Other tax planning considerations

Superannuation Funds

- Contributions to superannuation funds for taxpayers with Adjusted Taxable Income (ATI) less than $300,000 are taxed at 15% of the contribution. For taxpayers with ATI over $300,000, contributions are taxed at 30%.
- Earnings made in a superannuation fund are taxed at 15% and paid by the superannuation fund.
- For people 60 years or over who have started drawing a pension, payments from the superannuation fund are, in the majority of cases, tax-free.
- Generally, monies invested in superannuation funds cannot be accessed until 55 years of age.

Primary Producers

In addition to small business entities and entities not defined as small business:

- Non-Commercial Losses – for a business to be commercial, under the "non-commercial losses tests", the business needs to meet certain prescribed tests. If the tests are not met, any losses arising from the activities have to be carried forward and offset in a later year against future income from the same type of source. If you have non-commercial losses, please contact us for advice on the treatment of the losses in 2015/16.

Companies

- Franking Account – a company's dividend payments and franking profile should be reviewed before year-end to ensure sufficient credits are available.
- Company Loans – the law requires that a loan to a shareholder be properly documented. If there is no security offered, the term of the loan should not exceed 7 years. If security is offered, the loan should not exceed 25 years. The interest rate to be charged during 2015/16 is a minimum of 5.45%. If loans have been made to shareholders that haven't been supported by properly documented loan agreements, then the ATO can treat these payments as being dividends that are assessable to the shareholder.

Building and Construction Industry

If you're in the building and construction industries, you have to prepare a Reportable Payments Report to submit to the ATO, showing the payments you've made to each contractor for the year ending 30 June 2016. The return has to be lodged by 20 July 2016.

Capital Gains Tax (CGT)

- Matching Capital Losses and Capital Gains – capital losses are not directly deductible. Capital losses have to be offset against any capital gains generated during that financial year.
- 50% Capital Gains Tax Discount –check your eligibility for the general 50% capital gains tax discount for individuals. If you are a small business operator and are able to meet the $6 million net value asset test or have turnover of less than $2 million, you may be entitled to further capital gains tax concessions.
- "Wash Sales" - the ATO has issued a ruling that relates to "wash sales". This is a situation where shares, in companies listed on the Stock Exchange, are sold to crystallise the capital loss and then shortly thereafter the taxpayer, or an associate of the taxpayer, purchases shares in that same corporation on the Australian Stock Exchange.

Your end of financial year review

If you have any queries on any other items not discussed in our factsheet, or you have general matters that you'd like to discuss with us regarding your tax affairs for the year ending 30 June 2016, please contact us on 02 6686 3000 so that a convenient time for a meeting can be arranged.

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