Tax Planning 2025

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Getting you ready for EOFY!

As we approach 30 June 2025, it's a great time to review your financial position and ensure you're making the most of available tax planning opportunities. In this edition, we've outlined some practical strategies to consider before the end of the financial year, along with a few important 'housekeeping' items to help you stay organised.

With the recent election of a new Labor Federal Government, we anticipate potential changes to tax legislation and a likely increase in ATO audit activity. It's more important than ever to stay compliant, while also taking smart, proactive steps to legally minimise your tax obligations. We're here to support you in navigating these changes with confidence.

Business – Key Year End Tax Strategies

Defer income where possible: If it makes sense commercially, consider holding off on issuing invoices until after 30 June. Just keep in mind that rental and interest income are taxable when received rather than on an accrual basis.

Prepay tax deductible expenses:

- Employee superannuation for June 2025 to be paid before 30 June (normally due by 28 July 2025) to obtain a tax deduction in 2024-2025. ⚠ Note: Contributions must be received by the Fund well before 30 June. The SGC rate increases from 11.5% to 12.0% from 1 July 2025, so makes sense to prepay the June 2025 employer contributions.
- Interest on tax deductible loans.
- Wages, bonuses, allowances, and commissions.
- Repairs and maintenance.
- Travel and accommodation, conference fees for next year.
- Rent prepayments for up to 12 months.
- Insurances including income protection insurance.

- Printing, stationery, office supplies.
- Subscriptions and professional membership.
- Utility expenses.
- Donations, advertising, and marketing.

Write off bad debts and slow moving/obsolete stock and plant & equipment.

Be strategic with the timing of business asset sales: Carefully consider when to sell business assets, as the timing can have a big impact on your capital gains tax (CGT) liability. Planning ahead may help reduce or defer the tax payable.

Small business instant 100% asset write off (plant, equipment & vehicles) in year of purchase for items costing less than $20,000 and first used or ready to use by 30 June.
⚠ Note: this concession was due to expire on 30 June 2025 however the Labor Government has promised (not yet legislated) to extend the deduction until 30 June 2026.

A tax deduction for prepaid expenses is generally allowable where the payment is made before 30 June for services to be provided within 12 months of payment.

General interest charges (GIC): Current interest rate is 11.74 - imposed by the ATO on any tax debt outstanding will no longer be tax deductible from 1 July 2025. If you have outstanding tax debts or are considering entering into a payment arrangement, now may be the time to act before this deduction is removed.

Electric vehicles: Fringe benefits tax (FBT) exemption – Eligible zero or low emissions vehicles (i.e. electric, hydrogen fuel cell, and plug-in hybrids) provided to employees for private use may be exempt from FBT if the vehicle was first held and used from 1 July 2022.
⚠ Note: If you are considering upgrading your work vehicle, now is the time to explore this exemption.

Trust distributions: if you operate through a trust structure, it is critical to ensure trust distribution resolutions are made before 30 June 2025 to avoid default tax assessments. Speak with your accountant to finalise your profit allocations and minimise unnecessary tax. Note the ATO is cracking down on trust distributions to family members where the members do not either receive the cash distribution or otherwise receive a benefit from the distribution.

Individuals – Key Year End Tax Strategies

Maximise superannuation contributions: Use the catch-up contribution concession where possible (check with your Walshs accountant).

Consider prepaying:
- income protection insurance
- conference fees and associated travel and accommodation costs
- subscriptions and professional fees
- office supplies
- accountancy fees
- self-education expenses
- home office expenses
- donations

Consider deferring the receipt of income, commissions, or bonuses until after 30 June to help manage your tax position.

Rental property: Think about prepaying expenses like repairs, interest, utilities, and insurance before 30 June to help boost your deductions.
⚠ Consider getting a depreciation report from a quantity surveyor. A qualified quantity surveyor will identify and value all depreciable items in your investment property - like carpets, appliances, and structural improvements - which you can then claim as deductions over time.

Capital gains tax: If you're planning to sell a profitable asset, consider holding off until after 30 June. Made a gain already this year? Consider selling loss-making assets to offset any taxable capital gains.
⚠ Important: Capital gains are taxed in the year you sign the contract to sell - not the settlement date.

ATO General Interest Charge (GIC): Current interest rate is 11.74 - imposed by the ATO on any tax debt outstanding will **no longer be tax deductible from 1 July 2025.** If you have outstanding tax debts or are considering entering into a payment arrangement, now may be the time to act before this deduction is removed.

Year End Tax Strategies for Superannuation

Maximum tax-deductible contribution 2024-2025 is $30,000 per person and includes contributions from employer, salary sacrifice contributions and personal top up contributions.

⚠ Note: contributions must be received by the Fund well before 30 June 2025.

Contributions: If you are over 65 years you must pass the work test to make tax deductible contributions - the test must have worked at least 40 hours in any consecutive 30-day period during the financial year and no contributions (except employer SGC) can be made once reach age 75.

Catch up contributions (refer above) can be useful if you have not maximised contributions in the past and/or have been out of the workforce for a period. This concession is available if your superannuation balance was less than $500,000 at 1 July 2024 – you can go back up to 5 years and make tax deductible catch-up contributions.

Pension mode: If your Fund is in pension mode, ensure at least the set minimum (based on age) pension amount has been withdrawn before 30 June.

Downsizer contributions scheme allows senior Australians to make an additional contribution to their superfund when they sell their main residence, and this will not count towards the non-concessional contributions cap.

⚠ Certain eligibility requirements must be adhered to:

- must be 55 or older
- home was owned by you or your spouse for at least 10 years
- downsizer contribution must be made within 90 days from sale settlement
- maximum downsizer contribution is $300,000 for each spouse

Year End Compliance “Housekeeping”

Motor vehicle logbook: If you are using the logbook method to claim motor vehicle expenses ensure you record the vehicle(s) odometer reading as at 30 June 2025

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⚠ Note: A valid logbook must be maintained for a continuous period of 12 weeks and will remain valid for 5 years. Please review your logbook to ensure it is correctly completed and is less than 5 years old.

The ATO has an App to assist in maintaining a logbook if you would like more information head to **'MyDeductions'**

Records: Now is a good time to start to collate tax records and receipts.

Trust distributions: If making trust distributions to family members, make sure the nominated beneficiaries either receive the funds or can clearly show they’ve received the benefit of the distribution in another way.

PAYG Withholding changes: From 1 July 2025, employers withholding over $25,000 annually must report on your activity statement and pay PAYGW monthly, not quarterly.

If you have any questions on the above or would like to discuss your individual circumstances – please contact your Walshs accountant on the below details.

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Grow, protect and manage your wealth

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