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# 2018 Small business Tax checklist

To assist in preparing your Income Tax Return, please consider the following small business checklist. Completing this checklist will ensure we maximise your tax refund and minimise any risks.

## Income

- ☐ Income from sales and / or the provision of services
  - Annual turnover. Calculate annual turnover – provide details as necessary, including bank statements, receipts, invoices, cash book records of any other income
- ☐ Bank statements indicating the nature of each deposit
- ☐ Reconciled cashbook including drawings taken from the business before banking
- ☐ Debtors listing
- ☐ Bookkeeping files
- ☐ Banks, building societies, investments and term deposit accounts.
  - Including bank statements with total interest received
- ☐ Rental properties
  - Including annual statement of rental income received
- ☐ Share trading statements
  - Statements of shares purchased, sold or held (with price, dates purchased or sold, brokerage/stamp duty)
  - Dividend statements
- ☐ Disposal of plant and property
  - Including dates and values of purchase and sale(provide asset description)
- ☐ Capital Gains
  - Details of any other personal or business assets acquired on or after 20/09/85 that were sold in the tax year.
  - Details of additions/improvements to assets.
- ☐ Assessable Government & Other Payments

## Expenses

- ☐ Loans
  - Statements for all loans owing by the business, with an end of financial year balance and interest paid.
- ☐ Employees
  - Copies of payment summaries and annual reconciliation for salaries and wages.
  - Information relating to Super contributions made for each employee and director.
- ☐ Rental Properties
  - Details of all expenditure incurred.
  - Date of purchase of rental property as per contract.
- ☐ Rent paid by business
- ☐ Stock & other material purchases
  - Total expenditure and relevant documentation.
- ☐ Motor vehicles (if used by business)
  - Expenditure on fuel, oil, registration, repairs etc
  - Log books. Including odometer readings for the first and last date of the financial year, total business kms for financial year & Engine size
- ☐ Travel expenses
  - Travel diary and other documentation

Insurance
- Details of policy, provider, premiums, amount covered

- ☐ Owned business assets
  - List all business assets showing date of purchase, price, description & expenses.
  - How the asset was acquired (ie hire purchase, lease or other finance method details & contract).
  - Details of any repairs or maintenance to business assets during the tax year.
- ☐ Personal superannuation contributions
  - Name of fund, policy number, contributions paid on behalf of each of the owners of the business
- ☐ Other expenses
  - Petty cash expenditure summary, expense items
  - Documentation of other items you think might be deductible – cheque butts, receipts.

82B Charman Road, Mentone VIC 3194. PO Box 370, Mentone VIC 3194
telephone: (03) 9583 9583. fax: (03) 8692 6557. Email: mail@nationaltaxation.com.au
www.nationaltaxation.com.au ABN 63 665 545 130

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**Other items**

- ☐ Bank statement with BSB number, account name and account number
- ☐ Value of opening stock on hand at 1 July and closing stock at 30 June.
- ☐ Invoices showing value of purchases made throughout the year
- ☐ Value of work in progress at 30 June
- ☐ Creditor and debtor details
- ☐ Information about payments to related parties eg: loans to family members
- ☐ Personal income tax/investment details
- ☐ Spouse/children income and investment details

At National Taxation, we understand that everyone's situation is different. Our tailored service will help you minimise your taxation and better manage your financial & business affairs.

We have the expertise to cater for all facets of accounting, taxation and SMSF. We are equipped with the latest knowledge to ensure that your requirements are prepared in the most professional manner, with no risk and at a reasonable cost.

For your convenience you can:

- visit our office at 82B Charman Road, Mentone (evening appointments available) or
- we will come to you, at your place of work or home (evening appointments available) or
- you can send us your documentation and we will contact you.

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# Easy reference guide to the types of deductions that ***might*** be claimable by your business.

- **Accident insurance premiums.**
- **Accounting fees.** Preparation of income tax and FBT returns etc (s25-5) including costs relating to investigations, objections and appeals.
- **Advertising expenses.**
- **Agent's commission.** Collection of rent.
- **Annual leave.** If actually paid by the employer (but not on accruing liabilities).
- **Audit fees.**
- **Bad debts.**
- **Bank charges.** Including debits tax.
- **Borrowing expenses.** Claim in full if $100 or less, otherwise over the period of the loan or one fifth each year if five years is shorter commencing from the date finance is acquired.
- **Business trips.**
- **Business-related cost.** If applicable, business related costs of a capital nature that can be written-off in equal amounts over five years commencing from the first day in the income year that the expense was incurred.
- **Capital works.** On buildings and structural improvements.
- **Car expenses.** Applies to employees, partners and self-employed persons.
- **Car parking.** In certain circumstances.
- **Cleaning expenses.**
- **Clothing.** In certain circumstances.
- **Conference expenses.**
- **Copyrights, patents and designs.** See Capital allowance provisions (Division 40). Also consider the R&D concessions for companies.
- **Cultural bequests.** If made to Australian fund, public art gallery museum or library.
- **Decline in value** (depreciation). Of plant or articles used in business.
- **Directors' fees.**
- **Discharge of mortgage expenses.** Where loan money used to derive assessable income (s25-30).
- **Distributions by co-operatives.** To members.
- **Donations of property to deductible gift recipient.** If market value is greater than $5,000.
- **Education expenses.** If paid for employees, but FBT may apply.
- **Electricity connection costs.** To business premises. Beware capital allowance provisions (Division 40).
- **Entertainment of employees.** But FBT payable.
- **Environmental impact studies.** Pooled and treated under the uniform capital allowance system (decline in value).
- **Environment protection expenditure.**
- **Equipment service fees.**
- **Exploration or prospecting.** For minerals (including petroleum) and quarry materials.
- **Film investment.** 100% deduction for investment in certain Australian made films.
- **Freight costs.**
- **Fringe benefits tax.**
- **Fuel and oil.**
- **Gifts of $2 or more.** To certain prescribed or approved organisations.
- **Gifts to clients, etc.** But not if entertainment.
- **Gratuities to employees.** Recognition of past services.
- **GST.** Claims should be GST exclusive for those businesses that are registered for GST. The GST-inclusive price is deductible for those taxpayers not registered or required to be registered for GST.
- **Home office expenses.** Apportionment of interest, rates, etc. only if a business is carried out on the premises and where an area is set aside exclusively for that purpose.
- **Insurance premiums.** Accident insurance paid by employees, and other insurance paid in relation to a business or some income-producing property. This is subject to the prepayment rules.

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- **Interest paid.**
- **Internet and data access costs.** Share investing and business websites. Also beware capital expenditure.
- **Land tax.** Business or rental premises. Deductible when incurred. The ATO has released guidance specifying that land tax is incurred in the year to which it refers, not when it is paid (see ATO ID 2010/192).
- **Lease payments.**
- **Lease preparation, registration or stamping expenses.** Paid by either the landlord or (a business) tenant (s25-20).
- **Leave payments.** Paid by employer (but not on accruing liabilities).
- **Legal expenses.** Unless capital expenditure, including discharge of a mortgage (s25-30) or relating to borrowing expenses (s26-40). The nexus with ordinary activities of the business in producing assessable income will determine deductibility.
- **Licenses to operate business.** Prepayment rules may apply.
- **Losses, current year.** Loss claims by companies may be limited in certain situations (Division 165), (s170-10). Losses by trusts are subject to trust loss provisions.
- **Losses, previous years.** Company losses brought forward may be limited unless the company can pass the continuity of ownership test (s165-12) or the `same business' test (s160-10); no time limit for losses incurred after 30 June 1989 (s36-10). Losses by trusts are subject to trust loss provisions.
- **Loss (book loss) on disposal of depreciable assets.**
- **Loss on sale of property.** If acquired before 20/09/85 for resale at a profit (s25-40); if property is sold in the ordinary course of business the loss will be on revenue account (see TR 92/3), otherwise a capital loss arises pursuant to Part 3 of ITAA97.
- **Loss through misappropriation by employees, or by theft** (s25-45).
- **Maintenance expenses** (s8-1).
- **Management expenses.** Annual fees but not the capital cost of subscribing to some income-earning investments.
- **Managing tax affairs.** Costs of travel, accommodation, advice, booklets, seminars etc, depreciation on computers, software and other capital expenditure is deductible if incurred in managing tax affairs.
- **Mortgage protection insurance** (s8-1).
- **Moving trading stock.**
- **Newspapers for employees.** Depends on occupation. Share traders (and maybe investors) can claim.
- **Overseas travel expenses.** Substantiation rules apply.
- **Payroll tax.**
- **Petrol and oil.** Not subject to substantiation rules.
- **Petroleum resource rent tax.**
- **Postage.** For investors or businesses.
- **Power, lighting and heating.**
- **Printing and stationery.**
- **Professional or business association subscriptions and fees.** Prepayment rules may apply.
- **Project expenditure.** To be written-off over life of project.
- **Protective clothing.**
- **Rates and taxes.** On income-producing or business properties.
- **Rebates and discounts.** Given to customers.
- **Rent of business premises.** Including part of the costs for a home used for a business (say, trading stock is stored in an area set aside exclusively for that purpose); but with a home office (or a study) rent cannot be apportioned, but some associated costs are claimable.
- **Repairs to cars, equipment, or to an income-producing property** (s25-10).
- **Research & Development costs.**

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- **Retiring allowances**. Paid to ex-employee (or their dependent) for past services (s25-50).
- **Royalties.** Paid for use of equipment etc – withholding tax may apply.
- **Salaries and wages paid to employees.**
- **Scientific research related to business.** If incurred before July 1995 and R&D claim is not available: accelerated write-offs for capital expenditure into scientific research (s73A ITAA36).
- **Self-education expenses.** Only if related to employment/business.
- **Seminars.** In certain circumstances.
- **Sickness/accident premiums.** In some cases.
- **Solicitor's fees.** In some cases.
- **Storage expenses.**
- **Structural improvements.** In some cases.
- **Subcontractors.** May be considered employees and subject to the 9.5% superannuation guarantee provisions in certain circumstances.
- **Superannuation contributions.**
- **Support payments to a subsidiary.**
- **Tax agents fees.** Preparation of income tax, fringe benefits tax returns, GST etc. (s25-5) including costs relating to investigations, objections and appeals.
- **Telephone expenses.**
- **Telephone line installation.**
- **Tool replacement.** Depreciation.
- **Trade journals.**
- **Trading stock purchases.**
- **Travelling expenses.** Domestic and overseas, but note the substantiation provisions.
- **Traveller accommodation buildings.**
- **Uniforms.**
- **Workcover/workers compensation premium.**
- **Worker entitlement funds.** Only if fund approved under regulations.

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