

MINIMISE YOUR BUSINESS TAX

2025 TAX PLANNING GUIDE



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21 ways to reduce your Tax in 2025

Key Tax Reduction Strategies for Businesses

Now's the time to review what strategies you can use to minimise your tax before 30 June 2025.

What could your business do with the tax savings?

- Invest in new technology and equipment
- Invest more into marketing
- Upgrade your vehicles

Our advisors have prepared a list of the 21 key areas businesses may consider leading up to June 30, 2025.

1 DEFER INCOME

If possible, defer issuing further invoices and receiving cash/debtor payments until after 30 June 2025. This strategy pushes tax payable to future years.

2 BRING FORWARD EXPENSES

Purchase consumable items BEFORE 30 June 2025. These include marketing materials, consumables, stationery, printing, office and computer supplies. Spend the money now and get the deduction this year.

3 IS YOUR BUSINESS A "SMALL BUSINESS" ENTITY?

Small businesses can access a range of tax concessions from the ATO. To qualify as a "Small Business Entity", the business must have an aggregated turnover (your annual turnover plus the annual turnover of any business connected / affiliated with you) of less than \$10 million and be operating a business for all or part of the 2025 year.

4 INSTANT ASSET WRITE OFF

For Small Business Entities, Instant Asset Write Off applies to the business portion of eligible depreciating assets of up to \$20,000. Instant Asset Write Off is ending on 30 June 2025.

You can buy these assets and use them or have them ready for use before 30 June 2025 to qualify for a 2025 tax deduction.

Note: This concession is presently with Parliament for consideration. Talk to us today for the latest updates!

5 SMALL BUSINESS CONCESSIONS - PREPAYMENTS

"Small Business Concession" taxpayers can make prepayments (up to 12 months) on expenses (e.g. loan interest, rent, subscriptions) BEFORE 30 June 2025 and obtain a full tax deduction in the 2025 financial year.

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MAXIMISE DEDUCTIBLE SUPER CONTRIBUTIONS

The concessional superannuation cap for 2025 is \$30,000 for all individuals. Do not go over this limit or you will pay more tax!

Note that employer super guarantee contributions are included in these caps. Where a concessional contribution is made that exceeds these limits, the excess is included in your assessable income and taxed at your marginal rate, plus an excess concessional contributions charge. For the contribution to be counted towards the employee's 2025 contribution cap, it must be received by the fund by 30 June 2025.

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ENSURE ALL ATO DEBTS ARE BEING ADDRESSED

With ATO compliance activities on the rise, we encourage you to ensure that all your BAS and other ATO returns are addressed promptly and you remain in communication with regard to payment. Failure to do so may increase the likelihood of ATO engagement.

8

PAY EMPLOYEE SUPERANNUATION NOW

To claim a tax deduction in the 2025 financial year, you need to ensure that your employee superannuation payments are received by the super fund or the Small Business Superannuation Clearing House (SBSCH) by 30 June 2025.

Some industry funds may require superannuation contributions to be paid earlier in the month eg the middle of June. The deadline varies by fund.

You should avoid making last minute superannuation payments as processing delays may cause them to be received after year-end. If for any reasons you end up having to make last minute payments and you would like to claim them as deductions for the current year, contact us immediately and before you make any payments for possible resolutions.

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DEFER INVESTMENT INCOME & CAPITAL GAINS

If possible, arrange for the receipt of Investment Income (e.g. interest on Term Deposits) and the Contract Date for the sale of Capital Gains assets, to occur AFTER 30 June 2025.

The Contract Date is generally the key date for working out when a sale occurred, not the Settlement Date!

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TOOLS OF TRADE / FBT EXEMPT ITEMS

The purchase of Tools of Trade and other FBT exempt items for business owners and employees can be an effective way to buy equipment with a tax benefit. Items that can be packaged include handheld / portable tools of trade, computer software, notebook computers, personal electronic organisers, digital cameras, briefcases, protective clothing, and mobile phones.

If structured correctly, the employer will be entitled to a tax deduction for the reimbursement payment to the employee (for the equipment cost), claim any GST input credit, and the employee's salary package will only be reduced by the GST- exclusive cost of the items purchased.

You should buy these items before 30 June 2025.

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SECURING GOVERNMENT GRANTS

Securing a grant such as the Research & Development (R&D) tax offset requires strategic planning and ongoing record keeping and preparation. For the R&D tax offset, companies can generally receive a tax offset 43.5% for their R&D expenditure. Consult with your tax advisor. They can provide valuable insights and help optimise your application.

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TAX STRUCTURE REVIEW

If your business is growing rapidly, it might be time to discuss your tax structure for both tax minimisation and asset protection purposes with your advisor.

Additional ways to minimise tax this year

13 PROPERTY DEPRECIATION

If you own a property and haven't already done so, arrange for the preparation of a Property Depreciation Report to allow you to claim the maximum amount of depreciation and building write-off deductions on your property.

14 PRIVATE COMPANY ("DIV 7A") LOANS

Business owners who have borrowed funds from their company in previous years must ensure that the appropriate principal and interest repayments are made by 30 June 2025. Current year loans must be either paid back in full or have a loan agreement entered in before the due date of lodgement for the company return, or risk having it counted as an unfranked dividend in the return of the individual.

Be aware that the standard interest rate has increased to 8.77% up from 8.27%.

15 YEAR-END STOCKTAKE / WORK IN PROGRESS

If applicable, you need to prepare a detailed Stock Take and/or Work in Progress listing as at 30 June 2025. Review your listing and write-off any obsolete or worthless stock items. **Talk to us about your different options for valuing Stock, and how they affect your tax payable.**

16 DEFER EMPLOYEE BONUSES

Employee bonuses for this year are still deductible even when paid after 30 June 2025 provided there is documentation in place to support the bonus. You must be committed to paying the bonus. Consider deferring employee bonuses until after 30 June. This strategy pushes tax payable to future years.

17 LOWER COMPANY TAX RATES

The 2025 company tax rate for businesses with less than \$50 million turnover is 25%, if 80% or less of a company's assessable income is "passive income" (such as interest dividends, rent, royalties, and net capital gains).

If you use a Trust structure, one strategy is to allocate profits to a "Profits Holding Company" and cap your tax at 25% for the 2025 year. Note that this company must qualify as a "base rate" entity to be eligible for the lower 25% company tax rate. Please discuss with us whether your company will qualify.

18 REPAIRS & MAINTENANCE

Make payments for repairs and maintenance (business, rental property, employment) BEFORE 30 June 2025.

19 WRITE-OFF BAD DEBTS

Review your Trade Debtors listing and write-off all bad debts BEFORE 30 June 2025. Prepare a management meeting document listing each bad debt, as evidence that these amounts were written off prior to year-end and enter these into your accounting system before 30 June.

20 MOTOR VEHICLE LOGBOOK

Ensure that you have kept an accurate and complete Motor Vehicle Logbook for at least a 12-week period. The start date for the 12-week period must be on or before 30 June 2025. You should make a record of your odometer reading as at 30 June 2025 and keep all receipts/invoices for motor vehicle expenses.

An alternative (with no log book needed) is to simply claim up to 5,000 business kilometres (based on a reasonable estimate) using the cents per km method

21 TRUSTEE RESOLUTIONS

Ensure that the Trustee Resolutions are prepared and signed BEFORE 30 June 2025 for all Discretionary ("Family") Trusts. We encourage you to check your deed for the resolution date as it may differ from June 30. The ATO have recently released a number of Tax Rulings that may affect trust distributions to adult children, so Tax Planning for 2025 will be vital for anyone using a Family Trust.



Tax Planning Strategy Meetings

For over 65 years, Morrows has been helping businesses navigate the often complex and time-consuming tax process. Our industry-leading expertise, tools, and strategies ensure your business maximises tax efficiencies while remaining fully compliant with ever-evolving tax regulations.

Staying on top of tax obligations can be challenging, but our experienced advisors provide the clarity and confidence you need to optimise your business's financial position.

With the **30 June 2025 deadline** approaching, now is the time to review and implement effective tax minimisation strategies. Taking action early ensures your business is well-prepared and positioned for success.

Prepare with Confidence

Book your 30-minute consultation today to explore tailored tax strategies that minimise liabilities and maximise opportunities. We're here to help you achieve a smooth and strategic tax outcome.

IMPORTANT INFORMATION

This is general advice only and does not take into account your financial circumstances, needs and objectives. Before making any decision based on this document, you should assess your own circumstances or seek advice from your financial adviser and seek tax advice from your accountants at Morrows. Information is current at the date of issue and may change.



Please contact us to learn more or to arrange a time to meet with your advisor.

 Level 13, Freshwater Place,
2 Southbank Boulevard, Southbank VIC 3006



03 9690 5700



morrows@morrows.com.au



www.morrows.com.au