



**BUILDERS
ACADEMY**
AUSTRALIA

15 TOP TIPS

**TO PREPARE YOUR CONSTRUCTION
BUSINESS FOR TAX TIME**





FOUNDED BY THE
SIMONDS
G R O U P

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Information in this guide should not be taken as formal advice and individuals and businesses should speak to their accountant regarding their specific circumstances.



Yep, it's that time of year again — tax time.

For the vast majority of taxpayers, it's a scramble to gather faded receipts and furiously Google what deductions can be claimed as the dreaded July 1 deadline approaches.

With all the responsibilities small business owners have, it's easy to overlook work deductions that could have a huge impact on reducing your taxes.

The Australian Tax Office's small business deductions list is a lengthy one, but even spending a few minutes reviewing it could save you a small fortune at tax time.

If you work in the building and construction industry, there is a range of tax deductions available to you, based on your employment.

To make things a little easier, Builder's Academy Australia has compiled a list of 13 top tips to help take the pain out of tax time before the 30 June deadline.

You should always consult with a qualified accountant and/or the Australian Tax Office if you have questions.

1. IS YOUR BUSINESS

A “SMALL BUSINESS” ENTITY?

Small businesses can access a range of tax concessions from the ATO.

To qualify as a “Small Business Entity”, the business must have an aggregated turnover (your annual turnover plus the annual turnover of any business connected/affiliated with you) of less than \$10 million and be operating a business for all or part of the financial year.



2. BE CERTAIN

TO GET SUPER DEDUCTIONS

Even though superannuation doesn't have to be paid until 28 July, paying employee and personal contributions by 30 June will allow time for processing delays and getting valuable deductions this year.



Note: According to the Australian Tax Office (ATO), superannuation is only deductible when paid. That means that it must be cleared through your bank account, received and recorded by the employee's superannuation fund prior to that date.

Be prepared; pay early.

3. INSTANT DEDUCTION/

INSTANT ASSET-WRITE OFF

The instant asset write-off allows eligible businesses to claim an immediate deduction for certain costs relating to depreciating assets. The Government announced an extension of the Instant Asset Write-Off by one year to 30 June 2023.

The instant asset write-off threshold of \$150,000 applies to businesses with an aggregated turnover of less than \$500 million. For assets you start to hold, and first use (or have installed ready for use) from 6 October 2020 to 30 June 2023, the threshold does not apply. You can immediately deduct the business portion of the asset under temporary full expenses.

THRESHOLDS

From 12 March 2020 to 30 June 2021 (installed and ready for use during the period), new or second-hand depreciating assets costing less than \$150,000 (GST exclusive), can be written off by businesses that have an aggregated turnover of less than \$500 million.

From 6 October 2020 to 30 June 2022 (installed and ready for use during the period), new eligible assets are 100% tax deductible for their full cost by businesses that have an aggregated annual turnover of less than \$5 billion.

From 6 October 2020 to 30 June 2022 (installed and ready for use during the period), new or second-hand eligible depreciable assets are 100% tax deductible for their full cost by businesses that have an aggregated turnover of less than \$50 million.

From 31 December 2020 to 30 June 2021 (installed and ready for use during the period), second-hand eligible assets costing less than \$150,000 (GST exclusive) are 100% tax deductible for their full cost by businesses that have an aggregated turnover of between \$50 million and \$500 million.

For income years ending between 6 October 2020 and 30 June 2023, you can deduct the balance of your small business pool under temporary full expensing. Without the extensions, the instant asset write-off threshold of \$150,000 would have reverted to the \$1,000 threshold and is eligible only to small businesses with a turnover of less than \$10 million after 30 June 2020.



4. PAY EXPENSES

IN ADVANCE

If your cashflow allows it, consider paying recurring expenses in advance.

like insurances, interest, rent, conference fees, subscriptions or travel costs can mean an immediate deduction.

Note: The expense may not be eligible if it covers more than 12 months.



5. CLAIM DEDUCTIONS NOW

FOR FUTURE EXPENSES IN ADVANCE

You may be entitled to claim an immediate deduction for expenses you are committed to, goods or services that have been received or work performed – even if it won't happen before year end. This includes salaries and wages, staff bonuses and directors' fees.



6. SPEND UP!

...But only if you need to.

If you need to replace low-cost equipment or purchase new tools, computers or other equipment soon, consider purchasing them before 30 June to get the full tax benefit now.



7. REPAIRS

AND MAINTENANCE

Make payments for repairs and maintenance (business, rental property, employment) before 30 June.



8. WRITE OFF

BAD DEBTS



To deduct a bad debt, the ATO requires you to write it off while it still exists, prior to 30 June. Review your accounts receivable with your accountant or bookkeeper to determine whether a deduction qualifies before the deadline.

9. MOTOR VEHICLE

LOG BOOK

Ensure that you have kept an accurate and complete Motor Vehicle Logbook for at least a 12-week period. The start date for the 12-week period must be on or before 30 June. You should make a record of your odometer reading as at 30 June and keep all receipts/invoices for motor vehicle expenses.

An alternative (with no logbook needed) is to simply claim up to 5,000 business kilometres (based on a reasonable estimate) using the cents per km method.



10. CHECK YOUR ASSETS

AND INVENTORY

Consider writing down or writing off obsolete stock.

Then think about revaluing the remaining stock using one of three methods: cost price, market selling value or replacement value. Choose the method that produces the lowest stock value: if the value of closing stock is less than the value of your opening stock, you may receive a deduction. When the reverse occurs, you may generate income.



11. TRAINING

You are able to make claims for self-education expenses as long as the education is connected to your current employment and designed to improve your skills or increase your income potential in your current role.



You can claim the cost of attending seminars, conferences and training courses such as the [CPC40120 Certificate IV in Building and Construction \(Building\)](#) or [CPC50120 Diploma of Building and Construction \(Building\)](#) with Builders Academy Australia.

You are able to claim the cost of textbooks, course fees, stationary, Internet access, student union fees, travel expenses and decline in value of equipment (such as computers).



12. MATERIALS

AND SUPPLIES

If you're a construction worker renovating your own home, remember to exclude any materials and supplies used in the renovations from your business expenses.

You're only allowed to claim expenses that relate to the income you earn.

The ATO use sophisticated benchmarking software to identify taxpayers who are reporting high expenses compared to their income.



13. PAY ON TIME

DONT OVERCLAIM

Unpaid taxes and fraudulent claims are serious business. The Australian Tax Office is actively looking to recover billions of dollars with a large portion of that owed by small businesses. It's critical to submit accurate returns and pay on time.

Remember this is general advice, you should always consult with a qualified accountant and/or the Australian Tax Office if you have questions.



14. WORKING

FROM HOME

If you're self-employed you can claim your time for things like invoicing, quoting and contacting clients while at home. It's important that you record all of these incurred expenses.



Tracking your working from home expenses can be challenging, so the ATO introduced a temporary shortcut method. Using this method, you can claim 80 cents per hour for each hour you work from home.

The shortcut method ends on 30 June 2022. After this time, you'll need to use either the fixed rate method or actual cost method.



15. DID YOU RECEIVE

GOVERNMENT SUPPORT?

If you received a government grant or support such as JobKeeper, some of these payments might be taxable. Find out if your payment is taxable or non-taxable on the ATO website with a breakdown that includes but is not limited to:

- COVID-19 Disaster Payments
- Pandemic Leave Disaster payment
- JobKeeper
- Cash flow boost
- Payroll tax relief



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CONTACT US TODAY TO DISCUSS YOUR TRAINING NEEDS

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