



# Small business Tax time checklists

The ATO wants to make it as easy as possible for all small businesses to understand and meet their tax obligations at tax time. Whether you use a registered tax agent or lodge your own tax return, here are some checklists to help you this tax time.



## Good record keeping

- ✔ Make good record keeping a habit. Record keeping is a crucial part of any business – find a system that works for you.
- ✔ Follow our tips to make keeping records easy
  - Keep records electronically (if possible).
  - Keep evidence of all transactions.
  - Take photos of paper receipts to avoid faded records.
  - Keep all business records including income, expenses and bank records – you generally need to keep them for five years.
  - Keep your business records separate from your personal records.
- ✔ Make sure your business records include cash, online, EFTPOS, bank statements, credit and debit card transactions covering
  - sales and other business income
  - business expenses you will claim as a deduction such as staff wages, contractor expenses, business travel expenses and operating expenses.
- ✔ Keep records that show when you use business purchases for private purposes, which will help you work out the business portion you can claim as a deduction.
- ✔ Use our [record keeping evaluation tool](#) to review your record-keeping practices from time to time and see if you're still on the right track.
- ✔ If you changed your record-keeping software during the year, check that all your information has correctly transferred over.
- ✔ If you are a sole trader with simple tax affairs, use the [myDeductions](#) tool in the ATO app to track your income and expenses throughout the year. At tax time, send a copy to your registered tax agent or upload your data into your tax return.
- ✔ Gather, sort and keep good records so it's easier for you (and your registered tax agent, if you use one) to
  - prepare and lodge a tax return
  - manage cash flow
  - meet your tax obligations
  - see how your business is doing.
- ✔ See [Income and expenses for tax returns](#) or go to [ato.gov.au/taxreturnrecords](#) for more information about managing your records for tax time.



## Income

- ✔ Check that you include all your business income in your tax return – including all your cash, EFTPOS, credit or debit card, and online sales.
- ✔ If you provide fringe benefits to your employees, include any employee contributions paid directly to you in your assessable income.
- ✔ If you are running a business and are paid mainly for your personal efforts, skills or expertise, check if you earn [personal services income \(PSI\)](#) this can affect the business expenses you can claim.
- ✔ Check our [personal services income tool](#) to work out if your income is PSI and if the special tax rules apply to you.
- ✔ See [Assessable income](#) or go to [ato.gov.au/businessincome](#) for more information about income for small business.



## Expenses and deductions

- ✔ Claim deductions for most costs you incur in running your business, such as staff wages and super, operating expenses and home-based business costs.
- ✔ Apply the three golden rules for claiming business expenses
  1. The money must have been spent for your business – not a private expense.
  2. If it is for a mix of business and private use, only claim the portion that is related to your business.
  3. You must have records to prove it.



- ✔ If you or your employees travel for business, claim business travel expenses.
- ✔ If you have a vehicle for your business, claim motor vehicle expenses associated with running and maintaining the vehicle such as petrol, rego and insurance.
- ✔ If you run your business at your home, or your business is based from home, claim the business portion of some expenses, including mortgage interest and electricity. If you then sell your home, you may have to pay capital gains tax (CGT) on the business portion and declare it in your tax return.
- ✔ Claim a deduction for donations made to an organisation if they are a deductible gift recipient (DGR).

- ✘ Don't claim expenses that are non-deductible, including
  - penalties and traffic fines
  - private or domestic expenses like childcare fees and clothes for your family
  - expenses related to income that is not assessable, such as money you earn from a hobby.
- ✔ Keep accurate records of all business transactions to support your claims and make it easier for you or your registered tax agent.
- ✔ See [Deductions](#) or go to [ato.gov.au/businessdeductions](http://ato.gov.au/businessdeductions) for more information about claiming deductions at tax time.

## Deductions for employers

- ✔ Work out if you can claim your own wage or salary
  - If you operate your business as a company or trust, your company or trust can generally claim a deduction for any salaries and wages it pays to you or other workers.
  - If you are a partnership or sole trader, you can only claim the salary or wages you pay an employee; not what you pay to yourself.

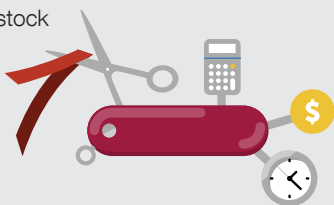
- ✔ Claim a deduction for costs incurred when providing a [fringe benefit](#) to your employees, including expenses that are not deductible but subject to fringe benefits tax such as [entertainment expenses](#).
- ✔ Claim a deduction for the fringe benefits tax you pay.



- ✔ To claim a deduction for super contributions, check your employer contributions have been received by the employees' super funds by 30 June 2018. If your payment is received by the employee's super fund on or after 1 July 2018, you can claim the deduction for that payment in the following financial year.

## Tax concessions

- ✔ Find out what concessions you can use for your business, including deductions, calculating tax, paying income tax and simplified record keeping.
- ✔ Concessions you can consider are
  - simplified trading stock rules, which allow you to estimate the value of your trading stock instead of doing a stocktake



- \$20,000 instant asset write-off to claim an immediate deduction by using simplified depreciation rules
- immediate deductions for prepaid expenses for payments covering a period of 12 months or less that ends in the next income year
- deductions for professional expenses for start-ups, for costs like professional, legal and accounting advice

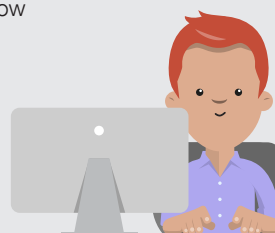
- accelerated depreciation for primary producers (for fencing, water facilities and fodder storage assets)
- small business income tax offset – if you are a small business sole trader, or have a share of net small business income from a partnership or trust, the offset can reduce the tax you pay by up to \$1,000.
- ✔ See [Concessions at a glance](#) or go to [ato.gov.au/concessionsataglance](http://ato.gov.au/concessionsataglance) for more information about concessions for small business.

## After you lodge

- ✔ Keep records that support your calculations and amounts shown in your tax return (generally for five years).
- ✔ If you have made a mistake or forgotten to include something in your tax return, make an amendment to your tax return.

How you do it depends on how you lodged and may be by

- a registered tax agent
- SBR-enabled software
- the Business portal
- myGov – for sole traders
- letter.



- ✔ See [How to request an income tax amendment](#) or go to [ato.gov.au/amendments](http://ato.gov.au/amendments) for more information about amending your tax return.

For more information, speak with your registered tax agent or visit [ato.gov.au](http://ato.gov.au)