BUSINESS BULLETIN WINTER 2025

EOFY ESSENTIALS FOR SMALL BUSINESS OWNERS

With 30 June approaching fast, now is the time to get your financials in order, stay on top of compliance, and make the most of any available tax-saving strategies. For small business owners, EOFY isn't just about wrapping up books, it's a chance to review your business performance and lay the groundwork for a successful 2026 Financial Year.

FINAL HOUSEKEEPING

Now is the perfect time to complete, with the help of your bookkeeper, some financial housekeeping tasks. These actions not only ensure accurate reporting but may also improve your tax outcomes. Here are some things to consider:

Stocktake and Inventory Valuation

If you carry stock, a proper stocktake is essential. Valuing your inventory correctly impacts your taxable income:

- Consider the most appropriate valuation method for stock - cost or market value.
- Write off obsolete or slow-moving stock.
- Adjust for damaged goods.

KEY DATES

21 JUNE

Monthly Activity Statements due for lodgement and payment

30 JUNE

Super contributions paid & received by fund to qualify for a tax deduction for the 2025 FY

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)

14 AUGUST

Lodge PAYG Withholding Payment Summary Annual Report

21 AUGUST

Due date for July monthly Activity Statements

Write Off Bad Debts

If you're using accrual accounting, you may be able to claim a deduction (and in some cases, a GST credit) for bad debts:

- Review outstanding receivables.
- If recovery is unlikely and reasonable steps have been taken, write it off before 30 June.

Super Contributions

To claim a deduction in this financial year:

- Ensure employee super is paid and received by the fund by 30 June 25.
- Consider making additional personal concessional contributions (within caps) if appropriate

Asset Purchases & Instant Asset Write-Off

Small businesses can benefit from the instant asset write-off:

- For FY2024–25, the threshold is $20,000 per asset for eligible small businesses (<$10M turnover).
- Assets must be installed and ready for use by 30 June.

Consider Deferring Income and Bring Forward Expenses

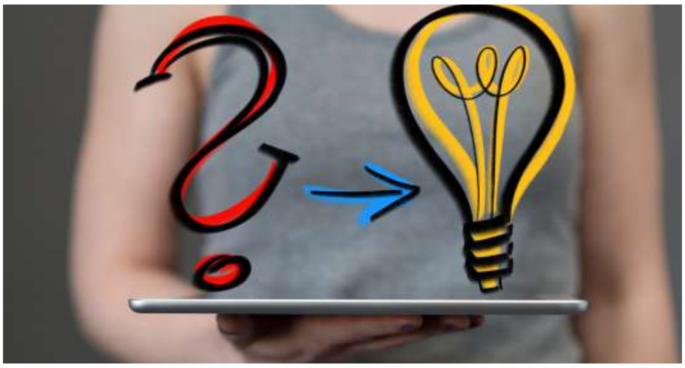
If possible, defer invoicing and hence income recognition and taxation until after 30 June 2025. Conversely, look to bring forward expenses that are due shortly after 30 June to the current financial year, thereby increasing your deductions.

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

TIME TO RETHINK ATO DEBT

One of the more significant developments for small business owners heading into the new financial year is a change in how ATO interest is treated for tax purposes. New legislation removes the tax deductibility of the General Interest Charge (GIC) on outstanding tax debts. This change takes effect from 1 July 2025.

Traditionally, when businesses were late in paying tax liabilities—such as income tax, PAYG instalments, or BAS obligations—the ATO charged interest through the GIC. While the interest rate has always been relatively high (currently over 11%), many business owners accepted this because the interest itself was tax-deductible, which softened the financial impact.



From 1 July 2025, that deduction is removed, meaning paying the ATO interest becomes more expensive (given the loss of the tax deduction). For small businesses with cash flow pressures, the implications are significant. Not only is the ATO's interest rate much higher than bank lending rates, but the loss of deductibility means you're also paying more in real terms.

Consider the following example: if your business has a $50,000 overdue tax debt and the GIC applied is 11%, that's $5,500 in annual interest. Currently, this is tax-deductible, so the net cost might only be around $3,850 depending on your tax rate. But under the proposed change, the full $5,500 becomes non-deductible—making it one of the most expensive forms of finance a business can carry.

If your business is currently using ATO payment plans or carrying tax debt as a short-term finance strategy, this is the time to rethink your approach. Refinancing ATO debt through a small business loan, overdraft facility, or short-term finance product could result in lower interest rates and preserve tax deductibility.

Now is the time to assess your current position, consider refinancing options, and ensure that your systems support timely tax payments moving forward. In the long run, this could save your business thousands.

EOFY TRUST CHECKLIST: KEY THINGS TRUSTEES MUST GET RIGHT

Many small business owners will have a Trust structure, either to operate their business or hold investments in other assets, for example a company. The ATO has recently released a checklist on the key things that Trustees must have in order to ensure they meet their Trustee obligations and remain compliant. This is a summary of the key items:

Know What Counts as Trust Income

Not all income is treated the same. Make sure you understand how your trust deed defines income, it may differ from accounting profit. Double-check that income is distributed according to the rules in the deed and each beneficiary's entitlement.

Identify the Right Beneficiaries

Only beneficiaries listed in the trust deed can receive distributions. Mistakes happen when distributions are made to non-beneficiaries or outside the family group (especially if there's a Family Trust Election in place). Confirm all beneficiaries and make sure they've provided their TFNs.

Make Valid Resolutions by 30 June

Trustees must resolve how income will be distributed before the end of the financial year. Late or invalid resolutions can mean the trustee could pay tax on all income at the top marginal rate. Read the deed and document resolutions clearly and on time.

Check for Family Trust Elections

If your trust has made a Family Trust Election or Interposed Entity Election, make sure you understand the limits. Distributing outside the designated family group can trigger a hefty 47% tax. Keep accurate records of all elections to avoid costly errors.

Keep Accurate Records

Good records protect you. Poor documentation is one of the biggest sources of trustee mistakes. It's critical to keep everything in order—resolutions, distributions, elections, and financials.

EOFY BUSINESS HEALTH CHECK

EOFY isn't just a compliance event, it's a strategic checkpoint. It can be a great time to reflect on your broader business performance and plans for the year ahead. Some useful questions to ask include:

- How did my business perform this year—financially and operationally?
- Are my pricing models and margins still appropriate in the current market?
- Am I structured in a way that supports growth and protects assets?
- Do I have enough staff to allow for growth?
- What expenses can be renegotiated, cancelled, or optimised?
- Do I have a clear plan for the next quarter or financial year?

Taking stock now can help you identify opportunities, reduce inefficiencies, and plan for a successful 2026 Financial Year.

Remember your bookkeeper is perfectly positioned to help you achieve your business goals and support you with compliance matters.