



ANDRESEN M^CCARTHY PARTNERS

LEADING THE WAY



INSIDE:

- Accounting Resolutions For Your Business In 2023
- Why Do I Have To Fill Out A Tax Return For My Deceased Loved One?
- End Of The Lamington (LMITO)

7 Accounting Resolutions For Your Business In 2023

1 WORK ON YOUR BUSINESS

Re-establish your goals for the business in the new year. What is it that you wish to achieve? In what sort of time frame are you hoping to reach your goals? It is advisable to keep yourself and your business partners accountable by setting out a strategic plan to take those goals into account and turn them into actionable processes throughout the year.

2 REVIEW YOUR FIGURES

2023 should be about transparency and knowing what is going on in your business, particularly when it comes to your figures. Strive to review the books regularly (weekly or fortnightly) to help manage your cash flow effectively. These actions help to monitor and evaluate weekly revenue earned and the expenses your business is incurring.

If an adverse issue arises, you'll discover it and have the opportunity to rectify it promptly.

3 COLLECT UNPAID CUSTOMER INVOICES EFFICIENTLY

Remain courteous but firm about the payment of the invoice when communicating with customers to increase your chance of receiving payment and retaining the customer.

4 PLAN FOR SIGNIFICANT BUSINESS EXPENSES

During the course of 2023, unexpected business expenses are inevitable. Preparing for unforeseen costs now rather than later can avert significant financial problems when something doesn't go to plan.



Continued Next page

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SERVICES
Taxation
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7 Accounting Resolutions For Your Business In 2023

(Cont.)

5 KEEP AN EYE ON THE PAYROLL

Some key items around payroll to be aware of include:

Paying out bonuses to staff – your business is entitled to claim a tax deduction for the bonus expense.

Paying employees electronically – ensuring your bookkeeping software is up to date with electronic payment options and ensuring you meet Single Touch Payroll requirements.

Ensuring you are classifying people correctly for payroll purposes – arising from whether your people are classified as employees, independent



contractors or consultants in your bookkeeping software is very important. By misclassifying someone or incorrectly calculating their entitlements may lead to the imposition of penalties.

Ensuring you are paying superannuation on time – For most business's, at the end of each quarter, you have 28 days to ensure you have paid your employees superannuation entitlements to their super fund. This is important because if the payment for the entitlement is made on the 29th or 30th of the month your business will not be able to claim a tax deduction for the superannuation payments. Further, you must pay the superannuation guarantee charge (SGC) (which is non-deductible) and lodge an SGC statement with the ATO.

6 USE APPROPRIATE BOOKKEEPING SOFTWARE

You cannot correctly review your figures unless they are up to date. As such, it is wise to make this as easy as possible for you and your business. Consider using a cloud-based bookkeeping software such as Xero or

other online bookkeeping products to which you, your bookkeeper and your accountant have access.

Migrate from paper, and move to a cloud-based bookkeeping system with an electronic filing system. This will allow you to update documents to your bookkeeping software, make allocating expenses easier and allow GST to be recorded appropriately.

7 SEEK PROFESSIONAL TAX PLANNING ADVICE

The end of the financial year will soon be upon us. Prior to this, business owners should engage their accountants to discuss tax planning.

Tax planning is a way to ensure that your business is in the best possible position to make future decisions.

One of the key benefits is to reduce tax liabilities and business costs but it also gives businesses more flexibility and the ability to expand and grow by using real time data.

Why Do I Have To Fill Out A Tax Return For My Deceased Loved One?

At the worst time of your life, the last thing you want to think about is tax.

When a loved one dies, however, their affairs must be dealt with at some stage. This includes their tax obligations.

To deal with a deceased loved one's affairs, the help of a solicitor is highly recommended. Someone will be granted the role of executor or administrator of the estate of the deceased person (this is usually stipulated in a will).

From a tax perspective, there are a few things that the executor or administrator has to do.

The Australian Taxation Office (ATO) must be contacted and informed that your loved one has passed away. When you notify them of the death, they can tell you if the person had any outstanding tax returns for prior income years.

All their financial documents must be compiled, and you must lodge a return to date of death. This will only need to be lodged if your loved one had tax withheld from their income or had earned more than the tax-free threshold.

This final tax return differs from a normal tax return as it doesn't cover the full financial year - it only covers up to the day that the person died. All income and tax deductions until that day form part of the return to date of death.

There are still tax obligations that can occur after that day, such as income earned from investments or the sale of assets that may or may not be subject to capital gains tax. In these circumstances, the executor or administrator of the estate will need to apply for a separate and new tax file number for the estate. The estate is treated as a separate taxpayer and will pay tax as if it was an adult individual resident taxpayer.



This special treatment of the estate is received for up to three tax returns after the date of death. The number of tax returns the estate will need to lodge depends on how long it takes to wind up the estate.

End Of The Lamington (LMITO)

Next year's tax return may look a little different to previous years for low and middle-income earners, with an end to the Low-Middle Income Tax Offset (LMITO).

It has been confirmed that the 2021-22 income year will be the final year for the LMITO to be applied to returns, and it will not be available for future income years.

How Did The LMITO Work?

The LMITO acts as an offset, meaning that it reduces the tax you pay (known as your tax payable) on your taxable income. Your taxable income is your total income minus any deductions you claim.

In your 2021-22 tax return, nothing additional had to be completed for you to receive the low and middle-income tax offset.

The low and middle-income tax offset was not a cash refund. If you didn't pay any tax during the year, you wouldn't get the low and middle-income tax offset. Offsets are not used to reduce your Medicare levy & Medicare levy surcharge (if there is any). The LMITO did not affect this part of your tax return.



What Does This Mean For Next Year?

While the LMITO will not be available for the 2022-23 income year, the Low Income Tax Offset (LITO) may still be available (depending on whether the law is changed). This will automatically be applied by the ATO after you lodge your tax return next year.

The amount of the low-income tax offset (LITO) you receive will depend on your taxable income.

If your taxable income is:
\$37,500 or less
you will get the maximum offset of \$700

between \$37,501 and \$45,000, you will get \$700 minus 5 cents for every \$1 above \$37,500

between \$45,001 and \$66,667, you will get \$325 minus 1.5 cents for every \$1 above \$45,000

We are here to help

Make use of us! This guide is merely a starting point, designed to help you identify areas that might have a significant impact on your personal and business planning. We are always pleased to discuss matters with you and advise in any way we can.



Lets Celebrate You!!!
Happy 14 years' work Anniversary Elyse



Elyse came on board as a young intern in her last year of university in 2009, after graduating in 2010 she decided to begin her official working career as a full time graduate accountant with AMCP.

We want to give thanks to the years of dedication Elyse has put into the firm. Elyse your positive attitude, optimism and cheerfulness is an asset to our team, thank you for being you!



Important tax dates

21 APRIL

Lodge and pay March monthly activity statements

28 APRIL

- Lodge and pay March quarterly activity statements
- Lodge and pay Quarter 3 Instalment notices
- Pay super guarantee contributions, for quarter 3, (January-March)

15 MAY

Lodge 2022 tax returns for all entities that did not have to lodge earlier (including all remaining consolidated groups) that are not eligible for the 5 June concession. Due date for companies and super funds to pay if required

21 MAY

Lodge and pay March monthly activity statements

26 MAY

Lodge and pay eligible March quarter activity statements if have elected to receive and lodge electronically.