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BUSINESS BULLETIN WINTER 2024

BUDGET WRAP AND YEAR
END - WHAT YOU NEED
TO KNOW!

2024/25 Budget

The 2024/25 Budget was handed down on 14 May 2024 and marked the first back-to-back surpluses in two decades. However, with the economy slowing, deficits are projected for the next four years. So, what is in it for small business? The reality is, on the surface, not much as there weren't a lot of announcements concerning small business and some have expressed disappointment at the lack of support provided for small business in this year's budget. The Federal Government's focus however, was on providing cost of living relief which has an impact on all and delivering this through various initiatives,

KEY DATES

21 JUNE

Monthly Activity Statements May 2024
due for lodgement and payment

21 JULY

Due date for June monthly Activity
Statements

28 JULY

Due date for Superannuation Guarantee
contributions June Quarter

28 JULY

Due date for 4th Quarter Activity
Statements (if lodging by paper)

21 AUGUST

Due date for July monthly Activity
Statements

including Stage 3 tax cuts, lower power bills, higher welfare payments and some support measures for small businesses. With this backdrop, let's now consider the impact for business owners. It is important to note that many of the announced measures require changes to the law before they come into effect.

Tax Cuts

From 1 July 2024, all taxpayers will pay less tax compared to the current financial year. The tax savings will depend on taxable income and aim to provide cost of living relief. The following table sets out the new rates and thresholds from 1 July 2024, as well as the current financial year rates for comparison.

Current Financial Year 2023/24)		From 1 July 2024	
Taxable Income	Tax Rate*	Taxable Income	Tax Rate*
Up to \$18,200	Nil	Up to \$18,200	Nil
\$18,201 - \$45,000	19%	\$18,201 - \$45,000	16%
\$45,001 - \$120,000	32.5%	\$45,001 - \$135,000	30%
\$120,000 - \$180,000	37%	\$135,001 - \$190,000	37%
>\$180,000	45%	>\$190,000	45%

**Plus Medicare levy/surcharge where applicable*

Company tax rates remain unchanged with Base rate entities taxed at 25% and other companies at 30%.

Energy Bill Relief

All Australian households will receive an energy rebate of \$300 and eligible small businesses will receive an energy rebate of \$325 from 1 July. It's not yet known exactly when rebates will be applied to accounts. Small businesses must meet their state definition of electricity "small customer" as determined by their annual electricity consumption. Further information can be found [here](#).

Instant asset write-off extended

Small businesses with a turnover of less than \$10 million will be able to claim an immediate tax deduction for the full cost of eligible assets costing less than \$20,000 for another 12 months until 30 June 2025. The \$20,000 threshold applies to each eligible asset purchased and it is important to remember that the asset must be first used or installed ready for use between 1 July 2024 and 30 June 2025 to be claimed in the 2025 Financial Year. Asset purchases meeting this criteria between now and 30 June 2024 should also be considered for tax planning purposes.

Cyber security

The government is supporting small businesses to be secure online. It is estimated that a single email attack against a small business would cost that business on average \$50,000 to rectify and solve. Therefore, the government has committed funding to the following programs which will be available for small business owners to access.

Cyber Wardens – This program delivers free, online training for small business owners and their staff to help build cyber smart small businesses. You can access further details [here](#).

Small Business Cyber Resilience Service – This service will help small businesses build their cyber resilience and provide support when affected by a cyber incident. Further information can be found [here](#). With the funding now committed it is hopeful that this service will be available in the near future.

Cyber Health Check – this service is going to provide an online interactive tool to enable small and medium businesses to self-assess their cyber security maturity. With the funding now committed it is hopeful that it won't be too long before this tool is available.

Paid Parental Leave

Effective 1 July 2025, the government will pay superannuation on Paid Parental Leave for births or adoptions on or after 1 July 2025. This will be administered by the ATO, meaning that the ATO will pay the superannuation contribution directly to the employee's superannuation fund and therefore will not have an impact on employer obligations regarding government paid parental leave.

Industry Growth Program

Further funding has been provided to build on existing government investments to support small businesses to innovate. The Industry Growth program provides grants to assist start-ups and small businesses in their most challenging development phase to innovate, commercialise their ideas, and grow. Please see [here](#) for further information and to access a grant application.

Supporting mental health and financial wellbeing

The Government recognises that small business owners face unique challenges, with their mental health which can often be connected to the financial health of their small business. This Budget invests further funds to support the mental health and financial wellbeing of small business owners by:

- extending the NewAccess for Small Business Owners program, run by BeyondBlue, which provides tailored, free and confidential mental health support to small business owners. Please see [here](#) for further information.
- extending the Small Business Debt Helpline, a national, free and confidential phone-based financial counselling service for small business owners. For further information please see [here](#).

Year End – prepare now!

With another financial year just around the corner, time is ticking..... so here is a quick look over of some of the tax saving measures you can consider to ensure your business is year-end ready.

- 1. Take advantage of the Instant Asset Write -Off** – Small businesses with aggregated turnover of less than \$10 million, will be able to immediately deduct the full cost of eligible assets costing less than \$20,000 that are first used or installed ready for use by 30 June 2024. Merely contracting for the purchase of an asset, or even becoming the owner of the asset by 30 June 2024 is not sufficient. The asset must be installed ready for use, or in use at 30 June 2024.
- 2. Superannuation Contributions – Employer Contributions** – A reminder that Superannuation guarantee contributions are only deductible once paid. You may like to consider bringing forward payment of the June quarter Superannuation guarantee contributions to before 30 June 2024 and claiming a deduction in the 2024 Financial Year.
- 3. Superannuation Contributions – Personal Contributions** - Contributing to superannuation can not only help you fund your retirement, but it can also provide immediate tax benefits. Depending on your circumstances you may be eligible to claim a deduction for personal contributions you make to your super fund, or your business may be able to make deductible contributions on your behalf. The maximum concessional super contribution cap for the 30 June 2024 Financial Year is \$27,500. There are also rules that allow a bring forward of past year unused caps which means you may be able to contribute and claim more than the annual cap. It is a tricky area so make sure you speak with your advisor regarding eligibility.
- 4. Review your Debtors** – Review your debtors with your Bookkeeper and look to write off any unrecoverable debts.

These debts will come off your income in the year in which you write them off, regardless of the year they were invoiced.

- 5. Review your Stock on Hand** – If you operate a business that deals in stock or inventory, then review your stock valuation and write down or write off any stock that is slow moving, damaged or obsolete. Complete a stock take and remember that stock can be valued at the lower of cost or net realizable value. Small businesses can avoid doing a formal stock take if the balance of their stock has not changed by more than \$5,000 in the last year.
- 6. Review and Optimise your Business Structure** – Assess whether your current business structure is still the most tax-efficient. For example, operating as a company versus a sole trader or partnership might offer different tax benefits. Asset Protection is also a key consideration. Seek professional advice to determine the best structure for your business needs.
- 7. Consider Deferring Income and Bring Forward Expenses** – If possible, defer invoicing and hence income recognition and taxation until after 30 June 2024. Conversely, look to bring forward expenses that are due shortly after 30 June to the current financial year, thereby increasing your deductions.

Chat to your bookkeeper today as to how they can help you implement and manage some of these suggestions.

Tax Rate Changes

Super Rate Increase – A reminder that the superannuation guarantee rate will increase on 1 July 2024 from 11% to 11.5%.