



EOFY Checklist for Savvy Small Business Owners

End of Financial Year can be a busy time, but it can also be the most productive time of the year for your Australian small business. Reconciling your businesses financial position can lead to positive changes for future planning and growth strategies, but what do you really need to do?

Bookkeeping

The more thorough you are during the year keeping on top of your accounts, the less work you'll have to do at EOFY. It pays to double check your month-end records and reconcile your bank account and credit cards against your expenses to detect any errors you might have made. Little mistakes can mean the difference between reconciling or not balancing your books.

Accounts Receivable and Payable

Reconcile your accounts receivable and payable to catch unpaid customer bills and to pay outstanding costs against your general ledger. This helps determine your company solvency even if the accounts are not yet paid. Reconciling accounts receivables can also help your business get a line of credit or loan; the receivables show positive cash flow that is viewed favourably by lenders.

Audit

You should account for the value of your trading stock at the end of each income year and at the start of the income year. Trading stock is anything your business acquires, produces or manufactures for the purpose of manufacturing, selling or exchanging. Undertaking a stocktake on your products, goods and inventory will allow you to make sure your records are accurate and correct, and know the value of your business for tax purposes and to meet your tax obligations.

If you're a small business with an aggregated turnover of less than \$10 million a year and you estimate that the value of your trading stock changed by no more than \$5,000 in the year, you don't have to conduct a formal stocktake or account for the changes in your trading stock's value.

Receipts

Any Australian small business will need to keep their receipts for five years starting from the date they lodged their tax return. The ATO allows electronic copies of receipts to be stored if it is a clear and true representation of the original. Store receipts in a cloud-based storage system and have a backup in case of accidents. Use a software package that updates and sorts receipts as they occur.

Tax Deductions

Track your receipts and costs to claim your tax deductions. Maximising your tax deductions minimises the tax you have to pay. It's important to keep on top of changing rules and regulations to tax laws. A Tax Accountant is up to date with the claims businesses can make and will maximise your total deductions. Not only will they save you money as well as a headache, their fees are 100% tax deductible.

Financial reports

You should run a profit and loss statement, balance sheet and cash flow summary every EOFY. These reports will allow you to see the real-time position of your business. An accountant will advise your actions based on these reports and help you plan for business growth in the upcoming year.

Instant Asset Write-Off

Plan before the EOFY and make any capital purchases that can be written off using the instant asset write-off scheme provided by the government. The scheme allows businesses with less than \$10 million in turnover to write-off the business portion of a purchased asset. Whether it's a vehicle, a piece of plant or equipment, the entire cost of the asset must be less than \$20,000.

It's worth speaking with a Tax Accountant before you purchase any equipment. They can advise if it's better to write the asset off instantly or to depreciate over time.

Single Touch Payroll

Every business in Australia is required to report their employees super, PAYG Withholding and gross income to the Australian Taxation Office (ATO) regardless of size. You'll need to be up to date to ensure your employees' income statement can be marked tax ready so that they can lodge their tax returns.

Superannuation

You should be up to date with your employee's superannuation. Making late payments to your employees is not tax deductible. Contributions are considered paid when the super fund receives them, and missed payments may attract the super guarantee charge, which is not tax-deductible.

Insurance policies

The EOFY is the perfect time to renew insurance policies and make sure they are up to date and will have you covered. Businesses need to be covered for public liability, professional indemnity, business interruption, management liability, cyber liability, tax audit, property, workers' compensation, product liability, vehicle insurance. It's best to be covered by the insurances your business needs.

Plan

Once you have balanced and closed your books, run your reports and paid your obligations, it is the time to spend with an accountant to go through your reports and plan for your business. An accountant can provide advice from cutting costs to identifying growth areas. Take the time to reflect and set goals to make and save money and grow your business.

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