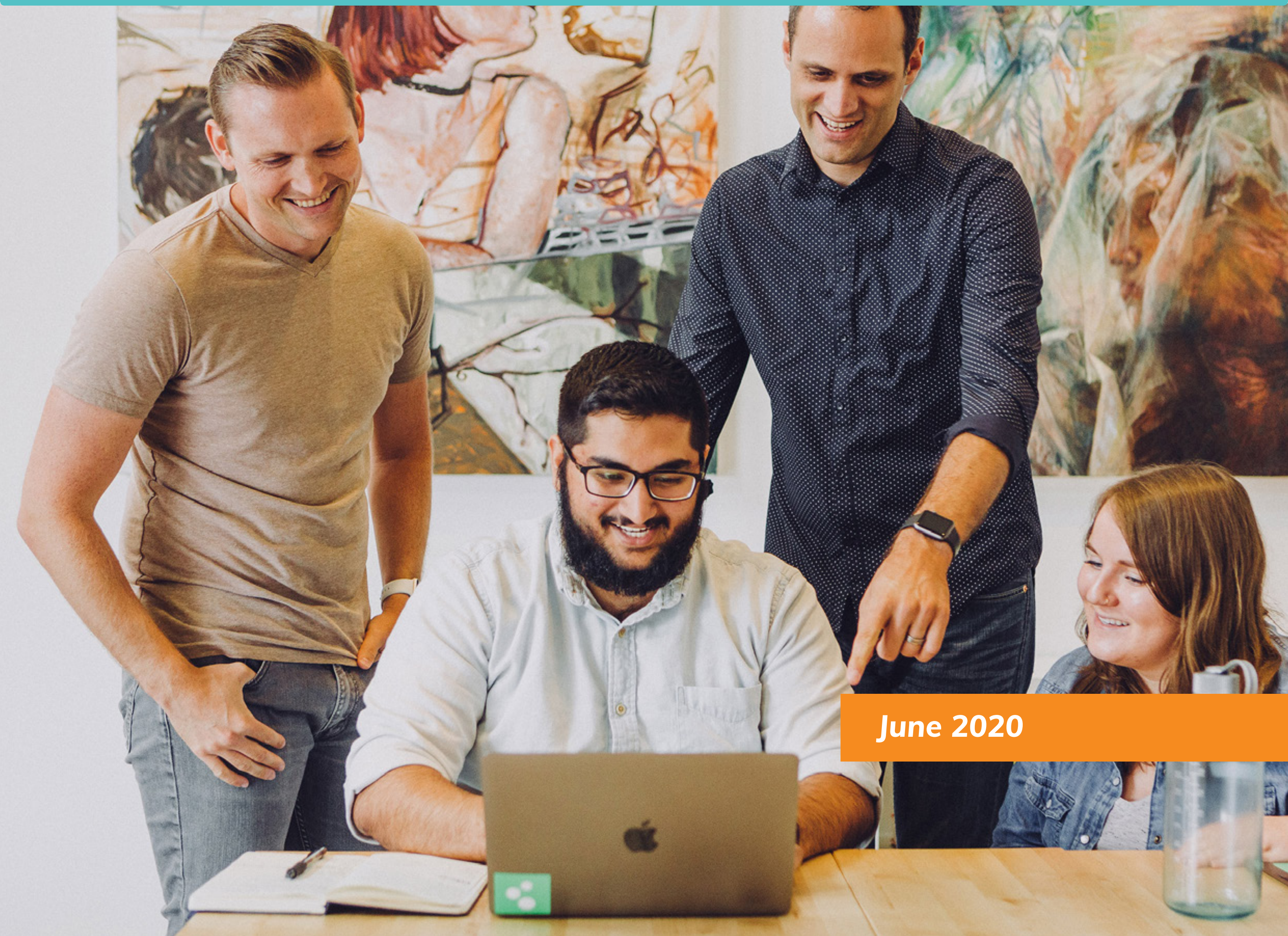
propeller

Trust

END OF FINANCIAL YEAR 2019 - 2020 GUIDANCE



June 2020

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Propeller guidance

Congratulations! You made it through the 2019-20 financial year!

We know how difficult the first half of 2020 has been for many. The fires, followed by Covid-19, have negatively impacted individuals, families and businesses alike.

This year, more than ever, the Propeller team wants to ensure that we help you reduce your tax exposure and minimise the risk of an audit by the regulators. This end of financial year guide outlines the actions to take to do exactly that.

If you would like us to complete a compliance review across your business, or work with you on a strategic review to ensure you are in the best possible position, please let us know. For a checklist of everything you need to prepare in advance of seeing us next, please turn to the last pages.

If you have any questions or concerns in the meantime, please reach out and let us know.

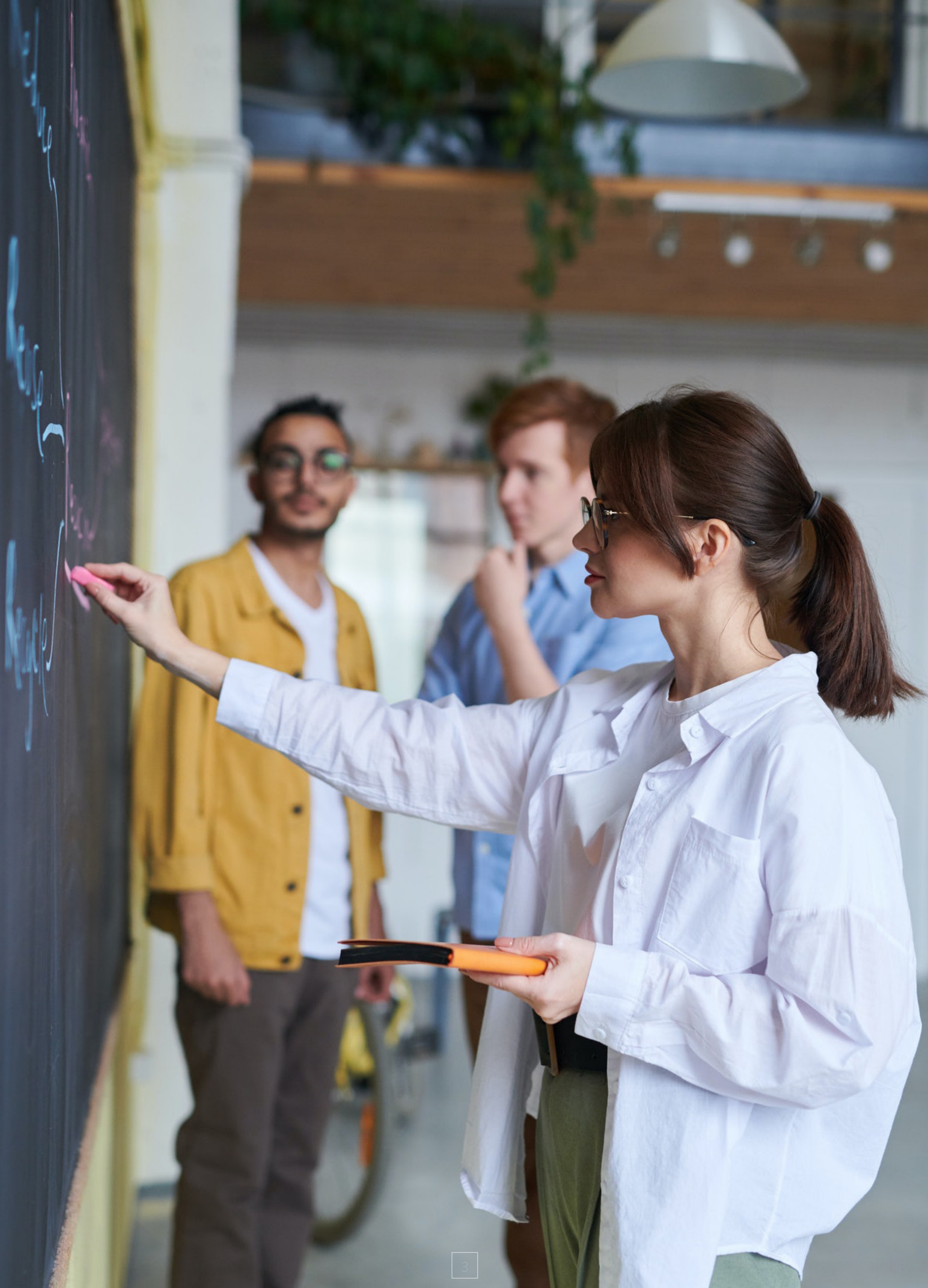
Kind regards,

The Propeller Team.

In brief

Key changes and actions for 2019 - 2020 EOFY.

Date	Changes and Actions
28 May 2020	• Payment of Fringe Benefits Tax liability due if applicable
31 May 2020	• Last day to register for JobKeeper for April and May 2020
25 June 2020	• FBT returns due if applicable
Pre 30 June 2020	• Trustee resolutions need to be in place to be able to distribute trust income for the 2019-20 financial year to beneficiaries (at the latest) • Ensure Tax File Numbers have been received from beneficiaries (excluding minors, non-residents and tax-exempt entities) before appointing income to them • For any employees, pay superannuation to deduct contributions in the current financial year
1 July 2020	• $150k instant asset write-off scheduled to reduce back to $1,000 for small business entities • Cents per km rate for work-related car expenses increase to 72 cents
14 July 2020 (on or before)	• Single touch payroll finalisation declarations need to be made
28 July 2020	• For employers, quarterly super guarantee payment due (1 April – 30 June)
31 July 2020	• TFN report due for any TFNs received from beneficiaries in the June 2020 quarter
28 August 2020	• Taxable payments annual reports for payments to contractors due
31 August 2020 (on or before)	• Send written notice of entitlement to distributions to any beneficiaries that are tax-exempt entities
7 September 2020	• Last day to access the Superannuation Guarantee Amnesty for historic non-compliance
27 September 2020	• Last day of the last JobKeeper fortnight
30 September 2020	• Last day for 50% apprentice/trainee wage subsidy under COVID 19 relief
6 October 2020	• 2020-21 Federal Budget released
30 June 2021	• Accelerated depreciation – last day for assets to be installed ready for use to access the 50% accelerated depreciation deduction
1 July 2021	• Single touch payroll commences for closely held employees – family members, etc.



What's new?

The latest polices and decisions you need to stay on top of.

2020-21 Federal Budget delayed

The release of the 2020-21 Federal Budget has been postponed from its traditional date in May until 6 October 2020. We expect there will be a number of reforms and measures to tighten spending and recover revenue, and a range of productivity measures.

We will keep you advised of significant changes that might impact you.

Have you incurred work-related car expenses?

The rate at which work-related car expenses can be claimed using the cents per kilometre method will increase from 1 July 2020 from 68 cents to 72 cents per kilometre.

Using this method a maximum of 5,000 business kilometres can be claimed per year per car.

Do you own vacant land?

In the past, if you bought vacant land with the intent to build a rental property on it, you may have been able to claim tax deductions for expenses incurred in holding the land such as loan interest, council rates and other ongoing holding costs. For some taxpayers, those deductions are no longer available.

From 1 July 2019, new rules were introduced preventing ‘mum and dad developers’ (individuals, closely held trusts, SMSFs and unit trusts or partnerships where any interests are held by individuals, discretionary trusts or SMSFs) from claiming a deduction for interest and other holding costs for property that they own. Since the new laws apply retrospectively to losses or outgoings incurred on or after 1 July 2019, regardless of whether the land was first held prior to this date, and with no grandfathering in place, the amendments not only impact those intending to develop vacant land but those who have acquired land to develop.

The rules aim to ensure that deductions cannot be claimed during periods where a residential dwelling is being constructed or substantially renovated until the work has been completed, an occupancy certificate is issued and the property is either rented out or genuinely available for rent.

Where holding costs cannot be claimed as a deduction, they will generally be added to the cost base of the property for Capital gains tax (CGT) purposes. This means that they can potentially reduce a capital gain made when you dispose of the property in the future. However, holding costs cannot be added to the cost base of a property unless it was acquired after 20 August 1991 and these costs cannot increase or create a capital loss on sale of a property.

LIVING WITH JOBKEEPER

The JobKeeper $1,500 per fortnight per employee subsidy is paid in arrears to businesses that have experienced a downturn of 30% or more (50% for businesses with turnover of $1bn or more). A 15% threshold is used for ACNC-registered charities. The purpose of the scheme is to keep workers employed and ensure there is a viable workforce on the other side of the pandemic.

At present, JobKeeper is set to continue until 27 September 2020. And for businesses, JobKeeper's decline in turnover is a once only test. If the eligibility criteria were met at the time of applying for JobKeeper, a business can continue claiming the subsidy assuming the other eligibility criteria for them and the individual employees, are met.

Change to continuing eligibility over time

However, we expect continuing eligibility to the subsidy will change over time as the regulators gain a clearer insight into the impact of the pandemic. Much of this data is likely to come from the actual and estimated GST turnover that forms part of the compulsory monthly JobKeeper reporting requirements in tandem with the volume of applications to Jobseeker. That is, are the right businesses receiving JobKeeper and is the subsidy keeping workers employed?

If your business did not initially qualify for JobKeeper, you can apply to start JobKeeper payments when you meet the eligibility criteria. Not every industry will experience the economic impact of the pandemic in the same way. Some will experience a greater decline in later months.

What if I got it wrong?

One of our most asked questions about the decline in turnover test is 'what if I got it wrong?' Eligibility is generally based on an estimate of the negative impact of the pandemic on an individual business's turnover. Some will experience a greater decline than estimated while others will fall short of the required 30%, 50% or 15%. There is no clawback if you got it wrong as long as you can prove the basis for your eligibility going into the scheme.

For those that, in hindsight, did not meet the decline in turnover test, you need to ensure you have your paperwork ready to prove your position if the ATO requests it. You will need to show how you calculated the decline in turnover test and how you came to your assessment of your expected decline, for example, a trend of cancelled orders or trade conditions at that time.

Making JobKeeper payments on time

To be eligible for JobKeeper payments, staff must be paid at least $1,500 during each JobKeeper fortnight. If you pay employees less frequently than fortnightly, the payment can be allocated between fortnights in a reasonable manner. For example, if you pay your employees on a monthly pay cycle, your employees must have received the monthly equivalent of $1,500 per fortnight.

For the first two JobKeeper fortnights (30 March-12 April, 13 April-26 April), employers had an extension until 8 May to make the JobKeeper payments to eligible employees. For the remaining JobKeeper fortnights, employees will need to receive at least $1,500 by the end of each JobKeeper fortnight or the monthly equivalent of $1,500 per fortnight. Depending on your pay cycle, this may require some adjustments each month.

SUPERANNUATION - WHAT'S NEW?

Superannuation guarantee amnesty

7 September 2020 is the last day for employers to take advantage of the superannuation guarantee (SG) amnesty. The amnesty provides a one-off opportunity to disclose historical non-compliance with the superannuation guarantee rules and pay outstanding superannuation guarantee charge amounts.

To qualify for the amnesty, employers must disclose the outstanding SG to the Tax Commissioner. You either pay the full amount owing, or if the business cannot pay the full amount, enter into a payment plan with the ATO. If you agree to a payment plan and do not meet the payments, the amnesty will no longer apply.

Keep in mind that the amnesty only applies to “voluntary” disclosures. The ATO will continue its compliance activities during the amnesty period so if they discover the underpayment first, full penalties apply. The amnesty also does not apply to amounts that have already been identified as owing or where the employer is subject to an ATO audit.

Even if you do not believe that your business has an SG underpayment issue, it is worth undertaking a payroll audit to ensure that your payroll calculations are correct, and employees are being paid at a rate that is consistent with their entitlements under workplace laws and awards.

If your business has engaged any contractors during the period covered by the amnesty, then the arrangements will need to be reviewed as it is common for workers to be classified as employees under the SG provisions even if the parties have agreed that the worker should be treated as a contractor. You cannot contract out of SG obligations.

1 January 2020 changes to Super Guarantee calculation

From 1 January 2020, new rules came into effect to ensure that an employee’s salary sacrifice contributions cannot be used to reduce the amount of superannuation guarantee (SG) paid by the employer.

Previously, some employers were paying SG on the salary less any salary sacrificed contributions of the employee. Now, employers must contribute 9.5% of an employee’s Ordinary Time Earnings (OTE) and they choose whether or not to include the salary sacrificed amounts in OTE.

Under the new rules, the SG contribution is 9.5% of the employee’s ‘ordinary time earnings (OTE) base’. The OTE base will be an employee’s OTE plus any amounts sacrificed into superannuation that would have been OTE, but for the salary sacrifice arrangement.

The amendments also ensure that where an employer has not fulfilled their SG obligations and the superannuation guarantee charge is imposed, the shortfall is calculated using the new OTE base.

Tax treatment of Government grants and relief

During the pandemic, bushfires and floods, grants and loans have been available to help business and individuals through the crisis. The way these grants and loans are taxed will vary.

If you carry on a business and the payment relates to your continuing business activities, then it is likely to be included in your assessable income for income tax purposes. This position is likely to be different where the payment was made to enable you to commence a new business or cease carrying on a business.

Grants will generally be assessable income unless a law has been passed to specifically exclude the grant or loan from tax. For example, the special disaster grant for the bushfires was made non-assessable and non-exempt income. Also, amounts provided under the cash flow boost measure are non-assessable non-exempt income.

When it comes to GST treatment, the key issue is whether the grant is consideration for a supply. That is, was the business expected to deliver something for the grant? The following government payments are not consideration for a supply and therefore not subject to GST or included in your GST turnover:

- JobKeeper payment
- Cash flow boost payment
- The Early Childhood Education & Care Relief Package paid to approved child care providers
- Payment of grants to an entity where the entity has no binding obligations to do anything or does not provide goods and services in return for the monies.

Accelerated depreciation deductions

Businesses with a turnover of less than $500 million can access accelerated depreciation deductions for assets that don't qualify for an immediate deduction for a limited period of time.

This incentive is only available in relation to:

- New depreciable assets
- Acquired on or after 12 March 2020 that are first used or installed ready for use for a taxable purpose by 30 June 2021.

It does not apply to second-hand assets or buildings and other capital works expenditure. The rules also won't apply if the business entered into a contract to acquire the asset before 12 March 2020.

Businesses are able to deduct 50% of the cost of a new asset in the first year. They can then also claim a further deduction in that year by applying the normal depreciation rules to the balance of the cost of the asset.

Accelerated depreciation deductions apply from 12 March 2020 until 30 June 2021. This will bring forward deductions that would otherwise be claimed in later years.

EXAMPLE

A business purchases a new truck for $250,000 (exclusive of GST) in July 2020. In the 2020-21 tax return the business would claim an upfront deduction of $125,000. The business would also claim a further deduction for the depreciation on the balance of the cost. If the business is a small business entity and using the simplified depreciation rules, this would mean an additional deduction of $18,750 (i.e., 15% x $125,000). The total deduction in the 2020-21 tax return would be $143,750. Without the introduction of accelerated depreciation the business would have claimed a deduction of $37,500 (i.e., 15% x $250,000).

$150,000 INSTANT ASSET WRITE-OFF

Utilising the $150,000 instant asset write-off

The instant asset write-off enables your business to claim an upfront deduction for the full cost of depreciating assets in the year the asset was first used or installed ready for use for a taxable purpose.

The COVID-19 stimulus measures temporarily increased the threshold for the instant asset write-off between 12 March 2020 and 30 June 2020 from $30,000 to $150,000, and expanded the range of businesses that can access the threshold to those with an aggregated turnover of less than $500 million.

EXAMPLE

If your turnover is under $500 million and you purchase an eligible asset for $140,000 (GST-exclusive) on 1 June 2020 (and install it ready for use by 30 June 2020), then a deduction of $140,000 can be claimed.

If your business is likely to make a tax loss for the year, then the instant asset write-off is unlikely to provide a direct short-term benefit to you. However, if this measure is likely to reduce the taxable income of the business for the year then it may be possible to vary upcoming PAYG instalments to improve cash flow.

If the asset is a luxury car then the deduction will be limited to the luxury car limit ($57,581 in 2019-20).

The business use percentage of the asset also needs to be taken into account in calculating the deduction. For example, if a sole trader acquires a car for $40,000 but only expects to use it 80% in the business then the immediate deduction would be $32,000.

The increase to the instant asset write-off threshold in the stimulus package is the fourth increase or extension and businesses will need to be wary of what they are claiming and when.

At this stage it is expected that the instant asset write-off threshold will reduce back to $1,000 from 1 July 2020 for small business entities.

Instant asset write-off thresholds	Small Business*	Medium business**	Large business***
1 July 2018 - 28 January 2019	$20,000	-	-
29 January 2019 - 2 April 2019	$25,000	-	-
2 April 2019 - 12 March 2020	$30,000	$30,000	-
12 March 2020 - 30 June 2020	$150,000	$150,000	$150,000

** aggregated turnover under $10 million ** aggregated turnover under $50 million ***aggregated turnover under $500 million*

For assets costing $150,000 or more

For small businesses (aggregated turnover under $10m), assets costing $150,000 or more can often be allocated to a pool and depreciated at a rate of 15% in the first year and 30% for each year thereafter. Having said that, depending on when the asset was acquired and first used in the business the rate of deduction in the first year could be higher (see Accelerated depreciation deductions below).

If the closing balance of the pool, adjusted for current year depreciation deductions (i.e., these are added back), is less than $150,000 at the end of the 2020 income year, then the remaining pool balance can be written-off as well.

Pooling is not available for medium and large businesses, which means that the depreciation rules will apply to assets that don't qualify for an immediate deduction.

EMPLOYEES AND CONTRACTORS

Single touch payroll extension for closely held employees

Many small businesses have closely held employees such as family members. Small businesses with 19 or fewer employees were to start reporting these closely held employees through single touch payroll (STP) from 1 July 2020. In response to the COVID-19 pandemic however, the ATO has granted an extension until 1 July 2021.

Your business can start voluntarily reporting these closely held employees, and many may have already done so to access JobKeeper payments, but it is not a requirement until 1 July 2021.

All other employees should be reported through STP.

Reporting payments to contractors

The taxable payments reporting system requires businesses in certain industries to report payments they make to contractors (individual and total for the year) to the ATO. 'Payment' means any form of consideration including non-cash benefits and constructive payments. Almost every year a new industry or sector is drawn into the taxable payments reporting net.

Taxable payments reporting is required for:

- Building and construction services
- Cleaning services
- Courier services
- Road freight services
- Information technology (IT) services
- Security, investigation or surveillance services
- Mixed services (providing one or more of the services listed above)

The annual report is due by 28 August 2020. This will be the first report for those businesses providing road freight, information technology, and security, investigation or surveillance services.

Family trust anti-avoidance measure

From 1 July 2019, new anti-avoidance measures prevent family trusts engaging in 'round robin' circular trust distributions with other closely held trusts.

The rules impose penalty rates of tax in situations where trust income is distributed to one or more other trusts and ends up being distributed back to the first trust. Previously, trusts that had made a family trust election were excluded from these rules but that is no longer the case.

Distributions to minors from testamentary trusts

The Government intends to limit the concessional tax rates available to minors receiving income from testamentary trusts to income derived from assets that are transferred from the deceased estate or the proceeds of the disposal or investment of those assets.

Currently, income received by minors from testamentary trusts is taxed at normal adult rates rather than the higher tax rates that generally apply to minors. The Government is concerned that some taxpayers are inappropriately obtaining the benefit of this lower tax rate by injecting assets unrelated to the deceased estate into the testamentary trust.

While the rules already contain integrity provisions aimed at limiting the scope for inappropriately boosting the income earning capacity of testamentary trusts, this measure clarifies that minors will be taxed at adult marginal tax rates only in respect of the income a testamentary trust generates from assets of the deceased estate (or the proceeds of the disposal or investment of these assets).

This change was introduced into Parliament but has not yet been enacted. If enacted, the measures will apply to assets acquired by or transferred to the trustee of the testamentary trust estate on or after 1 July 2019.

Trust split arrangements

A trust split usually involves a family trust. A common reason given for 'splitting' the trust is to allow different parts of the family group to have autonomous control of their own part of the trust fund.

A ruling issued in December 2019 confirms the Commissioner's view that the split will create a new trust (as the trustee has new personal obligations and new rights have been annexed to property) and trigger a capital gains tax event, which could potentially give rise to a taxable capital gain.

The ATO's approach applies to trust split arrangements entered into, on or after 11 July 2018.

Distributions to non-resident beneficiaries

The ATO's recently released interpretation of the tax treatment of capital gains distributed by an Australian discretionary trust to non-resident beneficiaries will have a significant negative impact for some.

Two determinations released by the ATO deal with the complex and technical issues that arise when a resident discretionary trust makes a distribution of capital gains to non-resident beneficiaries. The ATO's view is that in some circumstances, non-resident beneficiaries can be taxed in Australia on gains relating to foreign assets, which would not have been taxed in Australia had they been made by the beneficiary directly.

The ATO's position will be counterintuitive for many as there is a CGT exemption for non-resident taxpayers for assets that are not classified as taxable Australian property (TAP). This exemption means that in some circumstances, capital gains and losses are disregarded for non-residents.

The ATO's view is that this exemption does not apply to distributions from discretionary trusts even though beneficiaries of a trust are generally treated for tax purposes as if they had made capital gains personally. What this means is that if a resident discretionary trust makes a capital gain, then the ATO expects that this will be taxed in Australia, even if the gain is distributed to a non-resident beneficiary, even if the gain does not relate to TAP and even if the gain has a foreign source. Given that non-resident beneficiaries will be taxed at non-resident tax rates and may not have access to the full CGT discount, it will be important for trustees to consider this carefully when deciding on distributions for trusts that have a mixture of resident and non-resident beneficiaries.

The ATO's determinations do not take into account the possible application of any double tax agreements. This is another issue that would need to be considered to reach a conclusion on how distributions are likely to be taxed in the hands of non-resident beneficiaries.

TRUST HOUSEKEEPING

TFN reporting

Has your trust lodged TFN reports for all beneficiaries?

Trustees of closely held trusts have some additional reporting obligations outside the lodgement of the trust tax return each year. The Australian Taxation Office (ATO) is currently reviewing trustees to ensure their compliance with these obligations, particularly the requirement to lodge TFN reports for beneficiaries.

Failure to comply with the TFN reporting and withholding requirements may incur penalties.

Where TFN provided	Where beneficiaries have quoted their TFN to the trustee, trustees are required to lodge a TFN report for each beneficiary. The TFN report must be lodged by the end of the month following the end of the quarter in which a beneficiary quoted their TFN. For example, if the trustee receives a beneficiary's TFN in April, they must lodge a TFN report by the end of July.
Where TFN not provided	Where a TFN has not been provided by a beneficiary, the trustee is required to withhold tax at a rate of 47% and pay this to the ATO. The trustee must also lodge an annual report of all amounts withheld.

Trust distributions

Timing of resolutions

Trustees (or directors of a trustee company) need to consider and decide on the distributions they plan to make by 30 June 2020 at the latest (the trust deed may actually require this to be done earlier). Decisions made by the trustees should be documented in writing, preferably by 30 June 2020.

If valid resolutions are not in place by 30 June 2020, the risk is that the taxable income of the trust will be assessed in the hands of a default beneficiary (if the trust deed provides for this) or the trustee (in which case the highest marginal rate of tax would normally apply).

Low income tax offset and minors reminder

The low income offset has not been available to minors who only receive 'unearned' income (e.g. distributions from a discretionary trust) since the 2013 income year. Minors who only receive 'unearned' income will normally be subject to penalty rates of tax on income that exceeds $416.

Normal marginal tax rates can potentially still apply to minors who receive distributions from a deceased estate or testamentary trust.

Streaming of franked dividends and capital gains

Trustees are only able to stream franked dividends (and the franking credits that are attached to those dividends) to a particular beneficiary for tax purposes if the beneficiary's entitlement to the franked dividends is recorded in writing by 30 June 2020. For streaming of capital gains to be effective for tax purposes, the beneficiary's entitlement must be recorded in writing by 30 June if the capital gains form part of trust income for the year or 31 August if the capital gains do not form part of trust income.

We can assist you with this process if you do wish to stream franked dividends or capital gains to specific beneficiaries.

Tax exempt entities

If a trustee resolves to distribute income to a tax-exempt entity, the trustee will be assessed on that income at the top marginal tax rate unless:

- The trustee actually pays the entire distribution within 2 months of the end of the income year; or
- The trustee notifies the entity in writing of its entitlement within 2 months of the end of the income year.

Also, anti-avoidance rules tax the trustee on a portion of the income distributed to a tax-exempt entity where there is a mismatch between the net financial benefit to be received by the entity and the tax treatment of the distribution.

FINANCIAL HOUSEKEEPING

Item	Actions
Lodgement deferrals	The ATO has automatically deferred 2018-19 individual tax returns lodged through a tax agent until 5 June 2020. Payment of any tax liability will need to be made by this date. If you are having trouble paying your tax liability, please let us know as soon as possible so we can negotiate a deferral or payment plan with the ATO on your behalf.
Before you roll-over your software...	Make sure you: • Prepare your financial year-end accounts. This way, any problems can be rectified and you have a 'clean slate' for the 2020-21 year. Once rolled over, the software cannot be amended. • Do not perform a Payroll Year End function until you are sure that your STP finalisation declaration is correct and printed. Always perform a payroll back-up before you roll over the year.
Employee reporting	***Single touch payroll*** Where payments to employees have been reported to the ATO through single touch payroll, a finalisation declaration generally needs to be made by 14 July 2020 for employers with 20 or more employees and 31 July for those with 19 or fewer employees. Payment summaries do not have to be provided to employees. Instead, employees will be able to access their Income Statement through myGov. ***Reportable Fringe Benefits*** Where you have provided fringe benefits to your employees in excess of $2,000, you need to report the FBT grossed-up amount. This is referred to as a `Reportable Fringe Benefit Amount' (RFBA).
Do you need to do a stocktake?	Businesses that buy and sell stock generally need to do a stocktake at the end of each financial year as the increase or decrease in the value of stock is included when calculating the taxable income of your business. If your business has an aggregated turnover below $10 million you can use the simplified trading stock rules. Under these rules, you can choose not to conduct a stocktake for tax purposes if the difference in value between the opening value of your trading stock and a reasonable estimate of the closing value of trading stock at the end of the income year is less than $5,000. You will need to record how you determined the value of trading stock on hand. If you do need to complete a stocktake, you can choose one of three methods to value trading stock: • **Cost price** – all costs connected with the stock including freight, customs duty, and if manufacturing, labour and materials, plus a portion of fixed and variable factory overheads, etc. • **Market selling value** - the current value of the stock you sell in the normal course of business (but not at a reduced value when you are forced to sell it). • **Replacement value** - the price of a substantially similar replacement item in a normal market on the last day of the income year. A different basis can be chosen for each class of stock or for individual items within a particular class of stock. This provides an opportunity to minimise the trading stock adjustment at year-end. There is no need to use the same method every year; you can choose the most tax effective option each year. The most obvious example is where the stock can be valued below its purchase price because of market conditions or damage that has occurred to the stock. This should give rise to a deduction even though the loss has not yet been incurred.

Top tax tips

Reduce your risks and minimise your tax.

1

Write-off bad debts

To be a bad debt, you need to have brought the income to account as assessable income and given up all attempts to recover the debt. It needs to be written off your debtors' ledger by 30 June. If you don't maintain a debtors' ledger, a director's minute confirming the write-off is a good idea.

2

Review your asset register and scrap any obsolete plant

Check to see if obsolete plant and equipment is sitting on your depreciation schedule. Rather than depreciating a small amount each year, if the plant has become obsolete, scrap it and write it off before 30 June. Small business entities can choose to pool their assets and claim one deduction for each pool. This means you only have to do one calculation for the pool rather than for each asset.

3

Pay June quarter employee super contributions now

Pay June quarter super contributions this financial year if you want to claim a tax deduction in the current year. The next quarterly superannuation guarantee payment is due on 28 July 2020. However, some employers choose to make the payment early to bring forward the tax deduction instead of waiting another 12 months.

Don't forget yourself. Superannuation can be a great way to get tax relief and still build your personal wealth. Your personal or company sponsored contributions need to be received by the fund before 30 June to be deductible.

4

Bring forward repairs, consumables, trade gifts or donations

To claim a deduction for the 2019-20 financial year, consider paying for any required repairs, replenishing consumable supplies, trade gifts or donations before 30 June.

5

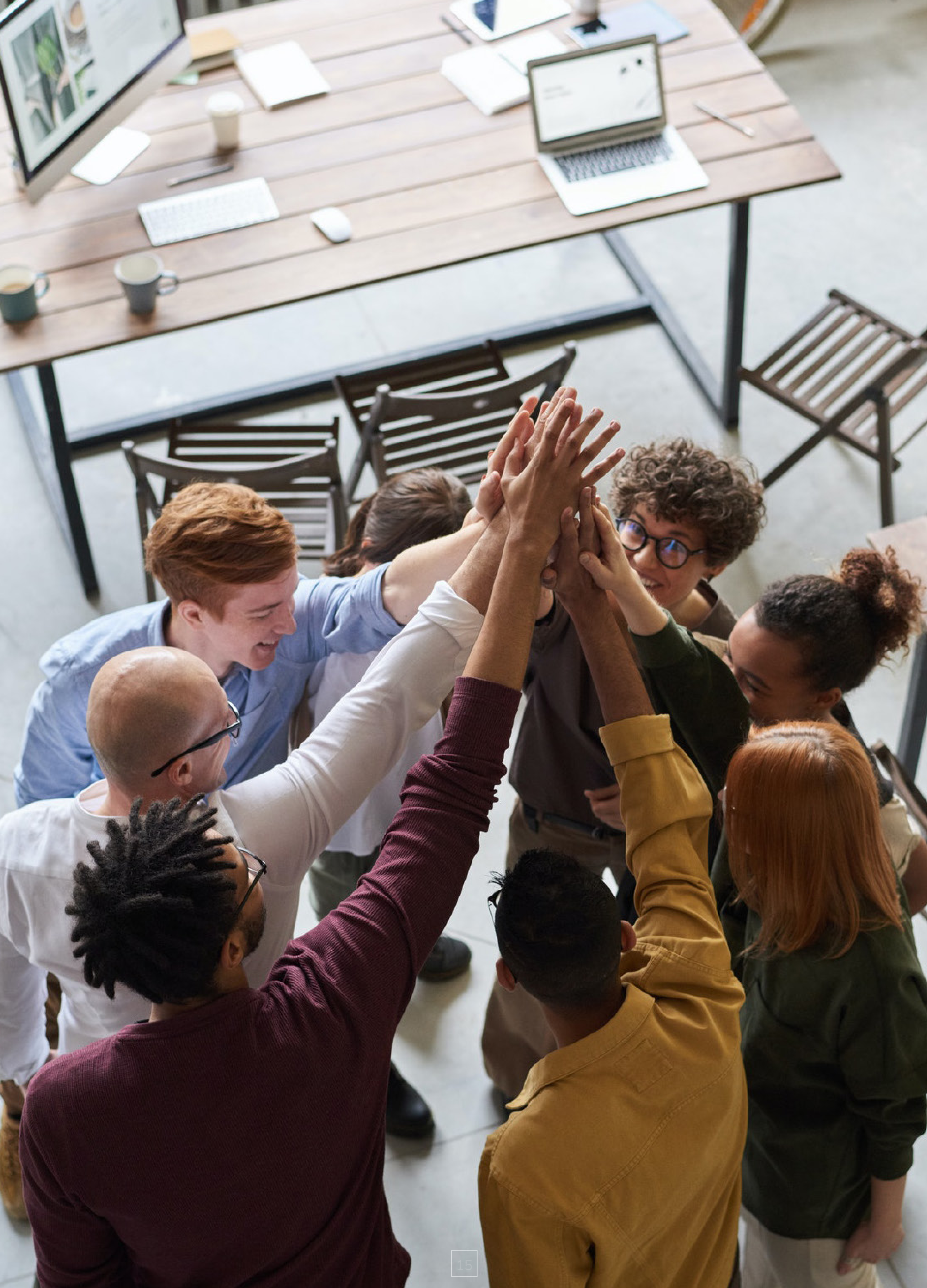
Realise any capital losses and reduce gains

Neutralise the tax effect of any capital gains you have made during the year by realising any capital losses – that is, sell the asset and lock in the capital loss. These need to be genuine transactions to be effective for tax purposes.

6

Raise management fees between entities by June 30

Where management fees are charged between related entities, make sure that the charges have been raised by 30 June. Where management charges are made, make sure they are commercially reasonable and documentation is in place to support the transactions. If any transactions are undertaken with international related parties then the transfer pricing rules need to be considered and the ATO's documentation expectations will be much greater. This is an area under increased scrutiny.



What we need from you

This is a general list of what to have ready when we next meet with you:

- Accounts data file (MYOB, Quickbooks, access to Xero)
- Debtors & creditors reconciliation
- Stock take if applicable (or if your business is a Small Business Entity, use the simplified trading stock rules mentioned above)
- 30 June bank statements on all relevant loan documents
- Documents on new assets bought or sold, including the date you entered the contract and the date the asset was first used or installed ready for use
- Payroll reconciliation
- Superannuation reconciliation
- Cash book (if applicable)
- 30 June statements on any investment or operating accounts

If we are preparing your individual income tax return, you'll need:

- Income Statement
- Tax statements of managed investment funds
- Interest income from banks and building societies
- Dividend statements for dividends received
- For share sales or purchases, the purchase and sale contract notes
- For real estate sales or purchases, the solicitor's correspondence for the purchase and sale
- Rental property statements from real estate agent and details of other expenditure incurred
- Work related expenses
- Self-education expenses
- Travel expenses
- Donations to charities
- Health insurance and rebate entitlement
- Family tax benefits received
- Commonwealth assistance notices
- Medical Expenses (if these relate to disability aids, attendant care or aged care services)
- IAS statements or details of PAYG Instalments paid
- Details of any transactions involving cryptocurrency (e.g. Bitcoin)
- Details of any income derived from participating in the sharing economy (e.g. Uber driving, rent from AirBNB, jobs completed through Airtasker)

About Propeller Advisory

The force behind small businesses making a big impact.

At Propeller, we speak human (we're not your typical accounting-types). We start with your vision, not numbers. We plan for your ambitions, not your BAS deadline. We empower you to shape your own future, instead of encouraging you to stick to how it's always been done.

When you join Propeller, you become part of an enterprising business community that is ambitious about innovation and growth. Think of us as your best friends, mentors and coaches (and veeeery occasionally a nagging parent). We hold you accountable, pick you up if things get rough, help you map out your next adventure, and of course, celebrate your big wins!

If you're a small or medium business serving people through education, healthcare, fashion, fitness, design, creative industries or professional services - you're in good company with Propeller!

Our services	
The Standard Tax & Accounting Stuff	Small Steps, Big Growth
Offload My Bookkeeping	All Good Things Must Come to an End
Recipe for a Healthy Business	1-on-1 Mentoring
... or Choose Your Own Service Package	

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