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Part of Wilson Pateras

Tax Planning Guide

For Businesses

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TAX PLANNING CONSIDERATIONS

FOR BUSINESSES

As 30 June 2026 approaches, it is an appropriate time to review current business positions and consider tax planning opportunities relevant to individual circumstances.

Tax planning should be undertaken carefully and in accordance with current legislation. When appropriately applied, it may assist in managing cash flow and meeting compliance obligations across the business and broader structure.

SMALL BUSINESS ENTITY

Certain businesses may be eligible for small business tax concessions. Eligibility is subject to specific criteria, including aggregated turnover (being annual turnover plus that of any connected or affiliated entities) being less than $10 million, and the business being carried on during the relevant income year.

LOWER COMPANY TAX RATES

Companies that meet the requirements of a base rate entity may be eligible for a reduced corporate tax rate of 25%, subject to turnover thresholds and the composition of their income.

Where a trust structure is in place, distributions to a corporate beneficiary (commonly referred to as a bucket company) may be considered in appropriate circumstances.

The appropriateness and tax outcomes of this approach depend on a range of factors, including compliance with Division 7A and the company's eligibility for the lower tax rate.

SALE OF ASSETS

Where assets have previously been fully expensed under temporary full expensing or instant asset write-off provisions, proceeds on disposal are generally treated as assessable income in the year of sale.

Replacement assets may be subject to standard depreciation rules, depending on cost and eligibility.

The tax impact of asset disposals should be considered in advance to ensure appropriate planning and compliance.

$20,000 INSTANT ASSET WRITE-OFF

Eligible small business entities may be able to immediately deduct the cost of certain depreciating assets costing less than $20,000, provided legislative requirements are satisfied and the asset is first used or installed ready for use between 1 July 2025 and 30 June 2026. This threshold applies on a per-asset basis.

Both new and second-hand assets may qualify, including equipment, vehicles (subject to the car limit), tools, technology, and office furniture. Assets costing $20,000 or more are generally allocated to the small business depreciation pool and depreciated at 15% in the first year and 30% in subsequent years.

The $20,000 threshold is currently scheduled to revert to $1,000 from 1 July 2026 unless further legislative changes are enacted.

It is important to confirm the applicable rules prior to making any decisions.

Where the small business depreciation pool balance is less than $20,000 at the end of the 2025–26 income year, the entire balance may be written off. **Please check with us whether this applies to your business.**

SUPER CONTRIBUTIONS

Concessional superannuation contributions are subject to an annual cap (currently $30,000 for the 2026 financial year). Exceeding this cap may result in additional tax consequences.

Employer superannuation guarantee contributions are included within this cap. Timing of contributions is critical, as amounts must be received by the fund within the relevant financial year to be deductible.

Consideration should be given to reviewing contribution strategies in advance of year-end.

> For a contribution to count toward an employee's 2026 concessional contribution cap, it must be received by the fund on or before 30 June 2026.

TOOLS OF TRADE / FBT EXEMPT ITEMS

Providing FBT-exempt tools of trade to business owners and employees may be an effective way to acquire equipment in a tax-efficient manner.

Certain work-related items may qualify for fringe benefits tax (FBT) exemptions, subject to meeting specific eligibility criteria.

This may include portable electronic devices and tools of trade used primarily for employment purposes.

Where structured appropriately, employers may be entitled to an income tax deduction and GST input tax credits. However, fringe benefits tax (FBT) and income tax implications may vary depending on the specific arrangement.

Items must be purchased prior to 30 June 2026.

REPAIRS & MAINTENANCE

The timing of repairs and maintenance expenditure may affect the income year in which a deduction can be claimed.

Only expenses that meet deductibility criteria and are incurred within the relevant financial year will generally be deductible in that year.

SUPERANNUATION PAYMENTS (EMPLOYER)

To claim a deduction in the 2026 financial year, employee superannuation contributions must be received by the fund or clearing house on or before 30 June 2026.

Processing delays may occur, particularly close to year-end, and sufficient time should be allowed to ensure contributions are received by the required date.

DEFFERAL OF INCOME

Depending on the applicable accounting method and commercial circumstances, the timing of invoicing and receipt of income may affect the period in which income is recognised.

Any deferral strategy should be undertaken in a manner consistent with ordinary business practices and in compliance with relevant tax legislation.

BRING FORWARD EXPENSES

Where appropriate, consideration may be given to bringing forward deductible expenses into the current financial year.

This may include:

- Marketing and advertising costs
- Stationery and printing
- Office and technology supplies

The timing of deductible expenses may influence the income year in which a tax deduction is available.

Only expenses that are genuinely incurred, relate to the business, and satisfy deductibility requirements should be considered.

INVESTMENT INCOME & CAPITAL GAINS

Where appropriate, consideration may be given to deferring investment income or the disposal of assets until after 30 June 2026.

For tax purposes, the contract date generally determines when a capital gains event occurs, rather than the settlement date.

MOTOR VEHICLE LOGBOOK

A compliant motor vehicle logbook should be maintained for a minimum period of 12 consecutive weeks, commencing on or before 30 June 2026.

Odometer readings should be recorded at 30 June, and all supporting documentation retained.

Alternatively, a claim of up to 5,000 business kilometres may be made using the cents per kilometre method.

PROPERTY DEPRECIATION

Owners of income-producing properties may be entitled to claim depreciation and capital works deductions, where applicable.

A report prepared by a qualified quantity surveyor may assist in identifying eligible deductions for the property.

PRIVATE COMPANY (DIV 7A) LOANS

Amounts borrowed from private companies may be subject to Division 7A provisions.
Appropriate structuring and documentation are required to ensure compliance and to avoid unintended tax consequences.

To avoid unintended tax consequences, minimum repayments and/or compliant loan agreements must be in place within required timeframes.

YEAR-END STOCKTAKE / WORK-IN-PROGRESS

Businesses holding trading stock or work-in-progress should undertake appropriate year-end reviews. The valuation method adopted may impact taxable income and should be considered carefully.

We recommend discussing the available valuation options with us.

BAD DEBTS

A deduction for bad debts may be available where specific criteria are satisfied, including that the debt is genuinely unrecoverable and is written off within the financial year. **Appropriate documentation must be maintained to support the deduction.**

SMALL BUSINESS CONCESSIONS - PREPAYMENTS

Eligible small business entities may be able to prepay certain expenses (generally up to 12 months) and claim a deduction in the current financial year, subject to meeting relevant eligibility criteria.

TRUSTEE RESOLUTIONS

Trustee resolutions for discretionary (family) trusts must be prepared and executed **on or before 30 June 2026**. Recent ATO guidance may impact the taxation of trust distributions and should be considered as part of year-end planning.

IMPORTANT INFORMATION

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