



Pandemic Tax Tips

Your guide to tackling tax in 2021.

With the coronavirus vaccine rolling out, and business conditions normalising, the Australian Taxation Office is getting back to business too - returning its focus from support to compliance.

The 2020/21 financial year is the first full year of COVID-impacted trading and the ATO has announced a major focus on ensuring emergency support payments have been fairly claimed and applied. In particular, it is on the lookout for red flags, such as businesses that have amended business activity statements to meet turnover tests, or not passed on the full JobKeeper payments to employees. It will also zero in on industry sectors where cash payments could mask true income.

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In the last two quarters of 2020, the economy grew by 3.4 per cent and 3.1 per cent respectively. To put that in context, it's the first time in recorded history Australia has logged two consecutive quarters above 3 per cent growth.

And in February national home values jumped 2.1 per cent, the fastest monthly rise in 17 years, leading some to predict the country is on the cusp of another boom.



Our top 5 tips for tackling tax time in a pandemic.

For businesses that have survived the past 18 months of turmoil, the economic outlook is positive.

Despite the uptick in economic activity, the Reserve Bank has remained firm on its commitment interest rates will remain low at least until 2024. These statements provide businesses confidence to borrow and expand if suitable for their circumstances.



1. Get records ready

An efficient record system saves stress at tax time. The ATO has a five-minute evaluation tool to assess your business's systems. [Click here](#) to view the tool.

You should keep most records for five years including, but not limited to:



PAY or PayPal records.



Wage payments.



Invoices for purchases over \$82.50.



Super guarantee calculations and contributions (Ensure payments are current).



Stock take records.



Records to substantiate vehicle-related claims.



Creditor and debtor lists.



2. Ensure JobKeeper and JobMaker have been claimed and paid correctly

All payments received under both these COVID employment support schemes are assessable as ordinary income. Normal deductions apply for amounts a business pays to employees. Keep all records for five years.



3. Stay up to date

The past 18 months has been a conveyor belt of announcements.

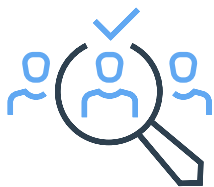
Your tax agent should alert you to relevant changes, such as:



The indexation of GST and PAYG income tax instalments (usually linked to GDP) has been suspended for the 2020/21 financial year.

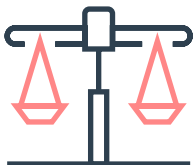


A super-sized \$150,000 instant asset write-off was extended to assets first used or installed by June 30, 2021, although the asset needs to have been purchased by December 31, 2020.



4. Review debtors

Run through outstanding debtors with a view to identifying those with little hope of recovery, that may be written off for tax purposes as genuine bad debts before the year's end.



5. Check for targeted concessions

Small businesses can use a number of [ATO concessions](#) such as:



From July 2020 businesses with turnover less than \$50 million can claim deductions on a range of costs including professional, legal and accounting advice.



Small businesses can restructure and rollover certain assets without incurring income liability.



Businesses with relatively stable inventory values can use [simplified trading stock rules](#) to avoid a full stocktake. However, if COVID disruption has slashed stock values, accurate inventory data can reduce your assessable income.