Informing YOU

Count

Your end of financial year checklist

Who doesn't love the end of the financial year? Okay, so maybe sorting through a shoebox full of receipts isn't your idea of fun, but don't worry. With our handy checklist, you can take some of the headache out of tax time. You might even find ways to give your finances a boost.

The end of financial year has a way of creeping up and catching us unprepared. But this time you can be ready, with a to-do list of tasks that you can tick off as you go.

For instance, now may be the perfect time to put a bit extra into your super before 1 July to make the most of the annual contribution caps. And if you're a business owner, we've also got some useful tips to help you manage your financial obligations and plan for the year ahead.

So as the countdown to 30 June begins, here's our checklist to start you on your way.

Getting ready for the tax man

Confirm if you need to lodge a tax return

If you received an income through employment or investments during the financial year, chances are you may need to lodge a tax return after 30 June. If you're not sure whether you need to do one, you can find out by using the Australian Tax Office's online tool – **'Do I need to lodge a tax return?'**, or speak to your accountant or tax agent.

Organise your documents

Your tax return needs to show everything you earned between 1 July 2017 and 30 June 2018. As the first step, gather your payment summaries from your employer, invoices for any self-employed work you've done, and bank statements that verify your income.

Identify your investment earnings

Your tax return must also indicate any income you've earned from non-work activities during the financial year. This includes (but not limited to) dividends from shares and rental income from investment properties, as well as capital gains from the sale of investment assets. Make sure you have a clear record of all your investment earnings for the year, with documentary evidence to back it up.

Collect receipts for donations or gifts

You may be able to claim a tax deduction for donations or gifts you've made during the financial year to charitable organisations or other eligible 'deductible gift recipients'. You'll need to find all your receipts for these – monetary gifts must be over $2 to be tax-deductible, and different rules apply for gifts of money or **contributions**, so ask your accountant which ones you can claim.

Work out your deductions

Depending on your employment situation, you may be able to claim a tax deduction for money you've spent on things like your car or other transport, work uniform, tools, home office equipment or education and training expenses. You may also be able to claim deductions on costs you incur in earning investment income (such as interest payments) and super contributions. Your accountant can advise you on what you may be eligible for.

Calculate child support payments

If you're making child support payments or providing any related benefits, calculate the total you have paid during this financial year. Depending on your circumstances, these costs may be used to reduce your adjusted taxable income. Your adjusted taxable income is used to calculate your entitlement to a range of Government concessions. Speak to your accountant or tax agent or contact Centrelink for more information.

Sorting out your super

Make an after-tax contribution

The annual cap for after-tax or 'non-concessional' super contributions is $100,000 (or $300,000 in any three-year period, if you are eligible for and apply the 'bring-forward' rule). But if your total super balance is $1.6 million or more, your annual cap reduces to nil, while your bring-forward cap is reduced once your total superannuation balance is $1.4 million or more. So if you're thinking of giving your super a boost, ask your financial adviser how you can make the most of the caps.

Start salary sacrificing or making personal tax-deductible contributions

The annual cap for pre-tax or 'concessional' contributions is $25,000. One way to take advantage of the cap is by salary sacrificing part of your income into super. But even if you don't reach your cap before 30 June, salary sacrificing might be a strategy worth considering for next financial year, so talk to your financial adviser, tax agent or accountant.

Another way to make use of the concessional cap is to speak with your employer about making personal tax-deductible contributions. Since 1 July 2017, most employees have become eligible to make these contributions whereas previously employees were generally ineligible.

Don't exceed your caps

If there's a possibility you've already gone above your concessional or non-concessional contribution cap, work out how much you've put into super so far this financial year. If you've contributed too much, speak to your financial adviser.

Find other ways to contribute

If you're a low income earner, you might be eligible for other types of contributions or government payments – for instance, a split contribution from your spouse, a government co-contribution or the Low Income Super Tax Offset (LISTO). Your spouse may also qualify for a tax offset when making a contribution on your behalf. If you're not sure what you're entitled to, ask your financial adviser now so you don't miss out before 30 June.

Taking care of business

Organise your paperwork

If you're a business owner, the type of tax return you need to lodge will depend on the structure of your business. Your accountant will probably want to see your profit and loss statement for the financial year, plus your balance sheet, general ledger report and bank reconciliation report, so it's best to get these ready in advance.

Reconcile your payroll

If you employ staff, you'll need to give them each a payment summary by 14 July so they can lodge their own tax returns. You can also use this opportunity to check that your employees' salaries are in line with award rates and you've paid them the required amount of super.

Update your financial records

As with each monthly or quarterly Business Activity Statement (BAS) you lodge, make sure you have all the financial documents ready that you'll need. The **Australian Taxation Office website** has a full list – yours may include bank statements, a PAYG payment summary, receipts and invoices, plus records of fuel tax and GST.

Check your depreciating assets

Until 30 June 2018, businesses with a turnover below $10 million per year can now deduct the full cost of any depreciating assets under $20,000 (that were purchased and installed ready for use between 7.30pm AEST on 12 May 2015 and 30 June 2018) and a portion of the cost of assets worth over $20,000. If you've made a purchase for your business in the past year, ask your accountant if you can claim a deduction.

Work out your deductions

Tax time is also when you should review your stock to see if you can claim deductions on anything your business makes, buys or sells. You may even be able to claim a deduction for things like interest on business loans and overdrafts.

Plan your spending

As many of your business expenses may qualify for a tax deduction, it's worth thinking strategically about when to pay them. There may be costs you want to pay now so you may claim a deduction for this financial year – and on the other hand, you may want to put off some payments so you can save the deduction for next financial year.

When it comes to taking care of your business commitments at tax time, it's best to contact your accountant or tax agent. They can help you organise your paperwork, review your deductions and assets and help get other financial records in order for the end of financial year.

Start the next financial year off on the right foot.

Need help getting your finances in shape for the year ahead? Speak to your financial adviser. They can make sure you have the right arrangements in place for your personal circumstances and lifestyle goals.

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