

DLK ADVISORY

SMALL BUSINESS TAX CONCESSIONS



You may have heard all about the small business tax concessions, but do you know how you qualify for them and whether you're making the most of the tax concessions available to you? Generally, your business would qualify as a "small business entity" if you have, or is likely to have an aggregated turnover in the current income year of less than \$10m. It may also apply if you've had an aggregated turnover in the previous income year of less than \$10m.

If your business qualifies as a small business entity then you may be able to access a range of tax concessions including lower tax rates, capital allowance concession, trading stock concession, as well as FBT and GST concessions.

LOWER TAX RATES

Tax rate for small businesses are generally 27.5% rather than the 30% rate for other businesses. If your business is a non-corporate small business entity then instead of the lower tax rate you will be entitled to a tax discount in the form of a tax offset.

CAPITAL ALLOWANCE CONCESSION

Small business entities will be allowed an immediate deduction for depreciating assets costing less than \$20,000 in relation to assets first acquired on or after 12 May 2015 and first used, or installed ready for use before 1 July 2019 (depending on the passage of legislation). If you acquired the asset outside of the specified period above, the immediate deduction limit is \$1,000.

TRADING STOCK CONCESSION

Businesses are generally required to account for changes in the value of trading stock for the income year as the difference between the opening value of trading stock on hand and the value of trading stock at the end of the year. However, small business entities may choose not to account for changes in the value of trading stock if the opening value and a reasonable estimate of the GST-exclusive value of trading stock on hand at the end of the year does not exceed \$5,000.

FBT AND GST CONCESSIONS

Car parking benefits provided by small business entities on its own premises is an exempt parking benefit for the purposes of FBT. This means that the car parking benefit provided to employees by small business entities may not have to be included in the calculation of any taxable fringe benefits amounts.

Small business entities may also choose to account for GST on a cash basis. It means you can account for GST on the BAS that covers the period in which you receive or make payments for your sales or purchases. The advantage is that the money flowing through your business is better aligned with your BAS liabilities and hence better for your overall cash flow.



CONTACT

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to achieve your objectives*