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NEWSLETTER

accountplan

Smart Super Strategies for this EOFY

Want to help boost your retirement savings while potentially saving on tax? Here are five smart super strategies to consider before the end of the financial year:

#1 Add to your super – and claim a tax deduction

If you contribute some of your after-tax income or savings into super, you may be eligible to claim a tax deduction. This means you'll reduce your taxable income for this financial year – and potentially pay less tax. And at the same time, you'll be boosting your super balance.

How it works

The contribution is generally taxed at up to 15% in the fund (or up to 30% if you earn $250,000 or more). Depending on your circumstances, this is potentially a lower rate than your marginal tax rate, which could be up to 47% (including the Medicare Levy) – which could save you up to 32%.

Once you've made the contribution to your super, you need to send a valid 'Notice of Intent' to your super fund, and receive an acknowledgement from them, before you complete your tax return, start a pension, or withdraw or rollover the money.

Keep in mind that personal deductible contributions count towards the concessional contribution cap, which is $25,000 for this 2018/19 financial year (which also includes all employer contributions, including Superannuation Guarantee and salary sacrifice). Penalties may apply if you exceed the cap – so it's important that you stay within the limits.

#2 Get more from your salary or a bonus

If you're an employee, you may be able to arrange for your employer to direct some of your pre-tax salary or a bonus into your super as a 'salary sacrifice' contribution.

Again, you'll potentially pay less tax on this money than if you received it as take-home pay – generally 15% for those earning under $250,000 pa, compared with up to 47% (including Medicare Levy).

How it works

Ask your employer if they offer salary sacrifice. If they do, it can be a great way to help grow your super tax-effectively. Remember salary sacrifice contributions count towards your concessional contribution cap, along with any superannuation guarantee contributions from your employer and personal deductible contributions.

#3 Convert your savings into super savings

Another way to invest more in your super is with some of your after-tax income or savings, by making a personal non-concessional contribution.

Although these contributions don't reduce your taxable income for the year, you can still benefit from the low tax rate of up to 15% that's paid in super on investment earnings. This tax rate may be lower than what you'd pay if you held the money in other investments outside super.

How it works

Before you consider this strategy, make sure you'll stay under the non-concessional contribution cap, which in 2018/19 is $100,000 – or up to $300,000 if you meet certain conditions. That's because after-tax contributions count as non-concessional contributions – and penalties apply if you exceed the cap.

Also, to use this strategy, your total super balance must have been under $1.6 million on 30 June 2018.

Remember, once you've put any money into your super fund, you won't be able to access it until you reach preservation age or meet other 'conditions of release'. For more information, visit the ATO website at ato.gov.au.

Tips to Reduce Tax Before June 30th

So we are now into May and you might think that it's too late to do anything to reduce your tax before June 30, right?

Well, the good news is that there is still time to get organised and to save with these tips you can still implement before 30th June in order to reduce that tax burden.

- Contribute money to super up to your cap (refer prior article). If you are employed, consider salary sacrificing a lump sum into your super.
- For small business, prepay such debts as rent, licenses, insurance and interest.
- Check to see if you are carrying bad debts, if so, write them off to claim a deduction.
- Consider advertising and/or sponsorship.

- Pay employee super entitlements on time. Failure to pay super contributions on time not only can be costly with extra ATO compliance but it also makes the super guarantee NOT DEDUCTIBLE.
- If you have obsolete stock either scrap it or even better donate it. Either method will result in a tax deduction.
- Defer invoicing until after June 30 hence reducing income to declare this financial year.
- Purchase a business asset up to $30,000 and claim the instant write-off. If you are GST registered, this will be the pre-GST cost of the asset. If you are NOT registered for GST, this will be the GST inclusive cost. The asset must also be installed and ready for use.

For further information on the above please call us on 07 3883 8999 so one of our experienced tax professionals can review your options with you.

#4 Get a super top-up from the Government

If you earn less than $52,697 in the 2018/19 financial year, and at least 10% is from your job or a business, you may want to consider making an after-tax super contribution. If you do, the Government may make a co-contribution of up to $500 into your super account.

<u>How it works</u>

The maximum co-contribution is available if you contribute $1,000 and earn $37,697 pa or less. You may receive a lower amount if you contribute less than $1,000 and/or earn between $37,697 and $52,697 pa.

Be aware that earnings include assessable income, reportable fringe benefits and reportable employer super contributions. Other conditions also apply – speak to your financial planner to find out more.

#5 Boost your spouse's super and reduce your tax

If your spouse is not working or earns a low income, you may want to consider making an after-tax contribution into their super account. This strategy could potentially benefit you both: your spouse's super account gets a boost, and you may qualify for a tax offset of up to $540.

<u>How it works</u>

You may be able to get the full offset if you contribute $3,000 and your spouse earns $37,000 or less pa (including their assessable income, reportable fringe benefits and reportable employer super contributions).

A lower tax offset may be available if you contribute less than $3,000, or your spouse earns between $37,001 and $39,999 pa.

Get the right advice..............

As you can see you need to meet certain eligibility conditions before benefitting from any of these strategies. If you're thinking about investing more in super before 30 June, talk to us here at Accountplan by calling 07 3883 8999. Our Snr Financial Planner Dion Richardson can walk you through the options and help you decide which strategies are appropriate for you.

Express Vehicle Finance

As we approach the end of financial year many self-employed people begin to consider ways to reduce their tax liability before we reach June 30. A very common strategy is the pre-June 30 purchase of business equipment - most commonly motor vehicles. This strategy is even more attractive this financial year with the instant asset write off threshold having been increased to $30000. Indeed, this is a very busy time of year for car dealerships and finance companies alike. It is not uncommon for some financiers to do as much as 40% of their entire year's vehicle financing in the last 8 weeks of the financial year.

One of the methods they brought in to manage this end of financial year rush is EXPRESS VEHICLE FINANCE. If you can satisfy the following EXPRESS VEHICLE FINANCE criteria some lenders will provide up to $150,000 in equipment finance (including cars) without the need for financials:

- You are an ABN holder & have been GST registered for a minimum 2 years.
- You are a home owner (or paying off a mortgage).
- You do not owe money to the Australian Tax Office.
- You do not have an adverse credit history

The interest rates are sharp and turnaround is very fast. So fast you will, in many cases, have your car within a week. Accountplan has arrangements with 8 of Australia's largest equipment finance providers so we can help you secure that business asset and reduce your tax. Call us on 07 3883 8999 to get started.

Team Milestones

A massive congratulations to our very own Jodie Fletcher who today celebrates 19yrs with the Accountplan group. These days Jodie is one of our most experienced accountants, doubling as our resident specialist in Self-Managed Super Funds.

She has certainly come a long way since joining Accountplan as our receptionist straight out of uni. With a milestone birthday also close by Jodie will shortly be taking a very well earned 2 week break before gearing up for her 19th tax season. Congratulations Jodie and enjoy the break.

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