



Small business

Top questions at tax time

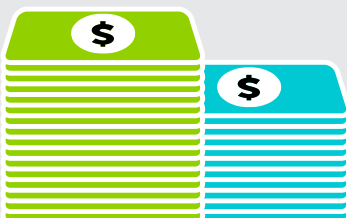
Small businesses often ask questions during tax time. Whether you use a registered tax agent or lodge your own tax return, here are the ATO's answers to some common questions asked each year.



What business income do I need to declare in my tax return?

When thinking about business income, start by including all of your gross earnings received through the ordinary course of your business. This includes any cash, EFTPOS, credit or debit card, and online sales. There may be other sources of business income you need to declare, depending on your circumstances.

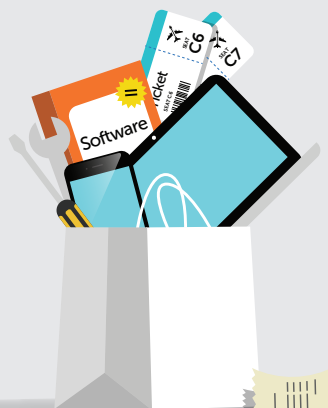
- ✓ Some common examples include:
 - net capital gains made when disposing of business assets
 - rental income from property owned by your business
 - any assessable government industry payments such as fuel tax credits
 - foreign income from overseas business activities (if you're an Australian resident)
 - distributions to your business from partnerships and trusts.
- ✓ If you are running a business and are paid mainly for your personal efforts, skills or expertise, you may be earning personal services income (PSI). The personal services income tool (ato.gov.au/psitool) will help you work out if your income is PSI and if the special tax rules apply to you.
- ✓ For more information, go to ato.gov.au/businessincome



What can I claim for my business at tax time?

You can claim most expenses you incur in running your business. While different businesses will have different costs, here are common expenses:

- ✓ **Operating expenses**
Most businesses have everyday operating expenses, including the costs of stationery, trading stock, advertising, bank fees and insurance. There are also operating expenses when your business is online such as registration, web hosting and licensing fees.
- ✓ **Business premises costs**
You can claim business premises costs such as electricity, phone, water, rental or lease. If you run your business at your home or your business is based from home, you can claim the business portion of occupancy expenses and running expenses, like mortgage and electricity.
- ✓ **Travel for business**
Do you or your employees travel for business? You can claim business travel expenses such as bus, plane, Uber or taxi trips. If you have a vehicle for your business, you can claim motor vehicle expenses associated with running and maintaining the vehicle such as petrol, rego and insurance.
- ✓ **Salaries and wages**
If you're an employer, you can claim the costs of employing people such as salaries and wages, and super contributions you make on their behalf.
- ✓ For all your business expenses, use the three golden rules:
 - 1. The money must have been spent for your business – not a private expense.**
For example, you can't claim private expenses such as traffic fines or clothes for your family.
 - 2. If it is for a mix of business and private use, only claim the portion that is related to your business.**
For example, if you buy a computer for your business and your kids use it to do their homework; that's private use. You'll need to work out how much of the computer's use was for your business and only claim a deduction on that portion of the computer's cost.
 - 3. You must have records to prove it.**
Whether it's paper or electronic, it is important to have a record like a receipt for your business expenses. You'll also need to show how you calculated the business portion of expenses, if that applies to the expense.
- ✓ For more information, go to ato.gov.au/businessdeductions



How can I track my income and expenses?

If you're a sole trader with simple tax affairs, you can 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.

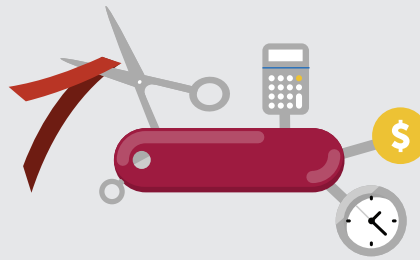
- ✔ For more information, go to ato.gov.au/myDeductions



Which tax concessions should I know about?

There are a range of tax concessions that your small business might be eligible for. Here are a few you should consider for your 2018 tax return.

- ✔ **\$20,000 instant asset write-off**
If you bought and installed business assets by 30 June, you may be able to write them off in your 2018 tax return. You need to pool depreciating assets that cost \$20,000 or more in a small business asset pool. For more information, go to ato.gov.au/SBdepreciation
- ✔ **Pre-paid expenses**
You can claim a deduction this year if you have prepaid an expense that ends in the 2019 financial year, for example the rent for your business premises or an insurance policy.
- ✔ **Simplified trading stock rules**
If you estimate that the difference between your opening and closing trading stock is \$5,000 or less, you don't need to do a stocktake. Instead, you can include the same amount for your opening and closing stock in this year's tax return.
- ✔ **Small business income tax offset**
You can get an offset of up to \$1,000 if you're a sole trader or have a share of net small business income from a partnership or trust.
- ✔ For more information, go to ato.gov.au/concessionsataglance



Can I see how my business compares to other businesses?

The Small business benchmarks can help you compare your business's performance against similar businesses in the same industry.

- ✔ You should check the health of your business each year to identify any issues early. The easiest way to use the benchmarks is by logging in to the [ATO app](#) and using the *Business performance check* tool. Just enter your figures and it will do the calculation for you. The ATO doesn't save any details and what you enter is anonymous.
- ✔ If you find you're **outside the benchmark** for your industry, it can mean you need to fix something, like getting a better rate for stock or reducing wastage. Your registered tax agent can also help you in identifying areas for improvement.
- ✔ For more information, go to ato.gov.au/businessbenchmarks



What's the easiest way I can stay informed?

- ✔ Registered tax agents can help you manage your tax affairs, including lodging your tax returns. Read about finding and using a tax practitioner on the Tax Practitioners Board website at www.tpb.gov.au
- ✔ Subscribe to the Small business newsroom and receive what you need to know, when you need to know it, straight into your inbox. Go to ato.gov.au/sbnews
- ✔ Follow the ATO on [Facebook](#), [LinkedIn](#) and [Twitter](#), and the [Small Business Executive](#) on Twitter.
- ✔ If you want to ask questions online, you can use [Live chat](#) or visit the peer-to-peer forum [ATO Community](#). Or if you prefer to ask these questions and chat face-to-face, check out the ATO's range of [small business workshops](#) across the country.



Still not sure where to start?

- ✔ If you want more information but don't know where to start, visit Supporting your small business at ato.gov.au/SBsupport. There's a range of free, confidential and tailored tools and support services to help.



For more information, speak with your registered tax agent or visit ato.gov.au