



FINANCE NEWS | VIEWS | CLUES

JUNE 2020

TAX TIME & INSTANT ASSET WRITE-OFF

The end of financial year is upon us once again. That means we have a few days to act to ensure you can maximise your tax deductions for this financial year. Covid-19 has presented some additional opportunities for deductions with the instant asset write-off a huge boost for companies. Below we outline some tax tips for all workers starting with a specific focus on the government's asset write-off policy.

INSTANT ASSET WRITE-OFF

In light of the pandemic the government has upsized the instant asset write-off from \$30,000 to \$150,000. This allows small businesses to claim immediate deductions for new or second-hand plant and equipment purchases such as vehicles, tools and office equipment.

We have been financing a number of vehicles for businesses allowing them to claim all the depreciation in their next tax return rather than claiming it over a number of subsequent financial years. As with home loan rates the commercial asset finance rates are at all-time lows with some starting at only 3% depending on the circumstance.

For a profitable business this instant asset write-off provides an immediate benefit while being able to be fully financed at extremely low rates improving the overall cashflow of the business.

HAVE YOU WORKED FROM HOME DURING THE PANDEMIC?

If you are one of the millions of Australians who worked from home during the Covid-19 pandemic, you can access a temporary short-cut method to claim home office expenses as a tax deduction. For the period from 1 March 2020 to 30 June 2020, you can claim 80 cents per hour for each hour you worked at home. This covers all of your work from home expenses and no receipts are needed only a timesheet or diary showing the number of hours worked.

CAN YOU BRING FORWARD EXPENSES SUCH AS PRE-PAYMENT OF INTEREST?

If your cash flow is sound and you have a taxable income you could consider bringing forward expenses and/or deferring revenue. Pre-paying interest on loans (for example, a business loan, investor home loan or margin loan) is a classic example. Technically, you can pre-pay interest for up to 13 months in advance and claim the interest expense as a tax deduction in the current tax year.

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CAN YOU MAKE ADDITIONAL SUPER CONTRIBUTIONS?

If your employer contributions have not exceeded the \$25,000 cap you can make personal contributions up to that cap and claim a tax deduction. Additionally, you can contribute to a spouse's superannuation and earn a tax offset if they earn less than \$37,000 a year.

SEEK EXPERT HELP FROM US

M Point Finance is here to provide advice and assistance to our customers. The ability to finance new equipment especially cars has never been more attractive. With end of financial year savings and historically low rates the instant asset write-off makes it an attractive proposition. Reach out to Andrew (alennon@mpoint.com.au) and we can help you make that purchase before the end of the financial year.