Review your Business Structure

As your Business grows, expands and changes it may be time to review your Business Structure. Different Structures have different compliance and taxation regulations that need to be considered - talk to your Accountant

Review your Business Process

Can the changes in technology help your business process and 'free-up' time so you/staff can take on that new project?
Or make your business life easier and more efficient e.g., Bank Feeds can automate the entering of your banking transactions into your accounting software

Review and discuss information with Accountant and Bookkeeper



Business Record Keeping Obligations

Under tax law, if you are operating a business you are required to keep ALL records explaining declared income and expenses, (i.e., tax deductions), whether it is a \$5,000 sale or a \$2.00 deduction, the ATO want to see some form of proof and also they may seek out inconsistencies.

These inconsistencies may be seen in sales invoice numbering, cheque numbers, cost of goods to total sales margins, travel expenses, motor vehicle claims and this list goes on. Don't assume the ATO won't look.

The ATO states: To claim GST credits, you must have a valid tax invoice for the goods and services that you purchase for your business. However, you can claim GST credits for business purchases you make up to \$82.50 without holding a tax invoice as long as you keep records that support the claim, (for example, cash register docketts or receipts).

You must have something to show proof of payment in order to claim an expense, even if it is less than \$82.50.

Format of Records

You may keep records in paper or digital format. The same criteria apply for both.

- The nature of the transaction must be clear
- The document must be written in English and legible
- The document can be easily accessed, printed or reproduced as needed
- The documents are stored securely and are not altered or manipulated

How Long to Keep Records

Business records must be kept for a period of five years from the time your tax return is lodged.

Payroll records must be kept for seven years after the end of financial year.

Records you must Keep

Sales Records Including:

- Sales invoices, vouchers or receipts
- Cash register tapes and daily reports
- Bank and credit card statements
- Point of sale system records

Purchase Records Including:

- Valid tax invoices
- Purchase receipts or proof of payment
- Cheque butts, bank and credit card statements
- Electronic transfer information
- Private usage workings

End of Year Records Including:

- Asset and vehicle purchase records
- Debtors and creditors lists
- Inventory and Stocktake details
- Depreciation schedules
- Shares bought and sold

Payroll Records Including:

- Employee details including full name, date of birth, address, phone number, date of commencement with employer, tax file number
- Applicable modern award or other instrument governing employee entitlements and conditions, including job classification and description
- Employment contracts and individual flexibility arrangements

- Employment basis (casual, part-time or full-time), hours of work, rate of pay, allowances, loadings and other applicable payment amounts
- Timesheets and rosters
- Superannuation choice form
- Termination records—type of termination, type of payments applicable, basis of calculations
- Fringe benefits provided
- Leave entitlement records

Other records such as:

- Fuel tax credits calculations
- Capital gains tax records
- BAS amendments
- BAS lodged with ATO
- Business sale or purchase contracts and related documents
- Business registrations and licenses

References:

- [ATO – Record Keeping for Small Business](#)
- [FairWork – Record Keeping](#)

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