Tax Planning Guide

2025

As we approach the end of a financial year, there are some factors you may wish to consider as part of your year-end tax planning. Please read through our key areas to be aware of for Businesses & Individuals.

Business

- Review your fixed asset register against the physical assets of your business and write off any plant or equipment that is obsolete or no longer in use.
- Consider your old receivables, are they recoverable? If not, write off your bad debts to obtain the tax deduction assuming you are reporting on an accruals basis for tax purposes.
- Complete a stock take at 30 June 2025.
- If operating your business through a trust, make sure you have resolved how income will be distributed for tax purposes prior to 30 June 2025.

Prepaid Income (aka 'Income in Advance')

Customer deposits for upcoming services or products can be considered prepaid income that may be deferred to the following financial year.

This can help reduce the business' taxable income and any associated tax liability for the 2025 financial year.

Instant Asset Write Off - For eligible small business owners

In March 2025, legislation to extend the instant asset write off for small businesses was passed and is now law.

This initiative allows eligible businesses (turning over less than $10 million) to immediately deduct the full cost of new or second-hand assets costing less than $20,000 each, that is first used or installed ready for use by 30 June 2025.

Pre-paying deductible expenses

Consider paying tax deductible expenses (where cash flow permits it) before 30 June to bring forward your tax deduction to the current financial year. Examples of tax deductible expenses include office supplies, materials, subscriptions etc.

Businesses have more concessions and deductions available than employees. The amount of concessions and deductions depends on whether the business reports on an accruals or cash basis.

Division 7A loans

Where companies have lent money to Directors, Shareholders or Associated Entities (except for Associated Companies) in previous years, minimum loan and interest repayments must be made by 30 June 2025. Note, the interest rate on Division 7A loans increased to 8.77% (up from 8.27% in FY 2024).

For current year loans, full payment or a written loan agreement must be in place before the company's return lodgement due date. This is to avoid it being counted as an unfranked dividend for the individual.

Trust distributions

A reminder that trustees need to have decided how the income for the year is to be distributed, prior to 30 June, and this must be documented.

The Full Federal Court has ruled that unpaid present entitlements (UPEs) from a trust to a private company are not loans under Division 7A, overturning the ATO's long-held view. This affects many private groups and introduces uncertainty as the ATO seeks to appeal the decision to the High Court. In the meantime, the ATO maintains its existing guidance and urges taxpayers to continue following it, lodge returns as normal, and seek advice on managing UPEs to avoid unintended tax outcomes.

If you need any assistance with tax implications of any proposed distribution, please contact your advisor. The ATO is cracking down in this area!

Superannuation contributions & pension

- Check your eligibility before making superannuation contributions.
- Deposit the contributions into your superfund account by 30 June 2025 to count in the current financial year. We recommend a minimum of 10 days earlier to avoid superstream delay.
- The concessional contributions cap for 2045-25 is $30,000 for all individuals. Going over the cap results in paying more tax, so try to avoid this.
- Super contributions are tax deductible in the financial year they are paid and received by the superfund.
- Adhere to relevant contribution caps and ask about any carry forward unused concessional contributions available to you. If your total super balance was less than $500,000 at 30 June of the previous financial year, you may be able to utilise unused concessional contribution caps from the past 5 years.
- Those drawing a superannuation pension, you need to ensure the minimum pension is withdrawn from your superfund by 30 June 2025.

Capital Gains Tax (CGT)

For real estate, cryptocurrency or shares sold under the CGT provisions, the contract date is when the asset is considered sold for tax purposes, not the settlement date.

To minimise and/or delay taxes, arrange for the receipt of investment income and sale of assets with gains to occur after 30 June 2025 if commercially realistic.

Maintaining complete records

Consider using an app or other web-based solutions for recording expenses and maintaining your vehicle log book.

Please note that the information above is for general information purposes only, these are things you should be thinking about as you approach the end of the 2025 financial year. It is important to carefully consider your tax planning ahead of the deadline and seek professional advice when considering any of the above.

Should you wish to discuss your tax planning options, please reach out to our office.

Individuals

Working from Home Deductions

Individuals can claim expenses including electricity, gas, phone, internet, computer consumables, and stationery at 70 cents per hour worked from home. Taxpayers can claim deductions for the decline in value of assets separately. Keep track of your hours worked from home to calculate your home office claim for the 2025 financial year.

Investment Properties

Getting a depreciation report from a quantity surveyor is tax beneficial. It includes depreciation calculations for assets and the building and covers multiple financial years.

If you have a fixed-rate investment loan, consider prepaying up to 12 months of interest before the end of the financial year. This may allow you to bring forward a tax deduction into the current financial year, which can be particularly beneficial if you're expecting a higher income or capital gain this year.

Work-related expenses

Keep all receipts for work-related expenses such as uniforms, training courses and learning materials, as these may be tax deductible.

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