THE SIMPLE STRATEGY BEHIND TAX PLANNING

Pretium Solutions®

The tax you pay depends on your taxable income (all assessable income less allowable tax deductions), and the tax rates that apply to that income.

Therefore, your tax is reduced if you:

1 REDUCE YOUR INCOME

If you can defer invoicing any invoices to July, instead of invoicing in June, invoice them in July.

That pushes your income out to next year so it reduces the amount that you'd be taxed on.

REDUCING YOUR INCOME ISN'T AN OPTION!

But increasing your tax deductions definitely is!

2 INCREASE YOUR TAX DEDUCTIONS

Buy tax deductible items you need in June, not after.

This brings the tax deduction into this year, not the next.

For example:
Subscriptions or some consumables like printing and stationery for your business. If you knew you're going to spend $1,000 on it, instead of spending it in July, spend it in June so at least you can get the tax deduction in June.

DON'T FALL INTO THE TRAP OF BUYING SOMETHING SIMPLY TO GET THE TAX DEDUCTION FOR IT

If your tax rate (including Medicare Levy) is say 34.5%, you would only get 34.5% of the purchase price back as a tax refund (or reduced tax payable) from a tax deductible item.

You DON'T get 100% of the amount that you spend back as a tax refund (or reduced tax payable).

But if you need it – buy it BEFORE 30 June to get the deduction.