

A photograph of two people in a meeting. One person is pointing at a tablet screen while the other looks on. There are laptops and a smartphone on the table.

2025 Tax Planning Guide for Businesses

As the end of the financial year approaches, now is the ideal time to review your tax strategies. Use this guide to explore effective ways to reduce your business tax before 30 June 2025.

Is Your Business a “Small Business Entity”?

Businesses with an aggregated turnover of less than **\$10 million** (including any connected or affiliated entities) may qualify as a **Small Business Entity** and access various ATO tax concessions. Ensure your business meets this threshold during the 2025 financial year.

Lower Company Tax Rates

For the 2025 year, companies with turnover under **\$50 million** pay a **25% tax rate**, provided no more than 80% of income is from passive sources (e.g. rent, dividends, interest, royalties, or capital gains).

Tip: If you operate via a Trust, consider distributing profits to a **Bucket Company** to cap tax at 25%, subject to it being a "base rate entity." Talk to your advisor to confirm eligibility.

Tax Sting – Sale of Fully Expensed Assets

Businesses that wrote off assets under **temporary full expensing (up to 30 June 2023)** must include sale proceeds as income when those assets are sold. Replacement assets costing **\$20,000 or more** will generally need to be depreciated. **Plan ahead for any additional tax liability.**

Maximise Deductible Super Contributions

The **concessional superannuation cap** for 2025 is **\$30,000** per individual.

- Contributions must be received by the fund **before 30 June 2025**.
- This cap includes **employer Super Guarantee contributions**.
- Contributions over the cap are added to your assessable income and may incur additional charges.

Tools of Trade & FBT-Exempt Items

Consider purchasing **FBT-exempt work-related items** for yourself or employees before 30 June 2025.

Eligible items include:

- Tools of trade
- Laptops, tablets
- Mobile phones
- Protective clothing
- Briefcases
- Business-related software

Structured correctly, you can:

- Claim a **tax deduction**
- Receive **GST credits**
- Reduce employee salary packaging cost by the **GST-exclusive** amount

Defer Investment Income & Capital Gains

If practical, **defer income** such as:

- Term deposit interest
- Capital gains (ensure contract date falls **after 30 June 2025**, not just settlement date)

Also, if you own an investment property, obtain a **Property Depreciation Report** to maximise deductions.

Private Company Loans (Div 7A)

- For previous year loans, ensure **minimum repayments** are made by 30 June 2025.
- New loans must be **repaid** or have a **formal loan agreement** before the company tax return due date.
- Failure to comply may result in the loan being treated as an **unfranked dividend** to the shareholder.

Motor Vehicle Expenses

Ensure one of the following methods is applied:

- **Logbook method**: Maintain a 12-week logbook (starting on/before 30 June 2025) and record the **30 June odometer reading**.
- **Cents per km method**: Claim up to **5,000 business kilometres** (no logbook required, but must be a reasonable estimate).

Retain **all vehicle-related receipts**.

Year-End Stocktake / Work in Progress

- Conduct a detailed **stocktake** or **WIP listing** as at 30 June 2025.
- Identify and **write off obsolete or worthless stock**.
- Consider different valuation methods to optimise tax outcomes.

Write-Off Bad Debts

- Review your **accounts receivable** and write off any **unrecoverable debts** before 30 June 2025.
- Document this in meeting minutes and record it in your accounting system.

Small Business Concessions – Prepayments

If you're eligible under the Small Business Concessions, you can **prepay expenses** (e.g. rent, interest, subscriptions) up to **12 months in advance** and claim a **full deduction** in 2025.

Trustee Resolutions – Discretionary Trusts

Trustees must prepare and sign **Trust Resolutions before 30 June 2025**.

Recent ATO rulings may affect **distributions to adult children**, so it's essential to seek advice and plan carefully.

IMPORTANT INFORMATION

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