



PLANNING FOR TAX OBLIGATIONS

A STRATEGIC GUIDE TO BUDGETING FOR YOUR TAX



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AGENDA

⇒ Business tax obligations in Australia:

- ⇒ GST
- ⇒ PAYG Withholding
- ⇒ PAYG instalments
- ⇒ Superannuation

⇒ Prepare a calendar for your business

⇒ Strategies for budgeting and planning for tax

Have paper ready to
create a calendar for
your business



OVERVIEW OF BUSINESS TAXES

Company sells product for: \$110 (including GST)

\$10 goes to
the ATO for
GST

\$100 is
income for
the
company

Company pays
tax on net profit
(generally at
25%)



GOODS AND SERVICES TAX (GST)

⇒ What is GST?

- ⇒ 10% tax on most goods, services and other items sold or consumed in Australia
- ⇒ Most sales are subject to GST – therefore businesses must include GST on the price they charge customers and can claim credits for GST included in their purchases

⇒ Registration requirements and thresholds

- ⇒ You are *required* to be registered for GST if:
 - ⇒ your GST turnover is over \$75,000; or
 - ⇒ Your business is a taxi or ride-sharing service (regardless of turnover)
 - ⇒ You want to claim fuel tax credits
- ⇒ You *may* register even if you don't meet these thresholds (but it is not compulsory)
- ⇒ Turnover test is *prospective* and must be monitored each month



GOODS AND SERVICES TAX (GST)

⇒ GST reporting and lodgement

Reporting Cycle	Turnover
Monthly	GST turnover is above \$20 million
Quarterly	GST turnover is below \$20 million (and no notification from ATO to lodge monthly)
Annually	Voluntarily registered and GST turnover < \$75,000



GOODS AND SERVICES TAX (GST)

⇒ MONTHLY due dates (turnover > \$20 million)

Reporting Month	Due date
January	21 February
February	21 March
March	21 April
April	21 May
May	21 June
June	21 July
July	21 August
August	21 September
September	21 October
October	21 November
November	21 December
December	21 January* 21 February (turnover < \$10 mil)



GOODS AND SERVICES TAX (GST)

⇒ QUARTERLY reporting due dates (turnover < \$20mil)

Reporting Month	Due date (no concession)	Due date (concession)
January – March	28 April	25 May
April – June	28 July	25 August
July – September	28 October	25 November
October - December	28 February	28 February

⇒ Concession applies if you receive and lodge activity statements **online** (and you are not a large business client – total income > \$10 million, GST turnover > \$20 million)



GOODS AND SERVICES TAX (GST)

⇒ ANNUAL reporting due dates

- ⇒ Annual GST returns are due **31 October**
- ⇒ If you aren't required to lodge a tax return, then due date is 28 February
- ⇒ Lodging with tax agent may have different date (generally due when tax return is due)



PAYG WITHHOLDING

⇒ There are several types of payments that you may need to withhold tax from:

- ⇒ Employee wages
- ⇒ Director's wages
- ⇒ Businesses that don't quote their ABN to you
- ⇒ Contractors with a voluntary agreement with you

⇒ Reporting cycles depend on annual amount withheld:

- ⇒ Twice weekly: > \$1 million per year
- ⇒ Monthly: \$25,000 to \$1 million per year
- ⇒ Quarterly: < \$25,000 per year



PAYG WITHHOLDING

⇒ **MONTHLY** due dates (withhold between \$25,000 and \$1 million per year)

Reporting Month	Due date
January	21 February
February	21 March
March	21 April*
April	21 May
May	21 June
June	21 July*
July	21 August
August	21 September
September	21 October*
October	21 November
November	21 December
December	21 January*



PAYG WITHHOLDING

⇒ **QUARTERLY** reporting due dates (withhold < \$25,000 per year)

Reporting Month	Due date (no concession)	Due date (concession)
January – March	28 April	25 May
April – June	28 July	25 August
July – September	28 October	25 November
October - December	28 February	28 February

⇒ Concession applies if you receive and lodge activity statements **online**



PAYG INCOME TAX INSTALMENTS

- ⇒ PAYG instalment system – provides for the prepayment of tax
- ⇒ Allows for regular payments of tax
- ⇒ Instalments paid offset your end of year tax liability
- ⇒ Different to PAYG withholding (which is tax withheld from employee pays)



PAYG INCOME TAX INSTALMENTS

⇒ Entry thresholds:

⇒ Individual or trust:

- ⇒ Instalment income of \$4,000 or more; or
- ⇒ Tax payable of \$1,000 or more; or
- ⇒ Estimated tax of \$500 or more.

⇒ Company or superfund

- ⇒ Instalment income of \$2 million or more; or
- ⇒ Estimated tax of \$500 or more.

⇒ Can also voluntarily register for instalments



PAYG INCOME TAX INSTALMENTS

⇒ Lodgement cycles

- ⇒ Monthly (businesses with instalment income of > \$20 million)
- ⇒ Quarterly
- ⇒ Biannual instalments (individual in primary production or special professional)

⇒ Can also voluntarily register for instalments

- ⇒ Tax instalments are based on *last tax return lodged* – if your business profit is increasing in current year – overall tax liability will be higher (and you may have an end of year tax bill) – REVIEW THIS QUARTERLY



PAYG INCOME TAX INSTALMENTS

⇒ MONTHLY due dates (instalment income > \$20 million)

Reporting Month	Due date
January	21 February
February	21 March
March	21 April
April	21 May
May	21 June
June	21 July
July	21 August
August	21 September
September	21 October
October	21 November
November	21 December
December	21 January* 21 February



PAYG INCOME TAX INSTALMENTS

⇒ QUARTERLY reporting due dates

Reporting Month	Due date (no concession)	Due date (concession)
January – March	28 April	25 May
April – June	28 July	25 August
July – September	28 October	25 November
October - December	28 February	28 February

⇒ Concession applies if you receive and lodge activity statements **online**



SUPERANNUATION

- ⇒ Businesses must pay superannuation for eligible employees
- ⇒ Payments must be **received** by the employee's fund on or before the quarterly due dates:

Quarter	Payment due date	Recommended latest payment date
January – March	28 April	21 April
April – June	28 July	21 July
July – September	28 October	21 October
October - December	28 January	21 January

- ⇒ Can pay more frequently than this – but **must** ensure full quarter payment received within dates above



CALENDAR FOR TAX OBLIGATIONS

Example: Monthly PAYGW, Quarterly GST, PAYGI, Super

Date	Description
21 January	December quarter – super payment
28 February	December BAS – GST (quarter) PAYG withholding (month), PAYG tax instalment (quarter)
21 February	January IAS - PAYG withholding (month)
21 March	February IAS - PAYG withholding (month)
21 April	March quarter – super payment
21 May	April IAS – PAYG withholding (month)
25 May	March BAS – GST (quarter) PAYG withholding (month), PAYG tax instalment (quarter)
21 June	May IAS – PAYG withholding (month)
21 July	June quarter – super payment
21 August	July IAS – PAYG withholding (month)
25 August	June BAS – GST (quarter) PAYG withholding (month), PAYG tax instalment (quarter)
21 September	August IAS – PAYG withholding (month)
21 October	September quarter – super payment
21 November	October IAS – PAYG withholding (month)
25 November	September BAS – GST (quarter) PAYG withholding (month), PAYG tax instalment (quarter)
21 December	November IAS – PAYG withholding (month)

BUDGETING FOR TAX OBLIGATIONS

- ⇒ Use separate bank accounts to save for separate tax liabilities
 - ⇒ Super and PAYGW (transfer money to separate bank account each pay cycle)
 - ⇒ PAYG tax instalments (transfer money on regular basis based on your tax instalment – noting that liability may be higher when lodge return)
 - ⇒ GST (use GST report to determine GST liability and transfer money to saving account)
- ⇒ Prepay to ATO early (on-going direct debit to pay liability in advance)
- ⇒ Use reporting in accounting software to determine your liability on a periodic basis
- ⇒ Review income tax liability quarterly



SUMMARY

- ⇒ Determine when **your** business needs to pay its ATO tax liabilities:
 - ⇒ GST
 - ⇒ PAYG withholding
 - ⇒ PAYG income tax instalment
 - ⇒ Super
- ⇒ Prepare a calendar with dates and estimated amounts
- ⇒ Prepare a plan to budget for these upcoming liabilities
- ⇒ Consider separate bank accounts (or prepaying to ATO early)
- ⇒ Review tax liability quarterly



ANY QUESTIONS?





THANK YOU

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