

2024 TAX PLANNING

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While this article predominantly references agribusiness, there are many good takeaways for commercial businesses.

This picture may sum up what a lot of farming businesses will be experiencing this year, and no, we aren't referring to the amount of water in the dam.



Profits with
tax paid – out
of the system



- FMDs
- Grain Deferred
- Large profits built up in companies
- Temporary full expensing!

You may think minimal tax planning will be necessary due to the average or below average 2023 harvest. However, we have come off the back of record harvests where farmers could utilise temporary full expensing to reduce taxable profits considerably. A lot of grain was also deferred to July 2023, pool grain proceeds received from prior years, profits distributed to companies, pre-pay products used, and maybe even some FMD's deposited.

So, what do we need to consider for the 2023/24 financial year?

Asset purchases & sales

- Temporary full expensing finished on 30 June 2023.
- Back to pooling for small businesses – 15% depreciation in 1st year, 30% of the balance each following year.
- Instant asset write-off now \$20,000 for small business
- Many businesses are no longer considered “small” (must be under \$10m turnover).
- Non-small businesses depreciate each asset separately based on effective life.
- Assets that were written off under temporary full expensing will be 100% taxable when sold.

Planning Opportunities

- Turnover may fall below \$2m, allowing access to the Small Business CGT concessions.
- Turnover may fall below \$10m, allowing access to the Small Business Restructure Rollover. Now is a good time to consider your businesses trading structure.
- Opportunity to declare dividends from companies and receive a refund of franking credits.
- Get off the deferral of income or bring forward of expenses merry-go-round.
- Early withdrawal of FMDs if there is a rainfall deficiency.
- Maximise superannuation contributions. The annual concessional cap is \$27,500 with your ability to carry forward unused concessional contributions if your fund balance is under \$500,000. This is the last year you can utilise any unused contributions from the 2019 financial year onwards.
- Ability to claim Family Tax Benefit (FTB). Your 2023 tax returns and 2023 FTB claim must be submitted by 30 June 2024. Your eligibility for FTB for the 2024 financial year should be considered amongst the other strategies outlined above.

As always, discuss your tax planning with your accountant and be proactive with your planning for the 2024 financial year. The relatively small cost of carrying out such planning is usually rewarded with many thousands of tax dollars saved and issues raised before it is too late.

Byfields tax estimate is the premier planning tool for business and allows us to have all the tools for a robust discussion on your current goals and future plans.

