



6 ways a Mumpreneur can get ready for tax time

As challenging as being a Mum is, it's doubly challenging when you're a Mum and running your own small business. In Australia, there's a growing trend of Mum's starting and growing their own small businesses. One of the main factors for Mum's starting their own business is the flexibility to work around their children, location, the ability to work their own hours and to do something they're passionate about. It's all about family and lifestyle.

Home-based businesses are one of the fastest growing business sectors in Australia, and mothers of young children are up to three times more likely to be self-employed than other working women, according to the Australian Institute of Family Studies and the Australian Bureau of Statistics.

It's busy enough running a business and tending to the needs of your children, so when it comes to tax time, you want things to run as smoothly as possible so you can get back to running your business and being, well, a Mum!

1. Keep on top of your records

Being a Mum, you are busy. It's important to keep your book-keeping up to date otherwise you run the risk of forgetting the valid tax claims you are eligible to make. By gathering, sorting and keeping up-to-date

records, you will ease the tax lodgement process. An added bonus is that you will also have a strong insight into how your business is performing all year long.

You might consider using an accounting system, such as Quickbooks, XERO or MYOB. These programs are updated with Single Touch Payroll, also called STP, which is an ATO initiative to encourage real time digital salary reporting. ITP The Income Tax Professionals have discounted subscription rates for QuickBooks online and can help you get set up correctly from the beginning to make sure your business is on track and conforms with the ATO requirements.

If you hire staff for your business you will be required to report your salaries and wages, PAYG withholding, and superannuation information to the ATO every time you get paid from July 1st.

2. Provide evidence

Super-busy Mum's who run their own small business may not be aware of the current tax claims they are eligible for. The ATO allows small business to write-off costs used in running and to grow a business.

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There are three golden-rules for claims:

1. You must have spent the money on your business for your business, not a private expense
2. You can only claim the business portion of the expense. If there was a private component to that expense, it cannot be claimed
3. You must provide a record of the expense

This 2019 tax time the ATO is being more vigilant than ever before regarding valid claims. You will need to provide proof if you wish to claim the expense.

You can find the most popular calculators and tools from the ATO.

3. Vehicle Expenses

Many Mum's must travel for their small business. The ATO allows for a certain amount of kilometre-related business travel, meals when travelling overnight, taxi's and accommodation expenses. You may even be able to claim a percentage of vehicle maintenance, repairs and running costs. Traffic fines, however, cannot be claimed. Don't forget to use a log book to prove and substantiate your tax claims. If you're audited, the ATO will want to see it.

4. Working at home

If you run your business from home, there are certain expenses you can claim, from mortgage interest or rent, council rates, land taxes, house insurance premiums; and running expenses, such as gas and electricity, phone, internet, asset depreciation, and lesser known deductions such as cleaning and repairs. You can claim business-related components only. For example, you can claim electricity, but only for the hours you work in your home office, not for private use before and after hours. A consecutive 4 week diary should be kept recording the number of hours worked from home to help establish a pattern of use for the whole year. This should be kept each year to establish a claim for your electricity and internet use.

5. Software and computers

If you use a personal laptop or phone for business purposes, you can claim the time it is used for business. If your software is bought under a licensing agreement that you use to do business and cannot be depreciated over time, your claim will be different than software bought outright. It is best to ask for the advice of your tax agent regarding claims made for software.

6. Stock

If your business carries stock, it's time to undertake a stock take. You may be able to claim depreciation for old and slow moving stock.

A large part of stocktake is to reconcile bank accounts and petty cash. Compare your debtors and creditors listings to amounts shown on the Balance Sheet to ensure they are reconciled.

GST, superannuation, PAYG and CGT will also need to be reconciled at the end of the financial year. If you have been pre-paid for labour that you have not yet supplied, you may be able to push those costs into the next financial year to minimise your tax bill.

Working with your Tax Agent

Your tax agent will understand how your business works and will know the deductions you can claim. If you're a client of ITP The Income Tax Professionals, you can contact your agent year round for free advice!

Don't delay – as a Mumpreneur, you're too busy to worry about tax time. Get the help you need today and get back to your business - and your kids!

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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