GLANCE CONSULTANTS
CHARTERED ACCOUNTANTS

Tax Planning Tips for Individuals

Now is the ideal time to review the strategies available to help minimise your tax before 30 June 2025. Saving tax could open up opportunities such as:

- Reducing your home loan
- Topping up your superannuation
- Saving for a holiday
- Contributing to an investment property deposit
- Funding your children's education
- Upgrading your car

However, remember: spending money solely for a tax deduction only makes sense if the outcome is genuinely beneficial to you.

Home Office Expenses

If you've been working from home, you may be eligible to claim a tax deduction.

- **Revised Fixed Rate Method**: Claim **$0.67 per hour** worked from home. This rate includes most home office expenses (e.g. electricity, internet, stationery). You must keep detailed records of hours worked.
- **Actual Cost Method**: Alternatively, you can claim the actual costs incurred. Keep **all receipts and invoices** to substantiate your claims.

Superannuation Contributions

Superannuation can be a powerful tool for both building wealth and reducing tax.

Tax-Deductible Contribution Cap: $30,000

- The concessional contribution cap is **$30,000** for everyone under age 75.
- If you're over 67, you must meet the work test to contribute.
- These contributions are taxed at **15–30%**, which is generally lower than personal tax rates of **32–47%**.

Carry-Forward Contributions

- Unused concessional cap amounts can be carried forward for up to **five years** (from 2019–20 onwards).
- If not used within five years, the opportunity is lost.
- 2020 unused contributions will **expire after this year**, so act now if eligible.

Spouse Contributions

- You can contribute to your spouse's super (married or de facto) if eligible.
- You may qualify for a **tax offset of up to $540** for contributions of up to $3,000 if their income is **$37,000 or less**, phasing out completely at **$40,000**.

High-Income Earners: Additional Super Tax

- An extra 15% tax (Division 293) applies to super contributions if your income exceeds **$250,000**.
- Despite this, contributions may still be tax-effective compared to paying the **top marginal rate of 47%**.

Government Co-Contribution

- If you earn at least 10% of your income from employment or business and contribute after-tax money to super, you may be eligible for a **government co-contribution of up to $500**.
- Maximum benefit is available if you earn **$45,400 or less** and contribute **$1,000**.
- Phases out at **$60,400**.

Investment Ownership Structures

Review the ownership of your investments to optimise tax outcomes. For example:

- Using a **Family Trust** can provide income distribution flexibility and enable **tax-free distributions of up to $416 per child or grandchild annually**.
- Seek professional advice before making ownership changes due to **capital gains tax and stamp duty implications**.

Property Depreciation Reports

If you own an investment property, a **Quantity Surveyor's report** can significantly boost your deductions by allowing claims for capital works and depreciation.

- The cost of the report is usually recovered through **first-year tax savings**.

Motor Vehicle Expenses

Maintain an accurate **12-week logbook** (starting no later than 30 June 2025) to claim actual motor vehicle costs. Keep:

- Odometer reading at 30 June
- All related receipts and invoices

Alternatively, use the **cents per kilometre method** (max 5,000 business kms) without needing a logbook.

Salary Sacrifice into Super

If your income is **$45,000 or more**, salary sacrificing into super can:

- Reduce your taxable income
- Boost your retirement savings
- Lower the tax paid on that portion of income

This is especially helpful for those nearing retirement.

Prepaying Expenses and Interest

You can bring forward deductions by prepaying eligible expenses before 30 June:

- Up to **12 months of interest** on investment loans (property or shares)
- Other investment-related expenses such as **repairs, subscriptions, memberships, or journals**

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Insurance Premiums

Your **ability to earn income** is one of your most valuable assets. Consider:

- **Income Protection Insurance**, which typically covers up to **75% of your salary** if you're unable to work due to illness or injury
- Premiums are usually **tax-deductible**
- You can also prepay premiums for **12 months** to bring forward the deduction

Work-Related Expenses

Keep receipts for work-related expenses such as:

- Uniforms
- Training courses
- Books and materials

These may be tax-deductible.

Capital Gains and Losses

- Consider **selling underperforming investments** before 30 June to offset capital gains with capital losses.
- **Unused capital losses** can be carried forward to reduce future capital gains.

Deferring Income and Gains

Where possible, delay the receipt of:

- Investment income
- Sale of assets triggering capital gains

Tip: The **Contract Date** (not Settlement Date) determines the tax year the capital gain applies to.

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