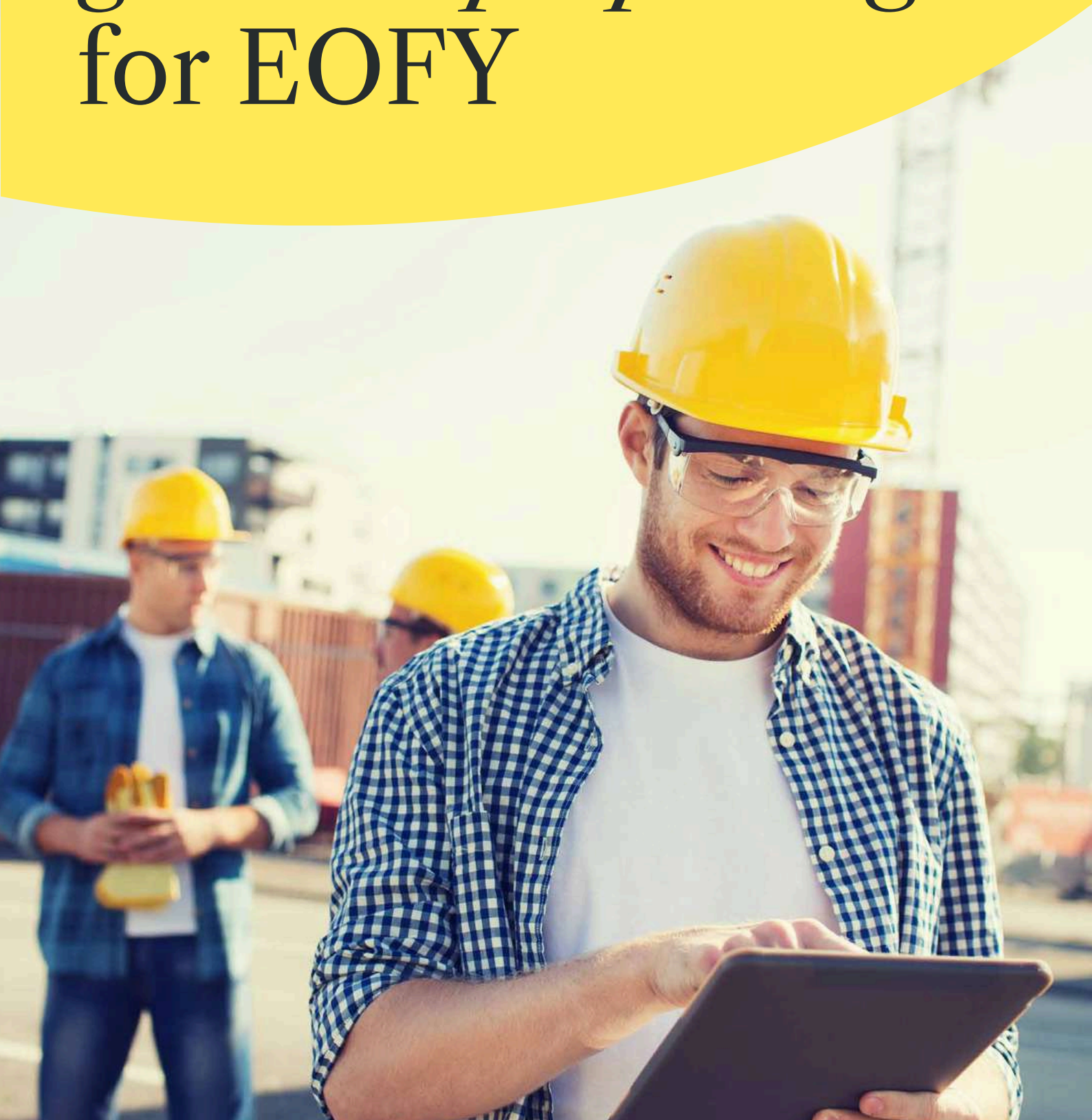
Valiant

The small business guide to *preparing* for EOFY



Why preparing for EOFY is important

As tax season approaches, preparation is key, not only to ensure compliance with tax regulations, but also to evaluate your business's financial health and plan for the year ahead.

With changes like payday super increasing the frequency of super obligations for employers, EOFY planning is becoming even more important for businesses managing cash flow, payroll, and working capital.

01 **Maximise tax deductions:**
Make sure you're claiming all eligible deductions and tax incentives available to your business.

---

02 **Stay ahead of tax obligations:**
Avoid missed deadlines, reporting errors, penalties, and unnecessary interest charges.

---

03 **Understand your financial position:**
Assess your business performance through key financial reports such as your profit & loss statement, balance sheet, and cash flow statement.

---

04 **Prepare for changing cash flow demands:**
Upcoming obligations like payday super may reduce flexibility for businesses relying on delayed or uneven customer payments.

---

05 **Plan for future growth:**
Use EOFY insights to create budgets, adjust your business plan, and set realistic goals for the year ahead.

Disclaimer: The information in this checklist is current as at May 2026, and has been prepared by Valiant Finance Pty Ltd (ABN 95 606 560 150) and its related bodies corporate (Valiant). The views expressed in this article are for general information purposes only, provided in good faith to assist Australian businesses, and should not be relied upon as professional advice. The information is based on data supplied by third parties. While such data is believed to be accurate, it has not been independently verified, and no warranties are given that it is complete, accurate, up to date or suitable for your specific circumstances. Valiant does not accept responsibility for any inaccuracy in such data and is not liable for any loss or damage arising, either directly or indirectly, from the use of or reliance on the information provided in this article. You should undertake your own research and seek independent professional advice before making any decisions based on the content.

Common EOFY and tax lodgement periods

BAS lodgements

Monthly or quarterly reporting, with due dates typically falling on the 21st or 28th of the month following the reporting period.

Super contributions

Due quarterly under current rules, with timing aligning more closely with pay cycles under payday super reforms.

Income tax returns

Due dates vary depending on business structure and whether you lodge through an agent, typically between May and October.

Financial statements to *prepare*

Profit & loss statement

A profit & loss statement is a detailed summary of your income and expenses during a specific period. This statement is used to understand your business's financial health, letting you know whether you made a profit or incurred a loss. It typically includes:

- **Revenue:** Total amount of money your business earned from the sale of goods or services during the period.
- **Cost of Goods Sold (COGS):** The direct costs of producing the goods or services you sell (for example, raw materials and labour).
- **Gross profit:** Your revenue minus COGS.
- **Operating expenses:** The costs related to running your business, such as rent, salaries, and marketing expenses.
- **Net profit (or loss):** Your gross profit minus operating expenses, which shows whether you made a profit (if it's a positive number) or a loss (if it's a negative number)

Balance sheet

Also known as a statement of financial position, a balance sheet is a summary of your business's financial balances. It offers insights into your working capital and liquidity by providing a snapshot of:

- **Assets:** What your business owns.
- **Liabilities:** What your business owes.
- **Owner's equity:** The amount of money your business would provide to its owner after subtracting all liabilities from its total assets.

Your assets can be current (such as cash, inventory, and pre-paid expenses) or fixed (such as leasehold, equipment, and renovations). Your liabilities can be current (such as accounts payable, income tax, and interest payable) or long-term, including loans.

Cash flow statement

A cash flow statement tracks all the money flowing in and out of your business, typically generated each month, quarter, and/or year. It details where your business spent money and where incoming cash is coming from, and it includes three types of cash-related transactions:

Cash flow activities	Definition	Examples
Operating activities	Cash generated or spent through your company's day-to-day business operations	• Revenue from sales • Salaries • Utilities
Investing activities	Cash flow from investing activities	• Purchase or sale of investments • Loans made to other companies
Financing activities	Cash raised or spent with the goal of funding the company	• Paying off loans • Repurchasing company stock • Borrowing money

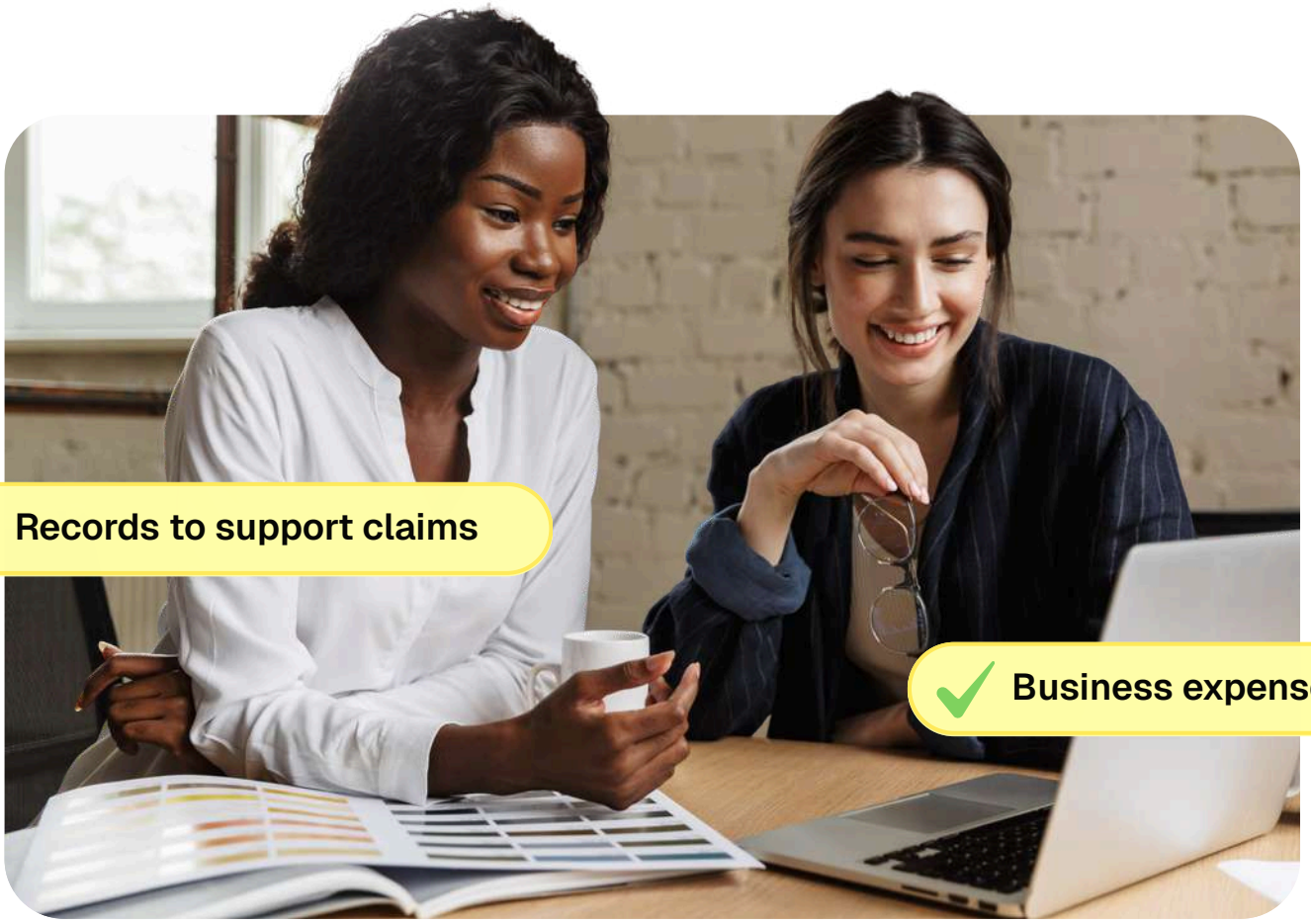
What you *can* claim

Whether you're unsure of what you can deduct or lack the documentation to back up your claims, underclaiming expenses can result in missed deductions and higher tax payable.

Is it tax deductible?

If you’re unsure, consider the 3 key rules for business tax deductions:

- THE EXPENSE MUST HAVE BEEN FOR YOUR BUSINESS, NOT FOR PERSONAL USE.
- IF THE EXPENSE IS FOR BOTH BUSINESS AND PERSONAL PURPOSES, YOU CAN ONLY CLAIM THE PORTION USED FOR BUSINESS.
- YOU MUST HAVE RECORDS TO SUPPORT YOUR CLAIM.



Common business deductions

Cash flow activities	Definition
Day-to-day operating expenses	• Rent • Utilities • Office supplies • Software and subscriptions
Employee-related expenses	• Salaries • Employee benefits, such as health insurance premiums and retirement plan contributions • Social security • Medicare • Training costs
Work-related travel expenses	• Taxis or rental cars • Mileage, tolls, and car parking you incur while using your personal car for business purposes • Airfare and hotels for business trips • Meals, if you are away overnight
Depreciation and capital allowances	If a depreciating asset is used to generate your assessable income, you can typically claim deductions for its decline in value over time.
Superannuation contributions	Super contributions are tax-deductible. Make them on time, so you can claim them as a deduction and avoid ATO penalties. With payday super changes increasing the frequency of contributions, many businesses may need to review payroll processes, working capital, and cash flow forecasting to ensure they can meet obligations consistently.

What you *can't* claim

Non-deductible expenses

While you don't want to underclaim and miss out on valuable deductions, you also don't want to overclaim and risk facing penalties. The best way to avoid this is to refer to ATO's official guidelines, keep detailed records of work-related expenses, and work with a tax agent.

As a general rule, a few deductions SMEs can't claim include:

- Personal expenses, like personal phone bills or car use
- Fines or penalties incurred by the business
- Most entertainment expenses
- Private health insurance
- Non-work-related education
- Interest on personal loans

Tax *incentives* for SMEs

Small businesses can take advantage of several tax incentives designed to boost cash flow and encourage growth:

Small business income tax offset

The small business income tax offset (also known as the unincorporated small business tax discount) reduces the amount of tax payable on eligible business income.

Eligible sole traders and small businesses may be able to claim:

- an offset of up to 16%
- capped at $1,000 per person

To qualify, your business must generally have aggregated turnover of less than $5 million for the financial year.

As eligibility rules and thresholds can change, it's worth checking the latest ATO guidance or speaking with your accountant.

Instant asset write-off

The instant asset write-off (IAWO) allows eligible businesses to immediately deduct the cost of certain depreciating assets in the year they are first used or installed ready for use.

This can help improve cash flow by bringing forward tax deductions on eligible purchases such as:

- equipment
- vehicles
- tools and machinery
- office technology

IAWO eligibility rules, turnover thresholds, and deduction caps can change between financial years, so it's important to confirm the latest rules before making EOFY purchases.

Recent Federal Budget measures have also provided greater long-term certainty around the IAWO for eligible small businesses, helping businesses plan asset purchases and investment decisions with more confidence.

If you're looking to take advantage of these rules before 30 June, organising finance early can help ensure equipment is delivered, installed, and ready for use in time.

R&D tax incentive

The R&D tax incentive supports businesses investing in innovation, product development, and new technologies.

Eligible businesses may be able to claim a tax offset for qualifying research and development activities, helping reduce the after-tax cost of innovation.

This may include projects involving:

- software or platform development
- process automation
- product improvements
- new digital capabilities

For example, if your business hires developers or technical specialists to build or improve internal systems, customer platforms, or proprietary technology, some of those costs may qualify under the program.

Tax return mistakes *to avoid*

Staying on top of your finances throughout the year can help prevent costly mistakes. Here are seven common tax deduction mistakes to avoid:

01 **Neglecting tax until tax time:**
Proactively plan by regularly consulting with an accountant or using accounting software to avoid last-minute issues and penalties.

02 **Underclaiming:**
Small business owners often miss out on potential deductions like home office expenses, travel costs, professional fees, and business-related software. Keeping accurate records can help reduce your tax bill.

03 **Overclaiming:**
As we touched on before, avoid overclaiming by referring to official guidelines and working with a tax agent, who can confirm your claims are legitimate.

04 **Not looking into tax incentives:**
Tax incentives like the small business tax offset and R&D tax incentive can save your business significant amounts.

05 **Incorrectly claiming or reporting GST:**
If your business is GST-registered, make sure you're only claiming GST on business expenses (not personal ones) and avoid mistakes in calculations.

06 **Missing tax deadlines:**
Missing deadlines can lead to penalties, so set reminders for key dates and work with your accountant to stay on track.

07 **Not keeping up with ATO guidelines:**
Tax laws change regularly. Stay informed by reviewing ATO guidelines or subscribing to their newsletters.

Managing ATO debt

Tax debt refers to money owed to the ATO for unpaid taxes—think GST, PAYG withholding, FBT, and income tax. Left unresolved, tax debt can quickly accumulate and create significant financial strain on your business.

If you're facing tax debt, there are several financing options to help you resolve the issue:

- Business loans: Working capital loans can help you pay off debt, giving you flexibility to clear your obligations.
- Invoice financing: If you have outstanding invoices, you can use them as collateral to secure funds and pay off your tax debt.
- Asset-based financing: You can secure a loan by using assets as collateral, allowing you to pay off the ATO.
- Debt consolidation: Consolidating multiple debts, including ATO debt, into one manageable loan with a lower interest rate can help simplify repayment.

The impact of GIC changes on ATO debt

The ATO's general interest charge (GIC) is no longer tax-deductible for businesses, increasing the effective after-tax cost of carrying ATO debt.

As a result, some businesses may consider alternative funding options, such as business loans, where interest may remain tax-deductible depending on individual circumstances.

Refinancing ATO debt through a business loan may help you:

- reduce repayment pressure
- improve cash flow predictability
- consolidate liabilities
- move away from compounding ATO interest charges

For businesses reviewing their EOFY position, it may be worth assessing whether existing ATO debt arrangements are still the most cost-effective option.

Preparing for the year ahead

With a new year often comes new opportunities. Here's what you can do prepare:

Review your business goals

With last financial year's performance fresh in your mind, this is a great chance to review existing goals, as well as set new ones.

Analyse areas of overspend and underspend, identify instances where you may have made unexpected profit or loss, and determine how much you paid in fees or interest on different accounts, as well as any services that are no longer needed. Based on your findings, set and prioritise new business goals and develop a roadmap to achieve them.

Create a new budget

Use this year's data to create a realistic budget for the year ahead. Allocate capital according to your strategic priorities, identify potential risks early, and prepare for upcoming obligations.

Review your business structure

As your business grows, a new governance structure may become more beneficial, either financially, legally, or operationally. Whether you go from sole trader to company, sole trader to partnership, or partnership to company, take this time to reassess what business structure best suits your circumstances.

Start tax planning early

Trust us, it's never too early. Make sure you have all your ducks in a row from day one, and come the next financial year, you'll have everything you need to prevent mistakes before they even happen, avoid penalties in case of an audit, and maximise your tax return.

Consider your financing options

EOFY can be a great time to level your business. As you review your goals and forecast your finances, you may decide to get a business loan as a way to invest in growth without draining your cash flow. Valiant offers a wide range of financing solutions to suit your needs, from unsecured loans to business lines of credit, equipment finance, and more. Speak to one of our brokers to receive free, tailored quotes in less than two minutes.

EOFY *checklist* for SMEs

- [ ] Review any planned asset purchases and organise finance before 30 June if needed
- [ ] Assess existing ATO debt and review whether refinancing could improve cash flow or reduce costs
- [ ] Make sure your financial records are up to date, including profit & loss statement, balance sheet, cash flow statement, invoices and expense records
- [ ] Review eligible business deductions and tax incentives
- [ ] Confirm your GST and BAS reporting is accurate
- [ ] Finalise payroll and ensure employee income statements are prepared through STP
- [ ] Check that super contributions have been paid on time and reconciled correctly
- [ ] Lodge outstanding tax returns and prepare for upcoming lodgement deadlines
- [ ] Review your business goals, structure, and budget for the new financial year
- [ ] Identify any upcoming cash flow gaps or funding needs early
- [ ] Start tax planning early for the year ahead

Need a hand with EOFY?

EOFY is a key moment to get your business in order and make confident decisions about what comes next, without putting unnecessary pressure on cash flow. If you're looking for flexible finance to support that next step, Valiant can help. Get a quote today.

Click here to get a quote, or call us today.

1300 780 568

valiantfinance.com

References

https://business.gov.au/finance/financial-tools-and-templates/set-up-a-profit-and-loss-statement

https:/business.gov.au/finance/financial-tools-and-templates/set-up-a-balance-sheet%C2%A0https:/business.gov.au/finance/cash-flow/set-up-a-cash-flow-statement

https:/smallbusiness.taxsuperandyou.gov.au/claiming-small-business-tax-deductions/the-three-golden-rules-for-business-tax-deductions%C2%A0

https:/business.gov.au/finance/tax/tax-deductionshttps:/www.ato.gov.au/about-ato/learn-about-tax-and-the-ato/tax-and-small-business/small-business-random-enquiry-program-findings%C2%A0

https:/www.ato.gov.au/businesses-and-organisations/income-deductions-and-concessions/income-and-deductions-for-business/deductions%C2%A0https:/tv.ato.gov.au/media/bd1bdiubfw7bqc%C2%A0

https:/www.ato.gov.au/businesses-and-organisations/income-deductions-and-concessions/income-and-deductions-for-business/deductions/tax-deductions-for-depreciating-assets-and-capital-expenses%C2%A0

https:/www.ato.gov.au/businesses-and-organisations/income-deductions-and-concessions/income-and-deductions-for-business/deductions/deductions-for-operating-expenses%C2%A0

https:/www.ato.gov.au/businesses-and-organisations/income-deductions-and-concessions/income-and-deductions-for-business/deductions/deductions-for-travel-expenses

https:/business.gov.au/planning/business-structures-and-types/restructuring/change-your-business-structure