MINIMISE YOUR PERSONAL TAX

2025 TAX PLANNING GUIDE AND CHECKLIST

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19 ways to reduce your Tax in 2025

Key Tax Reduction Strategies for Individuals

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

What could you do with the tax savings?

- Reduce your home loan
- Top up your super
- Deposit for an Investment Property
- Upgrade your car

Our advisors have prepared a list of the 18 key areas individuals may consider leading up to June 30, 2025.

1 HOME OFFICE EXPENSES

If you have been working from home, you may have expenses you can claim a tax deduction for. The ATO allows you to claim using a **"Revised Fixed Rate Method" an amount of $0.67 per work hour** for the 2025 year. This amount covers most expenses from working from home.

You must record the total number of hours you have worked from home and provide evidence that you paid for each of the expenses incurred.

You can also claim expenses using an "Actual Cost" method – so please keep all invoice and receipts during the entire year to prove all claims.

2 WORK RELATED EXPENSES

Don't forget to keep any receipts for work-related expenses such as uniforms, training courses and learning materials, as these may be tax-deductible if they have not been reimbursed by your employer Check out these handy Industry specific ATO Guides.

3 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 your motor vehicle expenses. Once prepared, a logbook can generally be used for a 5-year period.

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

4 UPGRADE TO AN ELECTRIC VEHICLE

Individuals opting for novated leases on electric vehicles can enjoy significant tax benefits. This presents a unique opportunity to upgrade your vehicle while enjoying tax benefits. Contact your advisor to discuss whether this is a viable option for you.

Super ways to reduce your tax bill

5 SUPERANNUATION CONTRIBUTIONS

While you might not be flush with cash now and able to put large amounts into superannuation, it's important that you are aware of what is possible to maximise your super balance and possibly reduce your tax at the same time.

6 DEDUCTIBLE SUPER CAP OF $30,000 FOR EVERYONE

The tax-deductible super contribution limit (or "cap") is $30,000 for all individuals under age 75. This includes any employer contributions. Individuals need to pass a work test if over age 67.

To save tax, consider making the maximum tax-deductible super contribution this year before 30 June 2025. The advantage of this strategy is that superannuation contributions are taxed between 15% to 30% compared to personal income tax rates of between 34.5% and 47%.

7 SPOUSE SUPER CONTRIBUTIONS

You can make super contributions on behalf of your spouse (married or de facto), provided you meet eligibility criteria, and your super fund allows it.

Doing this not only helps to boost your spouse's retirement savings, but it can also help you save tax if your spouse has limited income.

You may be eligible for a tax offset of up to $540 on super contributions of up to $3,000 that you make on behalf of your spouse if your spouse's income is $37,000 p.a. or less.

The offset gradually reduces for income above $37,000 p.a. and completely phases out at $40,000 p.a. and above.

8 GOVERNMENT CO-CONTRIBUTION TO YOUR SUPER

If you are on a lower income and earn at least 10% of your income from employment or carrying on a business and make a "non-concessional contribution" to super, you may be eligible for a Government co-contribution of up to $500.

In 2025, the maximum co-contribution is available if you contribute $1,000 and earn $45,400 or less. A lower amount may be received if you contribute less than $1,000 and/or earn between $45,400 and $60,400.

9 CARRIED FORWARD CONTRIBUTIONS

Carry-forward contributions are not a new type of contribution, they are simply new rules that allow super fund members to use any of their unused concessional contributions cap on a rolling basis for five years.

Individuals with a total super balance below $500,000 can carrying forward unused concessional contribution cap amounts in the current financial year.

This means if you don't use the full amount of your concessional contribution cap ($25,000 for 2020, and $27,500 for 2021 to 2024), you may qualify to carry-forward the unused amount and take advantage of it up to five years later.

Carry-forward contributions are calculated on a rolling basis over five years, but any amount not used after five years expires. These carry-forward rules only relate to concessional contributions into super, not non-concessional contributions, as they have different caps.

10 ADDITIONAL TAX ON SUPER CONTRIBUTIONS BY HIGH INCOME EARNERS

The income threshold at which the additional 15% ('Division 293') tax is payable on super $250,000 p.a. Where you are required to pay this additional tax, making super contributions within the cap is still a tax effective strategy.

With super contributions taxed at a maximum of 30% and investment earnings in super taxed at a maximum of 15%, both these tax points are more favourable when compared to the highest marginal tax rate of 47% (including the Medicare levy).

Additional ways to minimise tax this year

11 OWNERSHIP OF INVESTMENTS

A longer-term tax planning strategy can be reviewing the ownership of your investments. Any change of ownership needs to be carefully planned due to capital gains tax and stamp duty implications. Please seek advice from your advisor prior to making any changes.

Investments may be owned by a Company or a Family Trust, offering flexibility in annual income distribution. Such structures also provide a way for long-term strategic tax planning for you and your family.

12 PROPERTY DEPRECIATION REPORT

If you have an investment property, a Property Depreciation Report (prepared by a Quantity Surveyor) will allow you to claim depreciation and capital works deductions on capital items within the property and on the property itself.

The cost of this report is generally recouped several times over by the tax savings in the first year of property ownership.

13 REALISE CAPITAL LOSSES

Tax is normally payable on any capital gains. You should consider selling any non-performing investments you hold before 30 June 2025 to crystallise a capital loss and reduce or even eliminate any potential capital gains tax liability. Unused capital losses can be carried forward to offset future capital gains.

14 INCREASE DONATIONS

Charitable donations of money or property can be claimed as deductions, consider increasing or bringing forward charitable contributions in 2025.

15 DEFER INVESTMENT INCOME & CAPITAL GAINS

If practical, 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 (not the Settlement Date) is generally the key date for working out when a sale or purchase occurred.

16 SALARY PACKAGING

Superannuation:

- If your annual income is $45,000 or more, salary sacrificing can help you boost your superannuation and pay less tax. By contributing pre-tax salary into your super, you can reduce the amount taxed at your marginal rate. This is especially beneficial for those nearing retirement.

Benefits for Public Hospital and Not-For-Profit Employees:

- Public Hospital: Can package up to $9,010 per year for general living expenses and an additional $2,650 for meal entertainment and holiday accommodation.
- Not-for-Profit: Can package up to $15,900 per year for general living expenses and an additional $2,650 for meal entertainment and holiday accommodation.

FBT Exempt Assets:

- You can also salary sacrifice to purchase items such as portable electronic devices like mobile phones, tablets and laptops, which are exempt from Fringe Benefits Tax (FBT). Electric vehicles are exempt from FBT.

If you are unsure about salary packaging or have any specific questions, reach out to your advisor.

More Tax Minimisation Tips this year

17 PREPAY EXPENSES AND INTEREST

Expenses relating to investment activities can be prepaid before 30 June 2025. You can prepay up to 12 months of interest before 30 June on a loan for a property or share investment and claim a tax deduction this financial year. Also, other expenses in relation to your investments can be prepaid before 30 June, including rental property repairs, memberships, subscriptions, and journals.

18 INSURANCE PREMIUMS

Possibly your greatest financial asset is your ability to earn an income. Income Protection Insurance generally replaces up to 75% of your salary if you are unable to work due to sickness or an accident. The insurance premium is normally tax deductible, plus you get the benefit of protecting your family's lifestyle if you cannot work due to sickness or an accident. It's a small price to pay for peace of mind. Like rental property interest, income protection premiums can also be pre-paid for 12 months to increase your deductions.

19 PRE PAY HECS- HELP DEBT

Pre-paying your HECS-HELP debt can be a strategic way to minimise the impact of indexation and potentially reduce your overall tax burden. Here are some key points to consider:

1. Indexation: HECS-HELP loans don't have interest, but they are adjusted for inflation every year on June 1st. This adjustment, called indexation, is applied to any unpaid balance that has been outstanding for more than 11 months. The rate of indexation changes each year based on the cost of living.
2. Tax Implications: By pre-paying your HECS-HELP debt, you can reduce the amount that gets indexed, which means you'll owe less money over time.

20 FOREIGN RESIDENT CAPITAL GAIN WITHHOLDING

If you are a foreign investor, it's important to note that from January 1, 2025, the Foreign Resident Capital Gains Withholding (FRCGW) rate will be 15% of the capital gain for all properties sold, regardless of value (as the $750,000 property value threshold has been removed).

All Australian residents (for tax purposes) selling or disposing of Australian real property (property) must have a clearance certificate and give it to the purchaser at, or before settlement.

21 SHORT TERM STAY LEVY

Starting from January 1, 2025, a short stay levy will apply to short stays in Victorian properties where a fee is charged. This levy, introduced under the Short Stay Levy Act 2024, is set at a flat rate of 7.5% of the total booking fees paid, including fees and charges such as cleaning fees and GST, but excluding credit card fees.

The responsibility for paying the levy falls on the booking platform. The levy is tax deductible.

Tax Minimisation Checklist

MAXIMISE YOUR TAX DEDUCTIONS

We've made it simple to ensure you don't miss out on any deductions this tax time. Use the below checklist to gather the necessary documents and prepare for your appointment with our expert tax advisors.

1 INCOME

- [ ] Payment Summaries and Income Statements
- [ ] Lump Sum and Termination Payment Summaries
- [ ] Government payment statements (if received)
- [ ] Interest income from banks and building societies
- [ ] Dividend statements for dividends received or reinvested
- [ ] Annual Tax Statements from Managed Funds

2 ADDITIONAL INCOME

- [ ] Rental properties (including Airbnb, Stayz, etc.)
- [ ] Business or Side Hustle income (e.g. Consulting, Uber, Airtasker)
- [ ] Foreign income
- [ ] Capital Gains (including cryptocurrency gains)
- [ ] Employee share schemes
- [ ] Bonuses

3 DEDUCTIONS

- [ ] Motor vehicle
- [ ] Work related Travel (fares and accommodation)
- [ ] Uniforms/workwear
- [ ] Associations or Union, registrations, tools, subscriptions, memberships
  Self-education
- [ ] Professional development, seminars, conferences
- [ ] Working from home including telephone, computer and internet
- [ ] Any other costs incurred earning income
- [ ] Property expenses (report from real estate agent)
- [ ] Property depreciation report
  Interest on investment loans
- [ ] Donations to charities or building funds
  Income protection insurance

4 OFFSETS AND REFUNDS

- [ ] Health insurance and rebate entitlement statement
- [ ] IAS statements or details of PAYG instalments paid
- [ ] Spouse details including taxable and exempt income

Maximise Your Tax Refund with Morrows

For over 65 years, Morrows has been simplifying the often stressful and time-consuming tax process. Our industry-leading expertise, tools, and strategies help you maximise your tax refund with minimal hassle while ensuring you stay compliant with ever-changing tax obligations.

Navigating tax complexities can be challenging, but our experienced advisors are here to provide clarity and confidence, ensuring your tax and finances are in expert hands.

With the **30 June 2025 deadline** approaching, now is the time to review and implement effective tax minimisation strategies. Acting early allows you to make informed decisions and optimise your financial position.

Prepare with Confidence

Book your 30-minute appointment today and take advantage of our tailored tax minimisation strategies. We're here to ensure a smooth and successful tax return process.

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.

FINANCIAL REVIEW TOP 100 Accounting Firms

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