

Accountants | Finance & Lending | Financial Planners | Investment Management



Financial Services



Finance



Financial Planning



Investment Management

## Towards the end of the financial year: What you must consider

### Finalising 2013 tax returns:

Most tax returns for 2013 not already lodged are due by **15<sup>th</sup> May 2014**. In order for us to be able to meet this deadline for you we ask that you prepare your ledgers, documents & information for us as soon as you can. The tax office has embarked on a ruthless penalty regime over the last 6 months whereby they are imposing late lodgement penalties on most late tax returns. This can be avoided by getting your returns lodged on time. And remember that we need time to process your information and ask any questions we have about your financial activities.

This penalty regime applies also to BAS's. The **March 2014 BAS is due by April 28** if you lodge the document yourself. If we lodge it for you electronically the due date is a couple of weeks later, however we require your information by 28<sup>th</sup> April to allow processing time. These dates apply to payment of any liabilities also.

### Superannuation contributions for you and your employees:

The superannuation guarantee payment of 9.25% of gross salaries paid for the quarter ending 31 March is due to each employee's fund by **28<sup>th</sup> April 2014**. This quarterly requirement is strictly administered by the tax office and they have announced that they will be doing audits commencing on 1st July 2014 to ensure that employers comply. The penalty for non-compliance is that the late payments of contributions are not tax-deductible and incur interest and administration charges also. This is definitely an employer responsibility which should be taken very seriously as the financial consequences are significant.

The other issue regarding superannuation is that only payments made before 30 June each year are tax-deductible in that year. This means that June quarter contributions paid in July will be deductible in the following year. If you wish to pay additional deductible contributions for yourself up to the maximum currently allowable of \$25,000 this should be done before 30 June to maximise your deductible business expenses for the year.

Legislation is pending to delay the proposed increase in the super guarantee rate on 1st July 2014 to 9.5%. At this stage the rate will remain at 9.25%. We will advise you before 30 June if this changes.

### Superannuation Clearing House:

Government legislation means that from 1<sup>st</sup> July 2014, if you have 20 or more employees, you must make your super payments through a complying online system or clearing house. As the practicalities of this become clearer closer to 30 June we will advise you of your obligations and how best to comply with them.

### Private use of motor vehicles:

We understand that many of our clients purchase motor vehicles in their business and pay all related expenses from business bank accounts. **It is important to remember that any private use should be accounted for in the financial statements each year to avoid the need to prepare and lodge a fringe benefits tax return.** There are various methods available to calculate this and we can discuss it with you to find the most appropriate for your situation. If the log book method would be the most beneficial for you because business use is very high, you still have time to prepare one for the required 12 week period before 30 June.

**Remember that travel between your home and place of work each day is considered private and not business-related. This is often misunderstood by our clients so we don't want you to fall into this trap.**

## **Money withdrawn from your company – Shareholder’s Loan:**

Unfortunately, this is an issue which comes up regularly and we wish to raise it again to minimise the cost to you and your business.

As directors and shareholders of your companies, the ideal way to draw cash from your business is via salary or franked dividend. Any additional amounts drawn are accounted for as repayable loans upon which interest is calculated and assessable to the company. Such loans are repayable normally over 7 years and require a minimum annual repayment by the borrower. We usually account for this via a dividend (unpaid) to the shareholder which is included in their personal tax return.

The negatives of this are that the company pays tax on the interest calculated for the loan and the shareholder may have to pay additional personal income tax depending on the tax bracket they fall into. This is because a franked dividend only includes a tax credit of 30% and you may be paying personal tax at a higher rate.

If you have drawn loan amounts out during the year you may wish to consider repaying them before 30 June or paying PAYG withholding and including the amount as salary for the year. This will probably be a more tax-effective treatment than leaving the loan balance over year-end and dealing with the loan issues explained above.

## **Reconciliations before the year-end rush:**

Now would be a great time to look at reconciling your bank accounts, debtors, creditors, GST and any other accounts relevant to your business. Any discrepancies you find can be sorted out during the final quarter and therefore provide a much smoother and efficient process for both you and us when we prepare the 2014 financial statements and tax returns.

Please contact our office if you wish to discuss how best to go about this if you’re unsure where to start.

## **Need some help managing your CASHFLOW ?**

For many business owners waiting to be paid by customers whilst still incurring regular expenses such as rent, suppliers and staff can be a difficult matter .The following article has a 10-point plan for managing your business cash flow better.

<http://myob.com.au/blog/10-ways-to-be-the-king-of-cash-flow/#ixzz2xhp358ya>