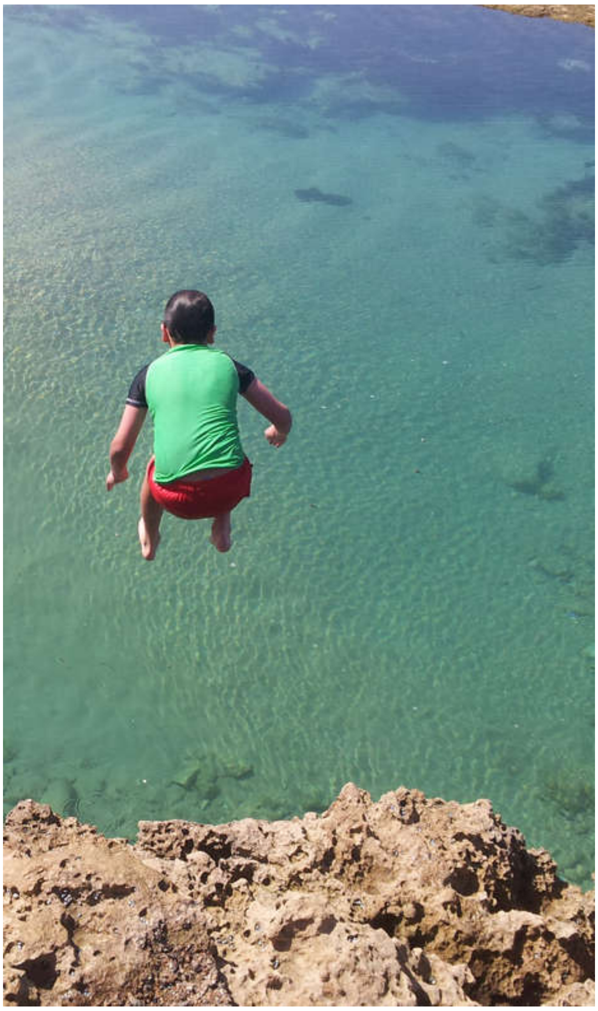
Monthly Tax Update

June 2018



Look before you leap: Last minute tax planning tips

This financial year is almost over, but there are still tactics you may be able to employ to make sure you pay the right amount of tax for the 2017-18 year.

While the best strategies are adopted in July (that is, as early as possible in a financial year and not at the end), it's worth remembering proper tax planning is more than just sourcing bigger and better deductions.

The best tips involve assessing your current circumstances and planning your associated income and deductions.

Not all of the following tips will suit your specific situation, but should provide a list of possibilities that may get you thinking along the right track. Of course, check with this office if you need further information.

About this newsletter

Welcome to our monthly tax and superannuation update. We hope you find the content informative. Should you require further information on how any of the content could affect you, please do not hesitate to contact Ray or Neal on (03) 9428 1033 or

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Look before you leap: Last minute tax planning tips *cont*

Investment property

Expenses stemming from your rental property can be claimed in full or in part, so it can be helpful to bring forward any expenses that can be undertaken before June 30 and claim them in the current financial year. If you know that your investment property needs some repairs, some gutter clean up or some tree lopping, for example, see if you can bring the maintenance and (deductible) payments into the 2017-18 year.

Pre-pay investment loan interest

If you have some spare cash, then see if you can negotiate with your finance provider to pay interest on borrowings upfront for the investment property or margin loan on shares (or other loan types), and allow a deduction this year. Most taxpayers can claim a deduction for up to 12 months ahead. But make sure your lender has allocated funds secured against your property correctly, as a tax deduction is generally only allowed against the finance costs incurred for the purpose of earning assessable income from investments.

Bring forward expenses; defer income

Try to bring forward any other deductions (like the interest payments mentioned above) into the 2017-18 year. If you have planned that next year you will be earning less due to maternity leave or going part-time, for example, then you will be better of bringing forward any deductible expenses into the current year.

An exception will arise if you expect to earn more next financial year. In that case it may be to your advantage to delay any tax-deductible payments until next financial year, when the financial benefit of deductions could be greater. Tax planning is the key, as your personal circumstances will dictate whether these measures are appropriate.

It's probably leaving it a bit late to adopt this strategy now, but consider for July a tactic that can take advantage of this sort of timing — and place money into a term deposit that matures after June 30. Then interest accrues to you in the next tax year.

You can claim up to $300 of work-related expenses without receipts.

Use the CGT rules to your advantage

If you have made and crystallised any capital gain from your investments this financial year (which will be added to your assessable income), think about selling any investments on which you have made a loss before June 30. Doing so means the gains you made on your successful investments can be offset against the losses from the less successful ones, reducing your overall taxable income.

Keep in mind that for CGT purposes a capital gain generally occurs on the date you sign a contract, not when you settle on a property purchase or share transaction. When you are making a large capital gain toward the end of an income year, knowing which financial year the gain will be attributed to is a great tax planning advantage.

Of course, tread carefully and don't let mere tax drive your investment decisions.

Final reminders

You can claim up to $300 of work-related expenses without receipts, provided the claims are reasonable for outgoings related to earning assessable income.

No-one knows your affairs better than yourself, so you will recognise if any of the above tax tips applies to your circumstances. But no-one is better informed as to what is appropriate, or indeed allowable, than your tax agent (and don't forget, any fee is an allowable deduction in the year it is paid).

Every individual taxpayer is required to lodge their return before October 31, but tax professionals are generally given more time to lodge, which can be a handy extension to a payment deadline. Of course, if you're sure you are going to get a refund it's no use delaying, so in these cases it is worth getting all of your information to this office as soon as you can after July 1. ■