

JUNE 2021 EDITION

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TEMPORARY FULL EXPENSING & GENERAL ASSET POOLS

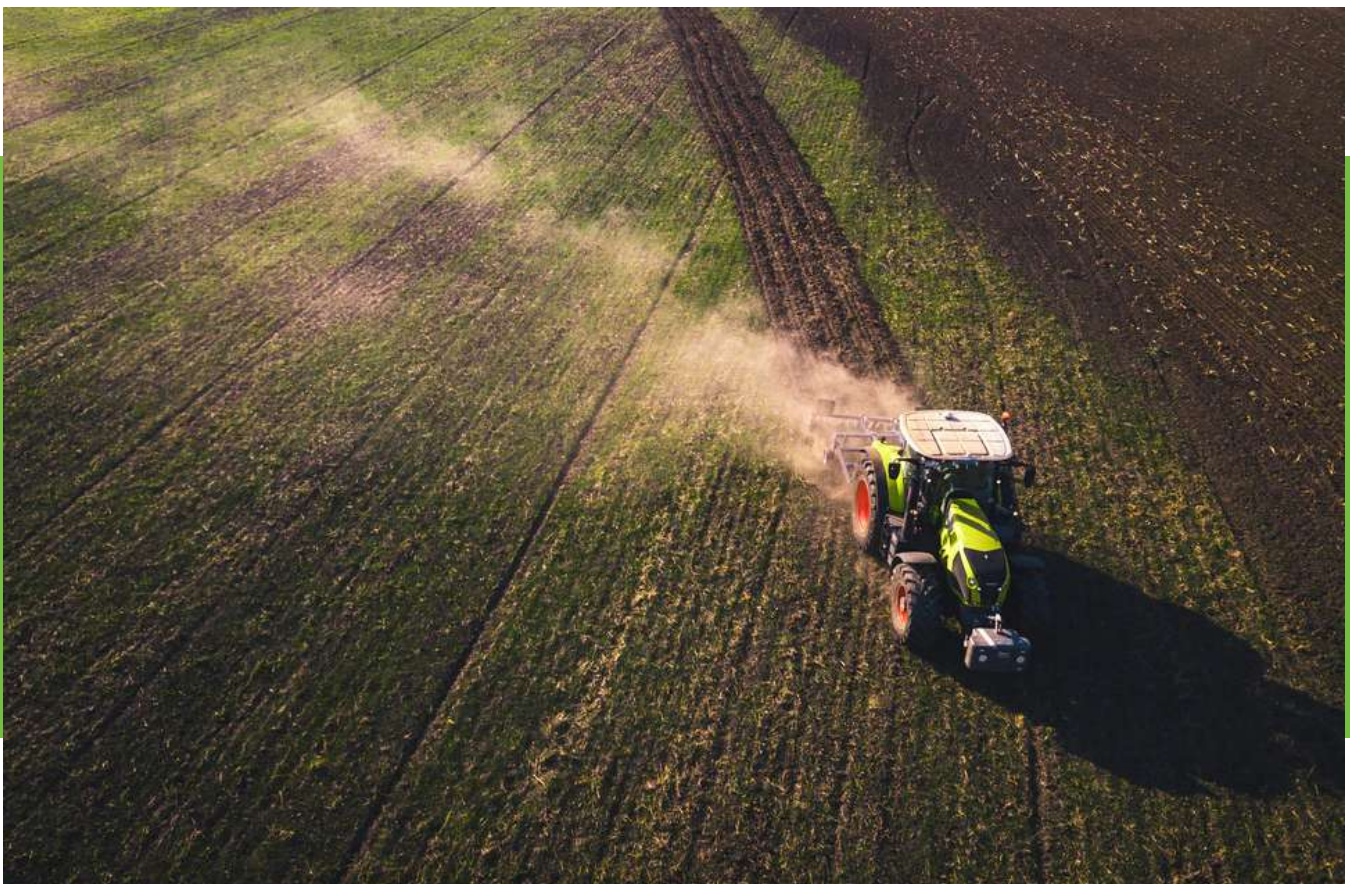
The unlimited instant asset write off threshold is still in place and has been extended to 30 June 2022.

Businesses with an aggregated turnover of up to \$5 billion, can claim a deduction for the cost of new depreciable assets up front rather than being claimed over the life of the asset. For businesses with an aggregated turnover of less than \$50 million an immediate deduction can also be claimed for second hand assets.

What does this mean for general asset pools?

In the past, a small business general pool was written off when the balance fell below the instant asset write off threshold. Now, due to the unlimited threshold small business entities (those with aggregated annual turnover of up to \$10 million) must write off the balance of the general pool regardless of its value. For example, if your general pool balance is \$500,000 at 30 June 2021 (and you have turnover less than \$10 million), your business will claim a \$500,000 deduction against your income.

It is important to remember that any assets purchased must be installed and ready for use before 30 June 2021 for the deduction to be in this year. Simply paying the invoice is not sufficient.



ATTENTION SMSF CLIENTS

We will be sending out letters and emails this week to remind SMSF clients of their minimum pension requirements for the 2021 financial year. Please keep an eye out for these and act on as soon as possible. If you have any queries regarding these, please give the office a call.



GRAIN ON HAND

If you have harvested grain that is being stored pending sale at the end of the financial year, you are required to record this grain as trading stock. The grain will be valued and recorded as income even though it is not yet sold. Trading stock can be valued two ways:

- **Market value:** The value of trading stock based on current market prices as at 30 June.
- **Cost value:** Stock is valued at cost based on all inputs of production and harvest, say \$100 per tonne.

In order for us to accurately calculate your trading stock it is important that you provide us with a reasonable estimation of your grain on hand (in tonnes).

Grain that is being stored and used as feed or seed to be replanted falls outside the definition of trading stock and does not get recorded as income.



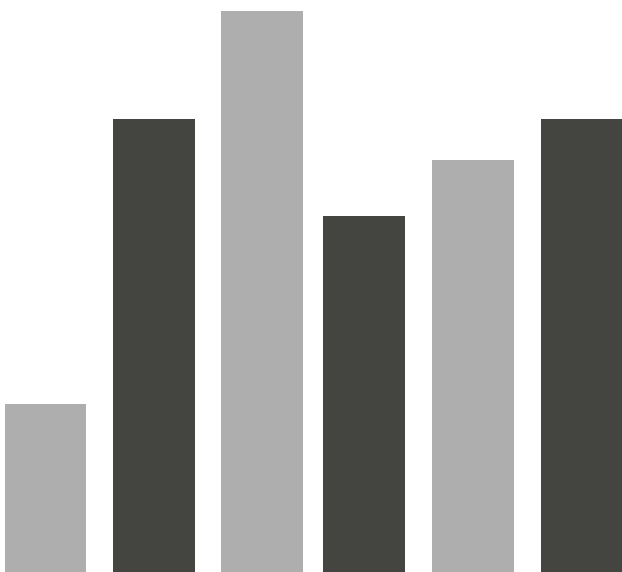
INTEREST RATES AND BUSINESS FINANCE

We do not have a crystal ball and are not about to predict the movements in interest rates but we have made some interesting observations over the last few months.

Banks seem to be happy to compete for quality business clients (especially farmers). The bigger the loan the lower the rate. Most variable interest rates for business loans are sitting between 2% and 3% and even some larger deals below 2%.

Fixed rates are slightly more than the variable rates out to 2 years then increase approximately 1% for a 5 year fixed term.

It is important to remember that every loan is different and the bank will assess the borrower's security position and ability to repay the loan before setting the interest rate. However, there could be potential for you to save considerable amounts of interest by shopping around.



FINAL CHANCE FOR TAX PLANNING

The end of the financial year is fast approaching and there are some tax planning strategies that cannot be done after 30 June. In particular, payments to superannuation funds need to be paid and received by the fund prior to 30 June 2021 to be eligible for deduction. Other strategies that cannot be done after 30 June and should be examined include:

- Timing of Farm Management Deposits – should a withdrawal be offset partly or fully by another deposit? Does a new deposit need to be made?
- Livestock deferrals – has the time expired on a prior year livestock deferral and need to be declared this year? Will this create tax issues?
- Payments of bonuses or directors fees – is there capacity to top up director's superannuation through reportable employer contributions? Could we pay an end of year bonus? These types of payments need to be paid with the appropriate PAYGW and super calculations.

Contact the office on 02 6813 0799 to arrange your tax plan.

SERVICE NSW SMALL BUSINESS FEES AND CHARGES REBATE

If you are a sole trader, the owner of a small business or a not-for-profit organisation, you may be eligible for a small business fees and charges rebate of \$1500.

Eligible businesses or not-for-profits only need to apply for the rebate once, but can submit multiple claims until the full value of \$1500 is reached.

To be eligible you must be running a GST registered business for a minimum of 12 months with turnover of at least \$75,000 per year.

Funds can be used to offset the costs of eligible NSW and local government fees and charges. These include, but are not limited to:

- food authority licences
- liquor licences
- tradesperson licences
- event fees
- council rates.

The rebate can only be used for eligible fees and charges due and paid from 1 March 2021. The rebate will be available until 30 June 2022.

To apply for the rebate, you'll need:

- a MyServiceNSW Account
- your proof of identity
- your valid ABN/ACN
- your business banking details for payment

You do not need a letter from your accountant. All you will need is invoices and receipts showing payment of eligible fees or charges.

MOUSE BAIT REBATE

The NSW Government has created a grant for households and small businesses in regional and rural areas to help manage the cost of baiting. The rebate is expected to open in early July, a date for this has not been set. If eligible, the rebate allows, households to claim up to \$500 and small businesses to claim up to \$1,000.

To be eligible for the rebate;

- Your household or business must be located in regional NSW (eligible regions are further outlined on the Service NSW website).
- Your baits must have been purchased on or after Monday 1 February 2021.
- You must provide receipts to service NSW when you lodge a claim.

You can only claim one rebate per address.

Multiple receipts can be used to claim the rebate up to the relevant limit

