

Concessions reduce taxation for small companies

ACCOUNTANTS and financial planners Quill Group says small businesses can increase last-minute profits and pay less tax.

Eligible small businesses can take advantage of specific deductions available under small business entity tax concessions.

Quill Group CEO Kevin Nicol said it was important to be aware of the tax concessions available to your business.

“For a business to be eligible to take advantage of SBE tax concessions, the business turnover, including connected entities and

affiliates has to be less than \$2 million GST exclusive,” he said.

Changes have been made to existing tax laws under the recently released Henry tax review regarding superannuation contributions and small business tax rates.

The changes will see small business tax rates cut from 30 per cent to 28 per cent over the next four years and will allow SBEs to claim greater depreciation deductions from assets valued less than \$5000 from July 1, 2012.

To get better prepared for tax time, Quill Group has the follow-

ing top tips for small business.

1. Know your tax concession eligibility in terms of asset depreciation and deductions for certain prepaid business expenses.

2. Ensure the payment of deductible expenses and bills are brought forward.

3. Defer income and capital gains.

4. Investment allowance – the bonus tax deduction for investment in new assets such as fittings, equipment and cars has been increased from 30 per cent to 50 per cent for a SBE.

5. Value trading stock – both SBE and non-SBE taxpayers have the option of valuing trading stock on June 30, at the lower of actual cost, replacement cost or market selling value.

6. Transfer loss shares to a low tax rate entity – transfer shares to realise losses into entities with no or low tax rates, such as family trusts and self-managed super funds, so that future capital gains and future dividends are taxed at lower tax rates.

7. Consider organisation re-structuring.