BUSINESS ACCELERATOR MAGAZINE

Your Quarterly Business, Tax & Accounting newsletter to help you grow your business

JUNE 2022

JTU ACCOUNTING GROUP

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GETTING COVERED WITH THE RIGHT BUSINESS INSURANCE

Every savvy business owner, hopefully at the early stages of establishing their own venture, has asked themselves 'what insurance do I need for my business?' The answer will depend on a few things including the type of business you own, the products you sell, how you interact with customers and whether you'll be employing people or using contractors.

And that's just the first line basics. As every business is different, so too are their insurance needs. While this won't be a comprehensive list of every business insurance required, it's a great place to start.

What is business insurance?

Business insurance is insurance cover for your business and covers a range of possible losses due to damage, theft or loss to your business premises and/or business contents.

Cover is usually offered under one of two broader categories of:

- A financial loss due to business interruption, or
- A material loss of physical assets.

Types of business insurance

Your business may require insurance either by law (such as workers' compensation insurance), or because people you deal with may require it (such as public liability insurance to get a market stall).

Other types of insurance are your choice, but can be an important way to reduce business risk and protect things like your:

- business assets (e.g. equipment, premises and stock)
- customers
- employees
- business owners
- earnings.

Business insurance required by law
There are different types of workers' compensation insurances for different types of workers in each industry.

Some compulsory insurances are:

- **Workers' compensation**, if you have employees
- **Third party personal injury** – or Compulsory Third Party (CTP) – if you own a car. This may already be part of your car registration fee.
- **Public liability** - covers for third party death or injury and is compulsory for particular types of companies.

Worker's Compensation Insurance

All employers must have workers' compensation insurance to cover themselves and their employees against financial hardship caused by accident or illness. This insurance is, for the most part, offered through an authorised insurer.

Rules and regulations vary from state to state or territory so get in touch with us, or the relevant state or territory regulator, for more information. You can also check the Fair Work Ombudsman for more information about your state or territory's Worker's Compensation regulator.

Contractors: If you're an independent contractor or sub-contractor, you may need your own insurance. If you employ contractors, check your state or territory regulations.

Sole Traders: As a sole trader, you can't cover yourself so you'll need to look into your own personal death, illness and disability insurance. Private insurance can offer cover for accident or sickness and may also offer cover for lost income while you're unable to work.

Public Liability (PL)

Public Liability insurance covers you and your employees against third parties who claim your services or products caused them bodily injury or damaged their property. Common examples include someone tripping or slipping at your place of business or an employee damaging a customer's belongings while carrying out their work.

Not only does PL cover the actual damage, but it also covers your legal defence costs.

Building and Contents Insurance

Similar to the building and contents insurance you would take out on your residential properties.

- **Building insurance:** Covers against the loss or damage to buildings you own, resulting from an insured event such as flood, fire, storm, wind etc.
- **Contents insurance:** Covers your business contents or stock against damage from fire or storm. It also covers malicious

Professional Indemnity (PI) Insurance

Professional Indemnity (PI) Insurance protects you against liability for any damages or legal costs resulting from claims for any act, omission, or beach of duty while carrying out your work.

It's worth noting that PI does not cover if there's only a financial loss or if the loss was a result of a breach of professional duty. This is a distinct and important difference.

Tax Audit Insurance

The Australian Taxation Office (ATO) can audit any individual or business to verify the financial information provided is real, true and correct. Compliance audits, especially those relating to Payroll Tax, are common. As even the smallest of tax audits can be time consuming, tax audit insurance is intended to help cover the costs your business incurs when it's being audited by the ATO.

Tax audit insurance is designed to help cover the costs your business incurs when it's being audited by the ATO.

Even the smallest of tax audits can be time consuming with responses, phone calls, meetings and the preparation of documents taking days, weeks and, in some cases, even months. A tax audit may also cover more than one reporting period, thereby considerably increasing the costs.

This can all prove expensive for your business in time, resources and dollars.

While the exact insurance cover you have depends on the policy you've purchased, some of the things your audit insurance should cover include:

- accountant's fees
- other professional fees – bookkeepers, financial advisers, lawyers or solicitors etc
- tax agent fees
- expenses incurred during the audit – these costs may run into the tens of thousands of dollars.

Tax audit insurance typically won't cover:

- fines or taxes imposed upon you or your business
- your time or wages
- lost jobs, or opportunities missed due to the tax audit
- your employee's time or wages
- returns that haven't been prepared or reviewed by a tax agent prior to lodgement.

The cost of audit insurance, like the cover offered, will largely depend on the amount of coverage you require. While it's great to have tax audit insurance cover, it's even better to have a great accountant as part of your team to avoid having a tax audit in the first place. Our team is committed to ensuring your business is best placed to avoid a tax audit.

Summary

At the end of the day, every business has different insurance needs. All insurance is a safety net. Of course, we always hope we never have to use them but, should things not go to plan, you've got the peace of mind knowing you and your business are fully covered with all the business insurance you need.

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MASTERING YOUR CASH FLOW AND PROFITABILITY

While you may see a consistent amount of revenue coming into your business bank account, this doesn't necessarily mean your business is turning a profit. Understanding what makes a business profitable is pretty straightforward in terms of the formulas used. But when we are in the thick of the day to day running of our business, it can be something we lose sight of at times.

It's a fact that as a business grows, the effort, paperwork and number crunching it takes to make the determination around profitability becomes more complex. At the end of the day, a nice, steady cash flow is the beating heart of any profitable business. Setting up and maintaining an up-to-date cash flow statement is at the core of determining if your business is profitable.

We want to spend some time getting back to basics. Determining if your business is profitable, especially after a challenging few years of a pandemic, is a good place to start.

Cash flow vs profit

Cash flow is the amount of money moving in and out of your business at any given moment. It's a snapshot of how your business is performing at any given time.

A business cannot make a profit without cash flow. Cash flow is the money moving in and out of your business at any moment in time. While profit is nice, you need a regular, ongoing cash flow to ensure your business survives long enough to make an actual profit. You may be surprised to learn you can turn a profit while being 'cash flow' negative. And the opposite is also true. You can have a steady cash flow and no profit. How is it possible to have a steady cash flow but no profit? Well, first let's take a look at how cash flow works, and then look into some different formulas you can use to calculate profit.

Cash flow is a snapshot in time

It's important to understand that cash flow is more accurate when it's calculated at regular intervals. This is why most businesses choose to track their cash flow monthly.

Many small businesses choose to track their cash flow on a cash basis as opposed to an accrual method. This is because it can be easier this way to see the inflows and outflows of your business income and expenses in real time.

Cashflow forecasting

One way to understand your cash flow is to build a tool to track all the money flowing in and out of your business…a great cash flow forecast.

A great cash flow forecast helps you:

- understand what the payment cycles look like in your business
- plan for any future ups and downs
- identify areas that require focused attention
- reduce the number of times that business owners wake up at 3 am questioning where the money is!

6 Steps to Building a Great Cash Flow Forecast

A great forecast can show you exactly what your cash position is at any point in time. Here are some tips on how to build a great forecast:

1. Work out your opening balance. List out all your current sources of liquid cash such as cash at bank,

bank overdrafts, available credit on loans and on credit cards. - ***TIP:*** Take a screenshot of your internet banking platform or collate your bank statements.

2. Identify your sources of cash receipts.
Customer sales, debtor receipts, sale of assets. List these in detail and identify the day of the month that they are expected to clear in your bank account. - ***TIP:*** Compare the expected receipt date of cash to your payment terms.

3. Identify your cash payments. From your accounting software, list out every single expense item that you pay. For example, stock purchases, advertising, telephone, rent, etc.

Further, review your bank statements, credit card statements and accounting software as there will be payments that leave your bank account that do not show up in your expenses items. Such as, tax payments, BAS payments, loan repayments. - ***TIP:*** Don't forget to add GST to your expenses.

4. Track total cash inflow and outflow, and net cash movement.
Total the amounts from your cash sources and your cash payments on a daily, weekly, or monthly basis. The greater the detail, the better.

Your "*Total Cash Inflow - Total Cash Outflow = Net daily weekly/monthly positive or negative cash flow*" for that period. - ***TIP:*** Colour-code positive and negative movements.

5. Forecast using your Closing Balance.
"*Opening Balance - Net Cash Movement = Closing Balance*" will indicate your current or forecast position for the period. - ***TIP:*** Try and identify which bank account, overdraft or credit card this closing balance will impact.

Some accounting programs provide you tools to prepare cash flow forecasts and you should look to explore those options. Ultimately a well-built spreadsheet provides the same result.

Once you have a reliable tool to identify and accurately forecast the cash flow of your business, you can then identify and work on the key levers that can be pulled to improve your cash flow position.

Calculating profit

The key ways of calculating business profit are:
Gross profit - calculated by taking net sales and deducting costs directly associated with carrying out your business. "*Gross profit = net sales - cost of goods sold*"

- **Operating profit** - provides a better idea of your business as you're subtracting more of the costs associated with running your business. "*Operating profit = Gross profit - operating costs*"
- **Net profits** - offers a much clearer picture of your business as you're subtracting all costs associated with running your business. This includes day-to-day expenses as well as regular payments such as loans. "*Net profit = (Operating profit + other income) - (Additional expenses) - (Taxes)*"

The next step here is to look at your profit margin ratios as they allow you to more accurately analyse your company's profitability. This is because they measure efficiency in your business much better than the dollar amounts can show.

Calculating profit margins

Margin ratios are a good way to predict the long term growth of your business. The common ratios used in accounting are as follows:

- **Gross profit margin ratio** - Keeping this ratio fairly steady without large fluctuations is ideal. "*Gross Profit Margin Ratio = (Gross Profit ÷ Sales) × 100*"
- **Operating profit margin ratio** - this ratio allows you to get a good idea about your current earning power. An increase in your

- operating profit margin would show signs of a healthy company as it helps to show how efficient you are. Keeping an eye on this ratio is important as you'll be able to start to see when your operating expenses start creeping up. "*Operating Profit Margin Ratio = (Operating Income ÷ Sales) × 100*"
- **Net profit margin ratio** - This is your big-picture view of your profitability. You want to use industry standards as a benchmark here as profit margins vary widely from one industry to another. Performing a year-on-year comparison to assess your performance is ideal to determine how much profit your business can extract from your total sales or revenue. "*Net Profit Margin Ratio = (Net Income ÷ Sales) × 100*"

Improving your cashflow

There are a number of key things you can do to improve your profitability.

1. Get a proforma profit & loss.
Most people don't have a proforma profit and loss and they don't have a clear understanding of what their profit and loss should look like if things are going well.

Example of a proforma profit & loss.

	$	%	Days
Revenue			
COS			
Gross profit			
Overheads			
Net profit			

Make sure you understand exactly what happens when one dollar goes into your revenue, what goes out into your cost of sales and into each of your operating lines, and what your overhead costs are. If you don't have an ideal in your mind that you're focusing on, then the likelihood of you achieving it will be very low, so make sure you start with a clear idea of what you want your profit & loss to look like.

Each industry has an ideal benchmark for profit & loss, and it's very important that you know how your business is performing against the industry.

2. Largest items first, then every line item.
Look at your expense items from biggest to smallest and classify them as essential vs optional. Go through and identify everything that is optional and isn't pushing the dial of your business, and look to renegotiate them with your vendors (e.g commodities like phone bills).

Make sure that you understand exactly what your biggest to smallest expenses are and how much it costs to run your business each day, each week, each month.

3. Evaluate your terms.
Evaluate your terms of business. During difficult economic times, you want to know more about *how* you're going to get paid then what you're going to get paid.

Most people focus on price, they don't focus on terms. However, a good price, negotiation or deal won't matter very much if the customer doesn't actually pay you. One way to secure your cash is to add cash upfront terms and get 25% or 50% upfront when you sign on new customers.

4. Enforce payment discipline
Most business owners do not have discipline about how and when they get paid. They haven't developed a way of working out how they're going to get paid.

As mentioned before, one way to do this is starting with an upfront payment (25% or 50%), then work out how many days you're going to allow customers to take for payment. Other ways to collect payment is to issue a progress bill (usually at the 50% or 75% mark), and to delay the delivery of your service or product until after you get paid (at this point

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you may only have 25% remaining to be paid).

You need to know that you will follow-up with those creditors when they have overdue payments, and you must make sure what happens next if they don't pay you. If you have many customers that frequently don't pay on time, or don't pay at all, then you could very quickly go out of business.

Often, business owners make excuses for long-standing customers and will wait for payment rather than proactively reaching out when creditors are overdue. If you want to get paid on time, you have to actively enforce discipline in yourself and in your team.

5. Segment your customers and suppliers.

Understand who your best customers are - not just the people who pay the right price but the people who pay on time (and in some cases, fast!). Spend 90% of your time on your 10% best customers. The 80/20 principle should be applied to your customers and segmentation.

Overwhelmingly focus on your top 10-20% customers and consider your options for exiting the bottom 20%. Any customers that are slow to make payments, are difficult to deal with, and in general make your life harder, are ones that you may want to consider exiting. Ultimately, they may actually be costing you more than they are worth. In times of crisis and economic downturn, customers that pay you late could end up being the ones that don't pay you at all.

Look at your suppliers and make sure you understand who your best suppliers are. Make sure you pay those suppliers on time and maintain good relationships with them. In evaluating your suppliers, you can also consider options to negotiate better terms with them and potentially stop any activities you don't need to do, or pay them slower than you did in the past.

6. Everyone in your company

Cash flow needs to be the responsibility of every single person in the business. It is crucial that our team understand how you collect your cash, why customers must pay on time, and what role they can play in making the process go faster or more efficiently.

After all, securing the cash of your business is fundamental to your longevity and your ability to pay your employees. You need to be able to get paid by your customers faster than you have to pay your employees (14 days or 30 days).

Personalising this message and making sure your team understands how personal and important it is that customers pay the business on time will enable you to better align your team around this goal.

Summary

Cash flow is the life blood of any business and remains a massive ongoing challenge for business owners. In fact, according to research by the Australian Bureau of Statistics, half of all businesses cease in their first three years of trading with 40% of business failures due to poor cash flow.

Understanding how money flows through your business, the key metrics and indicators of your business' performance and operational efficiency, will help you to identify which levers you can pull to influence your profitability.

Our team is committed to helping you understand your cashflow and profitability and make better informed decisions to grow your business. Our expertise from working with thousands of businesses means we can detect things that you may or may not be aware of.

Get in touch if you're interested in finding out more about how we can help you with your cashflow management.

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SETTING YOURSELF UP FOR SUCCESS
RETIREMENT & SUPER

Many people have goals for their retirement, but it takes sound retirement planning to make them come true. You need to play the long game and set yourself up for future success.

For many small business owners, it can be challenging thinking ahead beyond the next quarter or the next financial year. But here's the thing - knowing exactly how you want things to look in ten, twenty or even thirty years time is the first step in being able to plan what you need to do in one month, one year or ten year's time.

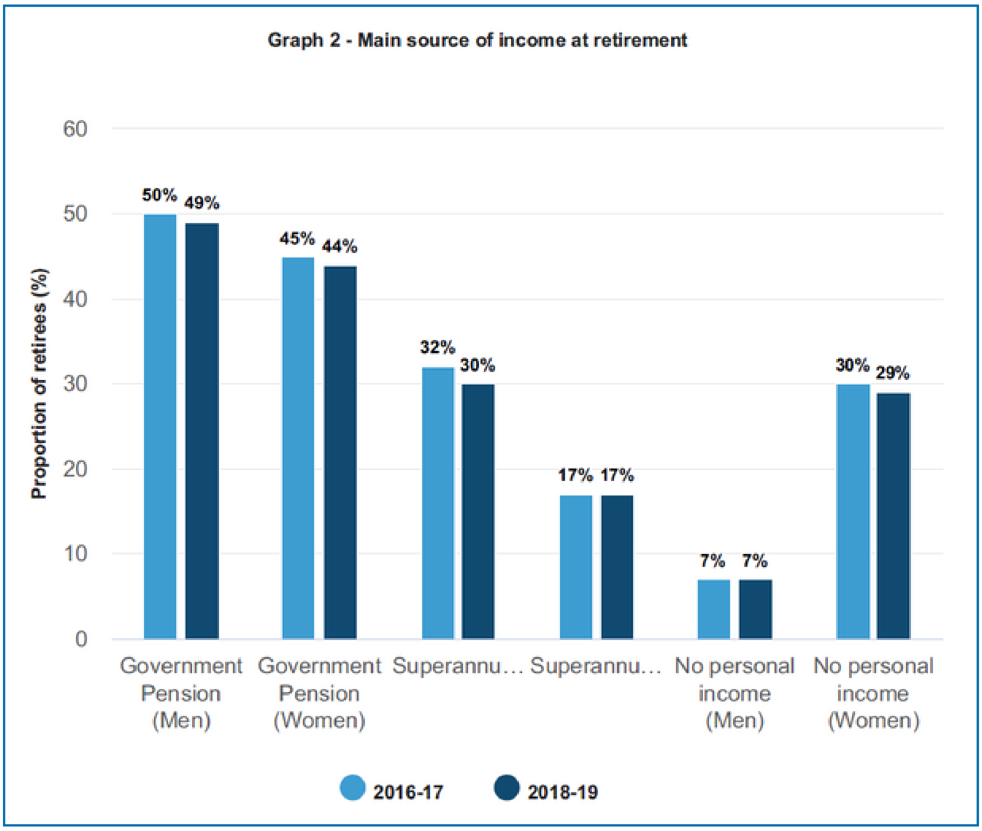
This article will walk you through the most important things you need to consider in terms of retirement planning, succession planning, selling your business and ensuring all your hard work ensures you leave a safeguarded legacy for those you care about. It will also outline the ways your accountant can help you make a plan and - most importantly - action it.

Your Retirement 1 Number

All the work that goes into taking control of your financial universe, such as removing debt and planning your future and retirement, is to help give you the time and freedom to focus on things that bring meaning to your life.

This is particularly important when you reach your 40's and start to think about your retirement planning. Knowing exactly how much money you need to put away to make work a choice is extremely powerful, but many people don't realise this until it's too late.

The Global Retirement Reality Report 2018 found that 45% of Australians feel financially insecure about their retirement. 38% of Australia's working population believe their expected savings will be 'not at all close' to what they need when they retire. This is backed up by the fact that the retirement savings gap (the shortfall between your retirement income and the income needed for your life expectancy) per Australian in 2014 was estimated to be around $70,100 after the Age Pension. With 50% of the population relying on the government pension as their main source of income (see graph below), it's no wonder people feel so much



doubt and uncertainty about retirement.

Of course, financial comfort is relative and not defined by a single asset value. But feeling financially comfortable in retirement and having the security, comfort and confidence to know your income is taken care of is invaluable.

So, how much do you need to comfortably retire? The most common rule of thumb in retirement planning is two-thirds (67%) of your pre-retirement income to maintain the same standard of living in retirement. **Table 1** shows the Association of Superannuation Funds of Australia's (ASFA) estimate of how much money you'll need in retirement, depending on your lifestyle.

Table 2 lays out the maximum age pension you can receive per year if you own less than the maximum assets you can have to be eligible.

In 2021, the average life expectancy is 83.64 years and Pension age is 66 years, giving an approximate retirement period of 17.5 years.

To live at a comfortable standard as a couple, receiving the maximum age pension of $37,014 per year, you would only need to make up the remaining $25,678 per year. ***17.64 years x $25,678 per year = $452,960.***

Table 1 - AFSA Retirement Standard (based on June quarter 2020)

AFSA Retirement Standard	Annual living costs	Weekly living costs
Couple - modest	$40,380	$774
Couple - comfortable	$61,909	$1,186
Single - modest	$27,902	$535
Single - comfortable	$43,687	$837

$452,960 in super for singles, and $682,827 for couples combined should be your minimum goal retirement number.

Retirement planning is about making sure your money goes the distance. Chat to our team if you'd like some help planning ahead so you can reap the benefits of financial freedom now and into the future.

Questions to ask yourself

- What age do I want to retire at?
- How much money will I need for retirement and where will I get it?
- What recreational activities are on my to-do list and what would they cost?
- How and when will I access my super?
- Will I be entering retirement debt-free?
- Do I have other matters such as insurance, investment and estate planning that need addressing?
- Will I relocate or downsize?
- Do I want to make any final super contributions?

Questions to work through with our team

- How much money do I need to have saved to retire at my desired age?
- Can you help me manage my savings, debt, estate plan and dependants in retirement?
- Will I be eligible for government entitlements?
- Can you help me review my insurance
- What are my salary sacrifice options?
- Can you help me find advisers to assist with my investments and estate planning?

Creating a retirement plan

Even though selling a business is one of the biggest decisions you will ever make in your lifetime, many business owners have no clear plan or direction for how, when, and to whom, they will sell.

Not knowing what the future holds keeps you chained to the short-term.

Table 2 - Maximum pension you can receive based on home ownership

	Single	Couple
Maximum pension per year	Approx. $25,678	Approx. $38,709 combined
Maximum assets you can own to receive full pension	$268,000 for homeowners $401,500 for non-homeowners	$482,500 for homeowners $616,000 for non-homeowners
Maximum assets you can own to receive at least part pension	$583,000 for homeowners $797,500 for non-homeowners	$876,500 for homeowners $1,091,000 for non-homeowners

Source: From 20 March 2022. Australian Government Services.

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Not having a plan for how to exit your business or manage the successful succession of something you've spent your lifetime building is actively holding you back from a higher quality of living.

Too many business owners underestimate the amount of time, energy and work that goes into preparing a business for sale. The last thing you want is to hit your 60's looking to comfortably retire and instead finding yourself with all the additional stress and regret of not having a clear exit strategy.

Given that your retirement lifestyle is at stake, the sale transaction of your business should be effectively planned, managed and executed. Our team can help you form a clear plan around who to sell to, at what price, how to sell, and when to sell your business.

The transaction will take preparation time – mentally, financially and operationally.

This time helps to focus you on tidying up the business, thinking through what creates value in your business, reducing key person dependence, and ensuring that you can communicate to a potential buyer how the business creates value independent of you as the owner.

Here is what all business owners who plan to one day sell their business should have:

- Early preparation
- Annual valuation of the business
- Documented plan to create value in the business
- Written outline as to potential exit options
- Advisors who understand how a business can be sold
- Advisors who can look after the tax and legal issues

Maximising the value of a business sale takes preparation, time, understanding of valuation and a clear strategy. If you've built a great business over the course of your lifetime, you owe it to yourself to exit on your own terms and reap the rewards in your retirement.

Give yourself the freedom to plan beyond the here and now. Think about where you want to be in the next ten or twenty years of your life. Is it relaxing somewhere in a holiday house that's been fully paid off, or running around still managing the day-to-day of your business? Start as you intend to finish.

Questions to ask yourself

- How much do I want to live on in retirement?
- How much income do I want to be making from passive sources each year?
- Is your business valued annually?
- Do you understand what creates and destroys value within your business?
- How would you document the value creation processes in your business?
- Can you explain to a possible purchaser why your business is worth your asking price?

Questions to work through with our team

- What do I need to do to prepare for these key succession and wealth management issues?
- What is the process of preparing my business for sale?

Summary

There are many kinds of wealth - experiences, memories, people we love and care for, and the financial security that makes everything possible.

Running a business is incredibly tough, building a great business is even more challenging. That's why having an expert on your side who understands your business and your personal financial goals is vital. You need someone who knows what you want to achieve not only in the near future, but in the next ten, twenty and thirty years of your life.

Our team have helped thousands of business owners get control of their finances, grow their business and wealth, and set themselves for a successful retirement. Get in touch if you want to find out more about how we can help you plan your retirement and your business succession plan.

2022 TAX RETURN CHECKLIST
INDIVIDUAL TAX RETURNS

Income

- Gross salary, wages, allowances, benefits, earnings, tips, Directors Fees and Insurance for lost wages.
- Income from business activities.
- PAYG Payment Summaries or Income Statements from MyGov
- Details of any non-cash benefits received including discount(s) on employee shares or rights.
- Lump sum and termination payments. All documentation should be provided including an ETP Payment Summary from the employer or fund.
- Government Social Security payments, including pensions, unemployment and sickness benefits.
- Details of any CGT asset sales (e.g. shares, business and real estate). Please include dates of, and costs associated with, acquisition and disposal (You can save tax if you qualify for the variety of CGT concessions).
- Annuities, including allocated pensions or superannuation income streams.
- Income from trusts and partnerships. Statements of distribution should be provided where appropriate.
- Rental income.
- Interest and dividends received from any source including life insurance or friendly society bonuses and any tax deducted. Include details of franked dividends (i.e. imputation credits).
- Foreign source (employment and pension) income and details of any foreign tax credits, assets or property

Deductions

- Investment and property expenses (carefully detail interest and repair claims), supply statements.
- Work-related subscriptions or memberships (not including sporting or social clubs).
- Employment related expenditure such as self-education, protective clothing, tools, union fees, uniform and laundry expenses.
- Motor vehicle expenses, car finance lease statements (include petrol, repairs, parking and maintain a Motor Vehicle Log Book where necessary).
- Donations of $2 and over.
- Income Protection Insurance Premiums.
- For Self-Employed persons, details of any Superannuation Contributions made.
- Home office expenses where employment requires use of your computer, phone or other device.
- Tax Agent Fees and other accounting/tax audit fees.
- Special deductions (Australian films, investment shelters and agribusiness-type schemes).
- Unrecouped prior year losses

Rebates

- Private health insurance annual statement (request from Health Fund)
- Details of superannuation contributions where no tax deduction can be claimed.
- Any changes in dependants, children's details, DOB and any Centrelink benefits applicable(income of spouse should also be provided).
- Details of any income received in a lump sum which was accrued in earlier income years (e.g. assessable pensions).
- Details of any remote work performed for 183 days or more.
- HECS-HELP Debt details.

8 Most Common Errors in Income Tax Returns

1. Omitting Interest Income
2. Incorrect or Omitted Dividend Imputation Credits
3. Capital Gains/Losses are Incorrect or Omitted
4. Understating Income
5. Home Office Expenses
6. Depreciation on Rental Property Fixtures and Fittings
7. Depreciation on Income Producing Buildings
8. Borrowing Costs associated with Negative Gearing

2022 TAX RETURN CHECKLIST
BUSINESS TAX RETURNS

Income
- Trading Income.
- Other Income (e.g. Rent, Interest, Royalties).
- Stock on Hand at June 30, 2022 (and basis of valuation) – note any obsolete stock.
- Work-in-Progress at June 30, 2022.
- Primary Producer subsidies (if assessable).
- Details of CGT assets (e.g. shares and real estate) sold, including dates of, and costs associated with acquisition and disposal.
- Dividends, including details of franking credits.
- Income from foreign sources including details of any foreign taxes paid.

Deductions
- Repairs and maintenance.
- Salaries, including fringe benefits.
- Fringe benefits tax paid.
- Rates, land taxes and insurance premiums.
- Advertising expenses.
- Interest on borrowed monies.
- Deductions relating to foreign-source income.
- Prepaid expenses (subject to transitional rules).
- Retirement payments and golden handshakes.
- Bad debts actually written off during the year.
- Donations of $2 and over depending on the recipient.
- Commissions.
- Legal expenses.
- Lease or Chattel Mortgage payments on motor vehicles and equipment.
- Losses of previous years
- Superannuation contributions.
- Subscriptions.
- Car expenses (remember to include petrol, repairs and parking and maintain a log book where necessary).
- Tax agent's fees and other accounting and tax audit fees.
- Royalties paid.
- Details of the destination and purpose of any interstate or overseas trip. Expenses must be fully documented where travel involves at least one night away from home. Travel diaries should be included where travel exceeds five nights.
- Research and development expenditure.
- Bank fees (where the credit or deposit represents assessable income).

Liabilities
- New loans taken out during the year and their purpose, including any new lease or chattel mortgage agreements on vehicles, equipment or machinery.
- Statements from the lending authority detailing the opening and closing balances of existing loans during the financial year.
- Provisions for long service and annual leave.
- Creditors at June 30, 2022.
- Details of loan accounts to directors, shareholders, beneficiaries and partners.
- Accrued expenses (e.g. audit fees, interest payments).
- Commercial debts forgiven.

Assets
- Details of depreciable assets acquired and/or disposed of during this income year, including:
  - type of asset;
  - date of acquisition;
  - consideration received/paid.
  - Lease commitments.
  - Debtors at June 30, 2022.
  - Commercial debts forgiven.

Additional Information Required
- Franking account details/ movements.
- Overseas transactions, exchange gains/losses.
- Private companies – remuneration or loans to directors, shareholders and their relatives.
- Changes to the capital of the company.
- Whether family trust elections have been made in relation to trusts.

Note:
To ensure that you obtain the maximum deductions to which you are entitled and in consideration of the penalty provisions, FULL DETAILS of any claim should be provided and supporting documentation made available. For employee taxpayers and for travel and motor vehicle claims by self-employed taxpayers, documentation must be a receipt, tax invoice or similar document which contains certain details. For other taxpayers, documentation may comprise receipts, dockets, diary notations or reasonable and supporting estimates.

Get in touch with us today if you want to chat about anything in this newsletter.

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