

End of financial year!

As you prepare for the end of the 2024 financial year, this year's changes in tax law and their interpretations are relatively few, but their significance cannot be understated. Even small changes can have a significant impact on your tax planning strategies from one year to the next. Below are highlights the new developments to be considered as you prepare for 30 June.

Depreciation

Currently, the instant asset write-off threshold for small businesses (with aggregated turnover less than \$10 million) stands at \$1,000. However, there is draft legislation before Parliament proposing an increase of the instant asset write-off threshold to \$30,000 for the 2024 financial year, applicable to businesses with aggregated turnover less than \$50 million. To qualify for the deduction in the 2024 year, it is crucial to ensure the assets are installed and ready for use by 30 June 2024, as merely paying for the assets by 30 June may not be sufficient.

Small business skills and training boost ending

The small business skills and training boost concludes on 30 June 2024. For businesses with an aggregated turnover of less than \$50 million, this initiative enables them to deduct an additional 20% of expenditure incurred for eligible external training courses provided to employees by registered providers in Australia.

Individual tax rates

For the 2024 financial year, personal tax rates remain unchanged, providing stability for taxpayers. However, changes are legislated for the 2025 financial year. With lower personal tax rates coming into effect from 1 July 2024, it may be worth considering pre-paying deductible interest before 30 June 2024, and reviewing whether there are any other deductible expenses that can be paid this tax year. These may include donations to charity or work-related expenses including self-education.

Bad debts

To claim a tax deduction for genuinely unrecoverable bad debts, the debt needs to be written off by 30 June.

Capital Gains Tax (CGT)

If you have the flexibility, consider delaying the sale of an asset if it is likely to result in a capital gain. This may allow you to postpone for a year the payment of the tax relating to

the sale. Note that CGT implications are typically triggered upon entering a sale contract, not at settlement.

Repairs and maintenance

If your business genuinely requires any significant repairs to machinery or premises, consider undertaking them before 30 June to claim tax deductions for the 2024 financial year. Note that expenses deemed capital or related to additions or improvements to existing assets are not deductible as repairs and maintenance.

Division 7A and personal loans

Borrowing from your private company can have tax implications under Division 7A (the section of the Tax Act that contains provisions aimed at preventing private company owners accessing company profits without paying tax on those amounts).

Trusts

Trust distribution resolutions must be made before 30 June 2024, or earlier if specified in the trust deed. Such action is necessary to ensure the intended beneficiaries are entitled to the trust income, and are taxed on their proportions of trust income. A failure to make a valid resolution by the required date may see the trustee (rather than a beneficiary) assessed on the income at the top marginal tax rate.

Digital assets and crypto currency

Ensure proper reporting of cryptocurrency and digital asset holdings (such as non-fungible tokens) in your tax return.

Superannuation contribution caps

The Australian superannuation regime is about to change once again, with contributions caps set to rise from 1 July 2024. While this adjustment may appear straightforward, understanding its interaction with the general transfer balance cap and total superannuation balance, together with its implications for retirement planning is crucial.

For those eligible for catch-up concessional contributions, it is wise to assess your tax situation. This year marks the last chance to utilise any unused concessional contribution cap from the year ending 30 June 2019 (which was \$25,000).

A summary of key superannuation caps and thresholds follows:



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Superannuation Cap	2023-24	2024-25
Concessional Contributions Cap	\$27,500	\$30,000
Non-Concessional Contributions Cap	\$110,000 (3 year bring forward \$330,000)	\$120,000 (3 year bring forward \$360,000)
CGT Cap	\$1,705,000	\$1,780,000
Low-Rate Cap Amount	\$235,000	TBC
Total Superannuation Balance Cap	\$1,900,000	\$1,900,000
Transfer Balance Cap	\$1,900,000	\$1,900,000

Superannuation Guarantee to increase

The Superannuation Guarantee rate is scheduled to increase from the current 11% rate to 11.5% (from 1 July 2024) and 12% (from 1 July 2025).

Pay Day Superannuation

Proposed changes from 1 July 2026 will require employers to align the payment of their employees' Superannuation Guarantee with the payment of their salary and wages. As of publication, this measure has not been legislated.

Proposed additional tax on member balances of \$3m or more (Division 296 tax)

The Federal Government intends to reduce the concessions available to individuals with superannuation balances that exceed \$3 million, with its proposed Division 296 Tax. If enacted (still in draft), the legislation will result in what is an additional 15% tax on the earnings of superannuation balances above \$3 million.

Personal tax rates

As announced by the federal government earlier this year, the personal tax rates are set to change from 1 July 2024

to the following:

Taxable Income	Tax On This Income
0 to \$18,200	Nil
\$18,201 to \$45,000	16c for each \$1 over \$18,200
\$45,000 to \$135,000	\$4,288 plus 30c for each \$1 over \$45,000
\$135,000 to \$190,000	\$31,288 plus 37% for each \$1 over \$135,000
over \$190,000	\$51,638 plus 45% for each \$1 over \$190,000

Note: Medicare levy of 2% applies in addition to the above tax rates (for those over the Medicare Levy threshold).

2024-25 Federal Budget: Highlights

The 2024-25 Federal Budget had a strong emphasis on easing cost of living pressures. In addition to the previously legislated personal income tax cuts, the Government announced an initiative to deliver energy bill relief for all Australian households and certain small businesses.

Other highlights include:

- Superannuation on Paid Parental Leave (PPL)
- Strengthening Tax Compliance – ATO Counter Fraud
- Division 296 Tax – Administrative costs for Commonwealth defined benefit schemes
- Payday superannuation & SuperStream
- Increased Medicare levy low-income thresholds
- Power Bill relief
- Small Business– \$20,000 instant asset write-off extended
- Freezing of Social Security Deeming Rates extended
- Future Made in Australia package
- Medicare funding including more Home Care Packages

More information can be found at budget.gov.au.

foundation for a
**BLOODY
GREAT
CAUSE.**
Finding cures. Saving lives.

Help save lives and get a tax deduction!

Looking for a charity to donate to before 30 June 2024?

Look no further than the wonderful work being accomplished by the volunteers at The **Foundation for A Bloody Great Cause**.

They need your help to raise funds for the Haematology Clinical Research Unit at Concord Hospital.

For many patients, accessing these world-leading independent trials is their only hope of a cure and a better quality of life.

Your donation will help even more patients with blood cancer to participate in clinical trials and access millions of dollars' worth of innovative medicines locally.

Give the gift of hope – make a tax deductible donation today (All donations over \$2 are tax-deductible).



Scan to donate

Important upcoming dates

2023 income tax due for payment 5/06/2024

May 2024 monthly activity statement due by 21/06/24

June 2024 quarterly SGC must be paid and received by superfunds on or before 30/06/24 to obtain a deduction

Financial planning

We have an association with Mia Taylor from Evalesco (part of the Australian Advice Network) whom can assist with all your financial planning needs. They provide a more personal service and empower Clients not only in terms of wealth strategies but are also mindful we need healthy and happy lives.

Feel free to contact our office to arrange an initial appointment.

Mia Trott

Personal Financial Adviser

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