



Paul Clitheroe

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tax time ahead

The new financial year is only days away, and there's plenty to celebrate with tax cuts due to kick in from 1 July. With some simple strategies it's still possible to make the current year's slightly higher tax rates work in your favour.

Claiming expenses in the current financial year will give you more bang for your buck in terms of tax savings. If you're an employee, now could be the time to upgrade work-related items like your briefcase, calculator or specialist tools. Just be sure to hold onto the receipts for any purchases you make.

Investors can benefit too. If you have a margin loan for shares, you may be able to pay and claim a deduction for loan interest paid in advance. Do check with your accountant though as specific rules apply.

Landlords still have time to make some repairs or complete maintenance work to claim a deduction on rental properties before 30 June.

New initiatives announced in the federal budget make it especially worthwhile for small businesses to invest in new equipment. If you spend more

than \$1,000 on business assets like a new computer, work-related vehicle or an upgrade to your manufacturing plant, the business can claim an immediate tax deduction worth 50% of the asset's cost.

Buying a new computer costing, say \$2,000, will let you claim an immediate deduction of \$1,000. Normally you'd have to depreciate the item over several years, so this latest tax break is a big help for trimming your business tax bill.

The benefit only applies to assets purchased between last December and the end of calendar year 2009. To be eligible the business must have annual turnover below \$2 million. Again, you'll need to keep the paperwork to back up any claims.

This sort of initiative is a great help for small businesses, and with a slower economy it couldn't have come at a better time. But don't blow your business cash flow on purchases you don't really need, or can't afford, just to boost your tax deductions.

Still on tax, there's more good news for Australia's 700,000 small ventures that are battling

an outstanding tax debt.

The Tax Office has just announced that businesses with an annual turnover of less than \$2 million, who have a business activity statement debt, can apply to have the interest on that debt waived for 12 months.

Moreover, small businesses with short-term cash flow problems can now also request deferring payment on their next activity statement for up to one or two months.

This is what I like to see coming from the Tax Office - good initiatives, and a real help for small business. For more information, speak with your accountant or contact the Tax Office.

Paul Clitheroe's 'Making Money' for the week beginning 15 June 2009



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