



## ***5 Essential Tax Preparation Tips for Small Business***

*Freelancers and small business owners start off wanting to see their idea come to life, not dealing with administration and finances. But unfortunately, 1 in 2 small businesses face financial pressure after just one year of operation. With a new financial year upon us, ITP Regional Director, Scott Bailey says now is the perfect time for small businesses to get a head start on their finances.*

According to the ATO, thousands of small businesses register every month, which means there are a lot of new business owners about to have their first tax time experience. Wondering how to get more tax back? We're here to make things a little easier for you and have compiled some advice to get you ahead of the game.

### **Be in the know**

There are some great initiatives the government has introduced for small businesses. For example, this year's Federal Budget saw the instant tax write-off extended for another year. There's also a lower company tax rate for small business. Knowing when tax returns are due in Australia and other key dates will ensure you're not hit with any late fees. Wondering what you can claim back on tax? Keep up to date by following ITP on social media and signing up to our e-newsletter. You can also follow the Small Business Newsroom at [ato.gov.au/sbnews](https://ato.gov.au/sbnews).

### **Get your paperwork in order**

The ATO says that it is important that you keep all records related to establishing, running and selling your business. This includes one-off transactions and those that support the calculations and amounts you show in your tax return. You'll need to keep these for at least five years. How much tax you will get back will depend on a range of factors including your income and what you claim back so it's important to have the right documentation.

For more information and advice on good record keeping practice, visit [ato.gov.au/electronicrecordkeeping](https://ato.gov.au/electronicrecordkeeping) and to find out how competitive your business is, use the small business benchmarks, visit [ato.gov.au/businessbenchmarks](https://ato.gov.au/businessbenchmarks)

### **Take care of your staff**

If you employ staff, there are a number of obligations you need to follow including providing payment summaries and lodging these with the ATO by 14 July. How much tax they will get back may change this year, as there are now new tax tables that apply from 1 July 2017. To withhold the right amount of tax from your employees, make sure you update your systems, including payroll software, to the new rates. Find out more at <https://ato.gov.au/taxtables>

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You'll need to organise superannuation guarantee payments and you should also make sure you know if your workers are employees or contractors because this can affect your obligations. There is a decision tool available on the ATO to help you get it right at [ato.gov.au/ecinfo](http://ato.gov.au/ecinfo).

## Get a little help from the professionals

Wondering how to lodge your tax return? Around 95 per cent of small businesses use a registered tax professional to lodge their returns and it's when you start reading through your obligations it's not hard to see why. Considering who to trust with your tax return and other financial affairs is a big decision. That's why we're proud that more than 300,000 Australians trust us each year with their taxes. Why not do what you love and leave your taxes to us?

*ITP The Income Tax Professionals are more than tax agents. They have been helping Australian individuals and businesses with their business accounting and advice for 50 years and offer a wealth of knowledge. Speak to a Professional today and see how your business can be more profitable.*



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