

JAS PARTNERS

CHARTERED ACCOUNTANTS

BUSINESS ADVISERS & CONSULTANTS – TAXATION PROFESSIONALS – REGISTERED TAX AGENT

2025/26 Year-end Checklist for Business

Many business clients like to review their tax position before the end of the income year and evaluate any strategies that may be available to legitimately reduce their tax. Traditionally, year-end tax planning for profitable small businesses is based around accelerating deductions and deferring income.

Small Business Entities ('SBEs') – i.e., those with an aggregated turnover of less than \$10 million – often have greater tax planning opportunities compared to other businesses, due to certain concessions generally only applying to them. SBEs usually also have the flexibility to pick concessions that suit their circumstances. For 2025/26, many of these concessions may also be available to medium-sized businesses ('MSBs'), i.e., businesses with an aggregated turnover of less than \$50 million.

The following are common strategies that may be considered for **all** business taxpayers.

Maximising deductions for non-SBE business taxpayers

Deductions can be maximised for non-SBE business taxpayers by **prepaying expenses**, **accelerating expenditure** and/or **accruing expenses** that have been incurred.

Prepayment strategies

Any part of an expense prepayment relating to the period up to 30 June is generally deductible.

In addition, non-SBE taxpayers may generally claim prepayments in full for expenditure that is:

- ◆ under \$1,000;
- ◆ made under a 'contract of service' (e.g., salary and wages); or
- ◆ required to be incurred under law.

Note: Medium-sized businesses ('MSBs') may be able to fully deduct certain other prepayments made before 1 July 2026 (refer below).

Accelerating expenditure

Accelerating expenditure involves bringing forward business expenditure on deductible items (e.g., consumables, repairs and maintenance).

Superannuation contributions

Businesses (including SBEs) can generally claim a deduction for superannuation contributions made to a complying fund (and received by the fund) by 30 June 2026.

Fringe benefits

Businesses (including SBEs) can generally claim a deduction for the cost of fringe benefits (such as property benefits) they provide to employees before 30 June 2026.

Accelerating depreciation

Non-SBE businesses may claim the following depreciation deductions for **depreciating assets** first used (or installed ready for business use) by **30 June 2026**:

- Depreciating assets costing \$100 or less (including any GST) can be written off in the year of purchase.
- Assets costing less than \$1,000 may be allocated to a Low Value Pool and depreciated at a rate of 18.75% and 37.5% thereafter.

In most other cases, the asset's cost is depreciated over its effective life (as determined by the taxpayer or the ATO).

Accrued expenditure

Businesses (including SBEs) can also generally claim a deduction for certain expenditure 'incurred' as at 30 June 2026, even if the expenses were not actually paid by year-end (e.g., an invoice for services rendered was issued in June but not paid until July 2026).

Examples of other accrued expenses that may be claimed as a tax deduction in 2025/26 include:

- ◆ **salary or wages and bonuses** accrued for the number of days that employees have worked but have not been paid as at 30 June 2026;
- ◆ accrued **interest** outstanding on a business loan that has not been paid;
- ◆ **commission** payments owing to employees or other external parties;
- ◆ the **fringe benefits tax ('FBT') instalment** for the June 2026 quarter, if it is due but not payable until July 2026; and
- ◆ **directors' fees payable** as at 30 June 2026, where the company is definitively committed to the payment.

Maximising deductions for SBE taxpayers

Deductions can be maximised for SBE taxpayers by **accelerating expenditure** and/or **prepaying** deductible business expenses (and also by **accruing expenditure** – as discussed above).

Prepayment strategies

SBEs and medium-sized businesses ('MSBs') that make prepayments before 1 July 2026 can choose to claim a full deduction in the year of payment (i.e., in 2025/26), if the payment covers a period of no more than 12 months (ending before 1 July 2027).

Otherwise, the prepayment rules are the same as for non-SBE taxpayers.

The kinds of expenses that may be prepaid include:

- Rent** on business premises or equipment.
- Lease payments** on business items such as cars and office equipment.
- Interest** – check with your financier whether it is possible to prepay up to 12 months interest in advance.
- Business trips.**
- Training courses** that run from 1 July 2026.
- Business subscriptions.**

Accelerating depreciation

In addition to accelerating expenditure on various business items (as discussed above), for 2025/26, SBE taxpayers that use the simplified SBE depreciation rules may claim the following deductions in relation to **depreciating assets**:

- The instant asset write-off threshold for SBEs has been increased from (less than) \$1,000 to (less than) **\$20,000** for 2025/26.

This allows small businesses (with an aggregated annual turnover of less than \$10 million) to immediately deduct the full cost of eligible depreciating assets costing less than \$20,000 that are first used or installed ready for use on or before 30 June 2026.

- The SBE closing pool balance (before current year deductions), if any, will be fully claimed in the 2026 income year, if it is below the increased threshold.

*Note: Eligible SBE taxpayers using the simplified SBE depreciation rules **cannot** opt out of fully expensing their SBE general pool.*

If appropriate, SBE taxpayers should consider purchasing and using (or installing ready for use) these items by 30 June 2026.

Information Required

This is some of the information we will need you to bring to help us prepare your income tax return:

- Stock-take details as at 30 June 2026.
- Debtors listing (including a list of genuine bad debts written off) as at 30 June 2026.
Note: To claim a tax deduction, the debt must be written off on or before 30 June.
- Creditors listing as at 30 June 2026.
- Asset register or details of any asset (except trading stock) bought or sold during the income year, including depreciating assets, real property and investment assets.
- Details of any hire purchase agreements entered or terminated during the income year.
- Details of any loans to or from all entities (related or unrelated), including shareholders, partners, beneficiaries.
- Details of any income where the payer withheld tax from the payment (e.g., for not quoting an ABN).
- Management accounts, bank statements and other financials.