



End Of Financial Year Essential Tasks – What Do You Need To Do?

The end of financial year is fast approaching. It's a time where it pays to make sure your businesses financial affairs are in order. There are several tasks that need to be consolidated before the June 30 deadline. It pays to be organised so you don't have to face a mountain of paperwork at the last minute, but also because there are tax implications that can land you in hot water if they are not processed.

End Of Year Payroll

Payroll reconciliation is a key activity to help you manage and maintain accurate records of employee wages, withholdings and key pieces of tax information. You'll need to make sure your ledgers match what your employees receive as wages, plus everything that is deducted from their pay. This affects tax deposits and tax forms and should be thoroughly managed.

If your small business pays wages to your employees, you may need to pay payroll tax if your monthly wages bill reaches a certain amount. This amount varies in all Australian states and territories. All businesses registered for payroll tax must perform a reconciliation at the end of financial year.

When you reconcile your employee's payroll, you should:

- Make sure your payroll records accurately reflect wages and hours. Make sure the payroll register is current, that times and attendance data has been calculated and employee pay rates have been accurately noted.
- Confirm the deductions you have made from each pay is correct. Deductions include income tax, Medicare levy, HECS, Salary Sacrifice, and any wage garnishments.
- Update the general ledger. This should reflect each payroll reconciliation pay period. Total wages paid should be in debit and each deduction should be entered as a credit.
- Run your payroll tax reports before making your periodic payments. You should check your state or territories payroll tax rate and set aside an amount when you're obligated to report.
- Run your payroll tax reports before making your periodic payments. It pays to double check that your records are accurate when you reconcile employee deductions for each payroll tax period.
- At the end of financial year you'll need to prepare and reconcile your payroll tax forms and make sure they are lodged. If you're diligent about reconciling payroll with each pay period and tax deposit, the year-end process should be a breeze.

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Reconciling payroll is a complex task. It pays to be consistent throughout the year and to make sure your records are highly accurate. A professional bookkeeper will help you maintain accurate, up-to-date payroll data for your small business.

Make sure your accounting package is reporting through STP accurately to the Australian Taxation Office with each payroll period.

GST and BAS

If your business income reached \$75,000 per annum, you'll need to register to collect the Goods and Services Tax (GST) and prepare and lodge your BAS statement. Depending on how much your business income is, you'll need to lodge your BAS monthly, quarterly or yearly. When you prepare and lodge your BAS, you'll need to report and pay the GST collected on your goods or service, your PAYG instalments, your PAYG withholding tax and various other taxes.

Although your records should be accurate throughout the year when you lodge your BAS, it's critical that an end of year report is conducted to account for changes or small discrepancies made throughout the year.

If a BAS is submitted with inaccurate data or information in a genuine error you'll be able to claim back any amount owing, however if you're in arrears you might be liable for stiff penalties and fines, and even interest on unpaid taxes. Make adjustments quickly in the next activity statement.

Make sure your records for sales, fees, expenses, wages and other business costs are reconciled and accounted for. Keep records to substantiate your claims, such as receipts, stocktake records and log books. Make sure your ABN number is valid and up-to-date. Reconcile your sales with bank statements. Use the correct GST accounting method and keep your invoice and other GST records for five years.

Financial Reviews

There are several financial reviews that should be made that will help you make sure your data is accurate, reconciled and up-to-date after your payroll and BAS reconciliation process has been finalised in order to close out your books. Typically these tasks should be done and finalised by June 30 and should help you understand where your business is suffering losses and help you make plans for growth. These tasks include:

Profit and loss statement.

- Your profit and loss statement tells you how much your business is making or losing and will help you manage your business sales. A profit and loss statement lists your sales and expenses and will show how much (or little) profit your business is making.

Record of debtors and creditors.

- A good record-keeping system will allow you to keep track of both debtors and creditors, and ensure you can follow up on overdue accounts, know which accounts you'll need to pay and when and have better control over your cash flow.

Records of asset purchases and expenditure.

- This is so you can calculate the depreciation expense claims and for capital gains tax purposes.

Superannuation.

- Make sure you're up to date with your super guarantee payments for yourself and your employees.

Reduce Your Tax Liability

There are several ways to reduce your tax liability at the end of financial year. Less tax means more money for your business and more profit for you. Your Tax Accountant will work with you and can advise the best way for your business to reduce its tax bill, which can include:

- Pre-purchase insurance, memberships or subscriptions for an immediate deduction
- Contribute to a super fund & pay staff superannuation
- Purchase office items
- Consider purchasing capital assets to claim an immediate deduction
- Change business structure for more tax benefits.

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Plan For Next Year

Savvy business owners will take the time looking over their financial reports to plan for the upcoming year. An accountant will help go through your reports and will advise on a course of action suitable for your business. EOFY will be time to prepare a budget for the upcoming 12 months, review financing or loan arrangements, review insurances, cash flow and coverage and plan for targeted growth.

Consider working with a Tax Accountant and professional bookkeeper to get the correct information consolidated and lodged by their due dates and stay on top of tax laws. Make sure your tax agent is registered with the Tax Practitioners Board (TPB). Using unregistered tax or Business Activity Statement (BAS) agents is a business risk.

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