

2024 Tax Time Tips for Business Owners



1. Keep separate bank accounts for business

To make life easier for you and your accountant, keep a separate bank account for business-related income. It will help avoid inadvertently recording any private transfers as business income. Where possible, use a separate Credit Card to pay all your business-related expenses and avoid using it for private purposes. It is especially important that you do not intermingle your personal and business money if you are operating through a company or a trust structure.

2. Keep proper records for all expenses

Unlike salaried employees, business income earners cannot rely on substantiation exception for certain expenses, such as travel and meal expenses (“per diem” allowances). You need to be able to fully substantiate your claims, which means you need to keep receipts and other appropriate records.

3. For travel expenses, keep records of itinerary and purpose of travel

Only business related travel expenses are deductible. If your travel includes any private or non-business-related component, such as holidays or visiting relatives, you need to apportion the expense to business-related travel only. Keeping travel itinerary and details and dates of business relating events you are attending will help you and your accountant make an apportionment.

4. Pay Super Guarantee on time

Employer Super Guarantee obligation have to be paid electronically by 28th July, 28th November, 28 February and 28th April for each preceding quarter. Super Guarantee amount in 2025 FY is calculated at 11.5% (effective 1/7/24) of Ordinary Earnings. From 1/7/22 you must pay Superannuation to all your employees (over 18yrs old). The SGC rate for the 2026 FY as at 1/7/25 will increase to 12%.

If you fail to pay all Super Guarantee amounts on time, you may be liable for Super Guarantee Charge, which consists of the amount of Super Guarantee Shortfall, Interest on the Shortfall and administrative charge of \$25 per employee per quarter. Needless to say, consequences can be quite disastrous if Super Guarantee is left unpaid for a long time. And to make matters worse, Super Guarantee Charge is not tax deductible (unlike Super paid on time).

5. Employee obligations – Single Touch Payroll

Effective 1/7/21 all employers must now register with the ATO and report wages paid to employees weekly/fortnightly through the single touch payroll system. With this system now in place, Super Guarantee compliance monitoring will be easier than ever. All payroll data submitted to the ATO through STP can be matched against the data received from Super Funds and through the ATO Small Business Superannuation Clearing House and any shortfalls in Super Guarantee can be easily detected. Phase 2 of STP Reporting already being implemented through your payroll software.

6. Avoid “polluting” business loans

Interest paid on borrowings to purchase business assets or pay business running costs is generally tax deductible. However if you use Business Loan to make private or non-business-related purchases, you may only deduct interest and other fees to the extent the funds are used to produce assessable income. When a loan is used for mixed purposes, any repayments of capital are applied to income producing and non-income producing balances on pro-rata basis. The only ways to “clean up” such loan is either to refinancing it into separate loans or to sell the non-income producing asset for which the loan was used and pay the proceeds back into the loan to repay the non-income producing portion.

6. Ensure your suppliers quote their ABN

Dealing with suppliers who do not quote their ABN is not illegal but creates additional compliance obligations, which add up to administrative costs and can be easily overlooked. If your Australian supplier does not quote their ABN and the total payment for goods or services is more than \$75, you are required to withhold tax at the top rate from the payment and remit it to the ATO. You must complete a payment summary and give it to your supplier when you pay them. You must also register for PAYG Withholding and lodge a PAYG Withholding Annual Report for each payee from which you withheld amounts of tax.

7. Have adequate record keeping system in place

Nothing drives up costs of tax compliance like poorly kept records! Not every business needs to use an accounting software but you need to have the systems and processes in place that are right for your business. Make sure your records are complete, consistent, can be easily summarised into financial statements and supported by bank transactions where applicable. There are different options, book systems, excel spreadsheets or similar. You are in business, you need to know how much money you are making and spending. If your gross turnover exceeds \$75,000 you must be registered for GST, this then has more reporting obligations as well.

8. Keep in touch with your accountant

The decisions you make in business, whether it's employing your spouse, using your own home as a place of business, buying a capital asset or changing business structure, can have tax implications. This is not to say that your decisions must be tax driven, but it is best to discuss things with your accountant to make sure you are aware of the possible consequences.

Self Assessment: Please note that Australian Taxpayers are subject to a self-assessment regime. This basically means that **you** are responsible for declaring all of your assessable income, and only claiming deductions and/or rebates to which you are entitled. The ATO is able to review your claims and increase or decrease the amount of tax payable for up to 2-4 years, and longer where tax avoidance is involved, after you lodge your tax return.

Disclaimer: All the information provided is of general nature and does not constitute tax, legal or financial advice. It does not take into account your personal circumstances and is not intended to replace consultation with a qualified professional.