Cars, Cashflow & Key Tax Moves for Small Business

To ensure compliance and optimise your tax position before 30 June, review the following:

☐ Motor Vehicle Claims – Logbook Compliance

- A logbook is only valid where work-related travel patterns have not changed.
- You may need to prepare a new logbook if:
  - You have changed employment
  - You have changed your home or workplace location
  - Your work-related travel patterns have changed
- A separate logbook is required for each vehicle used for work purposes.
- If a new vehicle is purchased, a previous logbook can only be relied upon where:
  - The usage pattern is substantially the same, and
  - The choice is formally documented before lodging your tax return
- Where a vehicle is provided by an employer or via a novated lease, deductions for car expenses are generally not available to the employee.

☐ Electric and Hybrid Vehicles

- Where the ATO electric vehicle shortcut rate is used (cents per kilometre method), electricity costs cannot also be claimed separately.
- Plug-in hybrid vehicles require specific apportionment methods to determine deductible running costs.

☐ Superannuation Contributions

- Superannuation contributions are only deductible if received by the fund before 30 June.
- For personal deductible contributions:
  - A valid Notice of Intent must be lodged with the fund
  - This must be done before the earlier of:
    - Lodgement of your tax return, or
    - The due date for lodgement
- The concessional contributions cap is $30,000 for the 2025–26 income year.
- Consider eligibility for carry-forward concessional contributions from prior years.

☐ Prepaying and Bringing Forward Expenses

- Small businesses with aggregated turnover under $50 million may:
  - Claim an immediate deduction for prepaid expenses, where the 12-month rule is satisfied
- Consider bringing forward planned expenditure where appropriate.
- The instant asset write-off threshold of $20,000 applies for eligible businesses (subject to legislation), where:
  - Assets are first used or installed ready for use by 30 June

☐ Stock and Asset Review

- Review stock and identify obsolete or slow-moving items.
  - Where market value is lower than cost, a deduction may be available.
- Remove any scrapped or disposed assets from your depreciation schedule.

2026 END OF FINANCIAL YEAR / TAX PLANNING CHECKLIST

Brentnalls Western Victoria

☐ **Bad Debts**

- Debts must be written off before 30 June to be deductible.
- The debt must be:
  - Previously included as assessable income, and
  - Considered genuinely unrecoverable
- Ensure any required GST adjustments are made.

☐ **Trust Distributions and Dividends**

- Trust distributions and dividends must be:
  - Properly documented, and
  - Declared by 30 June
- It is recommended that all resolutions are prepared and signed prior to year end.

☐ **Cashflow and Tax Planning**

- Review timing of:
  - Income
  - Expenses
  - Capital gains events
  - Farm Management Deposits
- For capital gains tax (CGT):
  - The contract date (not settlement date) determines the taxing point
- Consider opportunities to:
  - Offset gains with available capital losses
  - Defer or bring forward transactions

☐ **Tax Position and Instalments**

- Review options to:
  - Reduce or defer tax liabilities
  - Manage cashflow for upcoming tax payments
- Consider whether PAYG instalments should be varied based on expected results.

☐ **ATO Interest Charges**

- From 1 July 2025, deductions are no longer available for:
  - General Interest Charge (GIC)
  - Shortfall Interest Charge (SIC)

☐ **Final Review**

- Consider whether your circumstances have changed during the year, including:
  - Employment
  - Business structure
  - Asset ownership
  - Vehicle usage
- Where changes have occurred, ensure your tax position and claims are accurate and supportable.

Need Assistance?

If you would like assistance reviewing your position or implementing any of the above strategies prior to 30 June, please contact our team.

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YOUR NOTES: