The Trinity Small Business Handbook

A practical guide for Australian business owners

2026 Edition

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Foreword

Running a business in Australia is rewarding, but it is also unforgiving of guesswork. The owners I work with every day are not afraid of hard work — what slows them down is the tax, structure, and compliance questions nobody warned them about. A bad decision on entity structure at year one can cost tens of thousands by year five. A missed BAS lodgement can wreck a cashflow forecast. A misclassified contractor can trigger a super audit.

I wrote this handbook to put the answers in one place. It is the same advice I give my own clients across 22 years at Trinity Accounting Practice. It is plain English, it is current to 2025–26 rules, and it is written for the business owner — not the accountant.

Read it cover to cover, or jump to the chapter you need today. Either way, when something in here raises a question about your situation, pick up the phone. That conversation is what we are here for.

Ramy Hanna
Principal, Trinity Accounting Practice

How to use this handbook

This handbook is organised into six parts. Part 1 covers the decisions you make when you start out — structure, registrations, and bookkeeping foundations. Part 2 builds the money discipline that keeps a business solvent. Part 3 covers the three numbers every owner should know by heart. Part 4 deals with people — the single biggest area of unintended ATO exposure. Part 5 walks through the tax fundamentals. Part 6 ties it all together with planning, insurance, and a year-end checklist.

Watch for the two callout boxes:

> **Trinity Tip**
> A practical pointer from 22 years of client work — something we recommend you actually do.

> **Watch Out**
> A common trap that costs business owners real money. Read these twice.

Every figure and threshold in this handbook is current as at the date shown on the cover. Tax rules in Australia change every year — always confirm with your accountant before acting on anything you read here.

Contents

Part

Part 1: Starting Out

Structure, registrations, bookkeeping, and record keeping.

Chapter 1

Choosing Your Business Structure

The structure you choose at the start determines how you are taxed, how you are protected, and how much it costs to run your business. Changing structure later is expensive — capital gains tax, stamp duty, ABN re-registration, new bank accounts, new contracts. Get it right the first time.

The four common structures

Most Australian small businesses fit into one of four structures, each with very different tax and risk profiles.

Structure	Best for	Tax treatment	Personal liability
Sole trader	Solo operators, side businesses, contractors	Profits taxed at your personal marginal rates	Unlimited — your personal assets are exposed
Partnership	Two or more individuals running a business together	Each partner taxed on their share at marginal rates	Joint and several — each partner liable for all debts
Company (Pty Ltd)	Trading businesses with growth, staff, or risk	Flat 25% (base-rate entity) or 30% company tax	Limited to company assets (with exceptions)
Discretionary trust	Family-owned businesses, asset protection, income splitting	Profits distributed to beneficiaries, taxed at their rates	Trustee liable (use a corporate trustee)

How we choose

Sole trader is fine for low-risk service work under about $100,000 profit, where simplicity matters more than tax optimisation. Once profit climbs, the marginal rate exceeds 30% and a company structure starts to make sense. Where there is family involvement, multiple income sources, or an investment angle, a trust with a corporate trustee usually wins on flexibility and protection.

Trinity Tip

Do not pick a structure based on what your mate uses. We model the next three years of expected profit, your family circumstances, and your risk exposure, then recommend the structure with the lowest after-tax cost over that horizon.

Watch Out

A 'simple' sole trader structure stops being simple the moment you take on staff, sign a commercial lease, or hold customer data. The cost of restructuring a profitable sole trader into a company can easily exceed $10,000 in CGT and duty. Plan ahead.

Chapter 2

Business Names, ABN, TFN and GST Registration

Before you can issue your first invoice, you need the right registrations in the right order. Doing it out of sequence — or registering for things you do not need — creates compliance headaches that follow you for years.

The four core registrations

- Tax File Number (TFN) — every individual already has one. A company, trust or partnership needs its own TFN.
- Australian Business Number (ABN) — 11-digit identifier required to issue tax invoices, register a business name, or claim GST credits. Apply free at abr.gov.au.
- Business name — if you trade under anything other than your exact legal name, you must register a business name with ASIC ($44 for one year, $102 for three years).
- GST — register if your annual turnover is, or is likely to be, $75,000 or more ($150,000 for not-for-profits). Once registered, you charge 10% GST on taxable sales and lodge a BAS.

The order to do it in

Decide on the structure first, then apply for the entity TFN, then the ABN, then register the business name. GST registration is optional below $75,000 — but if your customers are GST-registered businesses, voluntary registration lets you claim back GST on your purchases, which can be worth doing from day one.

> **Trinity Tip**
> We can lodge all four registrations through the Tax Agent Portal in a single morning, and we link them to our agent number so notices come to us. Doing it yourself through ABR is free but error-prone — about one in four DIY applications gets queried and delayed by several weeks.

> **Watch Out**
> Voluntary GST registration locks you in for at least 12 months. If you register and then drop below the threshold, you cannot deregister until the year is up — and you must keep lodging BAS for that whole period.

Chapter 3

Bookkeeping Basics

Bookkeeping is not optional. It is the system that tells you whether you are making money, what you owe the ATO, and whether a customer has actually paid. A business with weak books is a business that runs on hope.

What good bookkeeping looks like

- All business transactions flow through a dedicated business bank account.
- Bank feeds are connected directly to your accounting software (we recommend Xero for almost every small business).
- Every transaction is coded to the correct expense or income account, with GST applied correctly.
- Bank reconciliation is done at least weekly — ideally as transactions appear.
- Receipts are captured digitally (Hubdoc, Dext, or Xero's built-in mobile app) and attached to each transaction.
- BAS is reviewed and lodged on time, every quarter.

DIY, bookkeeper, or accountant?

Owners who do their own books spend an average of 4–6 hours a week on it — time that could be earning revenue. A part-time bookkeeper at $60–80 per hour costs less than your billable rate and removes the risk of errors. For most businesses past the start-up stage, outsourcing bookkeeping pays for itself.

> **Trinity Tip**
> Trinity offers a fully-managed Xero bookkeeping service — we do the data entry, the reconciliations, payroll, and BAS, and you get a clean monthly P&L.; Most clients save 10–15 hours a month and get better-quality reports than they could produce themselves.

Chapter 4

Record Keeping — the ATO 5-Year Rule

Australian tax law requires you to keep business records for five years from the date you lodge the return that relies on them. That sounds simple until you have to find a 2021 fuel receipt during a 2026 audit. Build the system once, then let it run.

What you must keep

- Sales and income records — tax invoices issued, receipts, EFTPOS settlement reports.
- Purchase and expense records — tax invoices received, receipts, statements.
- Year-end records — stocktake sheets, depreciation schedules, asset purchase contracts.
- Bank statements and reconciliations.
- Payroll records — timesheets, payslips, PAYG summaries, super remittance reports.
- GST records — BAS, supporting working papers, the underlying invoices.
- Logbooks for motor vehicles (every five years, or sooner if usage changes).

Digital is fine — paper is not required

The ATO accepts digital copies as long as the record is a true and clear reproduction, can be readily accessed, and is in English. Xero's receipt capture, Dext, or even a clearly-labelled Google Drive folder all satisfy the requirement. Stop hoarding shoeboxes.

> ! **Watch Out**
> If you make a claim and cannot substantiate it during an audit, the ATO will deny the deduction and may apply penalties of 25–75% of the tax shortfall plus interest. 'I lost the receipt' is not an acceptable defence.

Part

Part 2: Money Discipline

The financial habits that keep a business solvent.

Chapter 5

Why Business and Personal Money Must Stay Separate

Mixing personal and business spending is the single most common bad habit we see in new business owners. It creates compliance risk, makes bookkeeping three times more expensive, and — if you operate through a company — it can pierce the corporate veil and expose your personal assets.

The three accounts every business needs

- Operating account — receives all income, pays all expenses.
- Tax savings account — you transfer in 25–30% of every dollar of profit so the BAS, PAYG and income tax bills never surprise you.
- GST holding account (optional but smart) — the 10% GST you collect is not your money. Move it weekly into a separate account so you cannot accidentally spend it.

Companies have stricter rules

If you trade through a Pty Ltd, money you take out is either salary (subject to PAYG and super), a dividend (subject to franking), or a loan (caught by Division 7A — see Chapter 18). 'Just paying my Visa from the company account' is a Division 7A loan whether you call it that or not. The ATO will treat it as a deemed unfranked dividend if it is not properly documented.

> **Trinity Tip**
> Pay yourself a regular salary or director's fee, not random transfers. It is cleaner for tax, cleaner for compliance, cleaner for the bank when you apply for a loan, and your personal cashflow becomes predictable.

> **Watch Out**
> Buying personal items through the business account and 'sorting it out later' is a fast path to GST claims being disallowed, FBT exposure, and Division 7A loans you did not know you had. Keep the cards physically separate.

Chapter 6

Xero Basics — What Every Owner Should Know

Xero is the cloud accounting platform we recommend for virtually every Australian small business — it integrates with bank feeds, payroll, BAS, super, and hundreds of add-ons. You do not need to be an accountant to use it, but you should understand the five things below.

The five things you need to be able to do

- Reconcile the bank — match every transaction to an invoice, bill, or expense code.
- Send a tax invoice — with your ABN, the words 'Tax Invoice', GST shown, and your payment terms.
- Enter a bill — so you can see what you owe and when it is due.
- Run payroll — with STP Phase 2 reporting to the ATO every pay run (see Chapter 12).
- Read your P&L; and Balance Sheet — not just look at the bank balance.

Give your accountant access

When Trinity is your accountant, we ask for Adviser access to your Xero file. That lets us review entries in real time, post journals, run BAS, and answer your questions without you having to email exports back and forth. It costs you nothing extra and saves us both hours.

> **Trinity Tip**
> Use Xero's mobile app to photograph receipts the moment you get them. Hubdoc (free with most Xero plans) reads the receipt, codes it, and attaches it to the transaction — your bookkeeping is done before you get back to the office.

Chapter 7

Cashflow Forecasting

Profit is an opinion. Cash is a fact. A profitable business can still fail if money goes out before it comes in — which is exactly what happens with stock, payroll, BAS quarters, and customers who pay late.

Build a rolling 13-week forecast

Thirteen weeks is the sweet spot — long enough to see the next quarterly BAS, short enough to be accurate. Each week, list:

- Expected receipts — by customer, with realistic payment dates (not the invoice date).
- Expected payments — wages, super, rent, suppliers, BAS, PAYG, loan repayments.
- Opening and closing cash position for each week.

Update it every Monday. If the closing balance ever goes negative, you have a problem you can solve four to twelve weeks before it bites — chase debtors, delay non-critical spend, drawdown a facility, or call the bank.

The four levers

When cash gets tight, you have four levers, in order of speed: collect faster, pay slower, sell more, cut costs. Most owners reach straight for 'cut costs' — which is the slowest and most damaging. Chasing debtors and tightening terms gets results in days, not months.

> **Trinity Tip**
> Trinity's Virtual CFO service builds and maintains a live 13-week cashflow forecast for your business, updated weekly from your Xero data. It is the single most useful financial tool we provide — ask us about it.

Part

Part 3: Numbers That Drive Decisions

Working capital, breakeven, and pricing.

Chapter 8

Working Capital

Working capital is the money tied up in running your business day-to-day — stock on the shelves, invoices waiting to be paid, less what you owe suppliers. The faster you can turn working capital over, the less of your own money the business needs to operate.

The formula

Working capital = Current Assets minus Current Liabilities. In plain English: what you can turn into cash within 12 months, minus what you owe within 12 months. If it is negative, you are funding your business with supplier credit — which works until a supplier asks for cash.

The three drivers

- Debtor days — how long customers take to pay. Reduce by tightening payment terms, taking deposits, automating reminders, offering card-on-file.
- Stock days — how long inventory sits before selling. Reduce by tighter forecasting, smaller more frequent orders, just-in-time arrangements.
- Creditor days — how long you take to pay suppliers. Extend (politely) by negotiating terms, but never beyond what damages the relationship.

Cutting debtor days from 45 to 30 on a $1 million revenue business releases roughly $41,000 of cash — money that was already yours, just sitting on someone else's balance sheet.

> **Watch Out**
> Growing too fast is one of the most common causes of business failure. Every extra dollar of sales requires extra working capital. Plan the funding before you take the order.

Chapter 9

Breakeven Point

Breakeven is the level of sales at which you make exactly zero profit — the minimum you must do to keep the lights on. Every dollar above breakeven is profit. Every dollar below it is money you have to find somewhere else.

How to calculate it

Breakeven Sales = Fixed Costs ÷ Gross Margin %

Example: a cafe with $40,000 a month of fixed costs (rent, wages, utilities) and a 65% gross margin on food and coffee needs $40,000 ÷ 0.65 = $61,538 of sales per month just to break even. Anything below that comes out of the owner's pocket or a loan.

Why it matters

- It tells you the minimum daily, weekly, monthly target.
- It tells you how much a price rise, cost cut, or volume change actually moves the needle.
- It is the first number every lender and investor asks for.

If your breakeven is uncomfortably close to your actual revenue, you have very little room for a bad month. Either fixed costs need to come down, gross margin needs to go up, or volume needs to climb.

> **Trinity Tip**
> Calculate breakeven once a quarter and write the number on the office whiteboard. It changes the conversation with your team — everyone now knows what 'doing okay' actually means in dollars.

Chapter 10

Pricing for Profit

Most small businesses price by looking at what competitors charge, then nudging slightly under. That is a race to the bottom. Price should be set from your costs upward — not from a competitor downward.

The components of price

- Direct cost — what it costs you to deliver one unit (materials, labour, freight).
- Overhead allocation — a share of your fixed costs.
- Target margin — the profit you need to fund tax, owner remuneration, and reinvestment.
- GST on top — 10% added if you are registered.

A common mistake is forgetting that gross margin and markup are not the same thing. A 50% markup gives you a 33% gross margin — not 50%. If you need a 50% margin, you must mark up by 100%.

The case for a price rise

A 5% price rise, with no change in volume, often flows straight to the bottom line. Even if it costs you 5–10% of customers, you usually finish more profitable on lower volume — and with less work. The owners who never raise prices are subsidising their customers out of their own pocket.

> **Watch Out**
> Discounting is a margin killer. A 20% discount on a 40% gross margin product cuts your contribution per sale in half. You need to double volume just to stay even.

Part

Part 4: People

Contractors, payroll, super, and the ATO tests that catch owners out.

Chapter 11

Contractor vs Employee — the ATO Tests

Calling someone a contractor does not make them one. The ATO and the Fair Work Ombudsman apply their own multi-factor tests, and they are quite happy to recharacterise a long-standing 'contractor' arrangement as employment — with backdated super, PAYG, leave entitlements and penalties stretching back five years.

The key factors

Factor	Suggests employee	Suggests contractor
Control	You direct how, when, where the work is done	Worker controls how the work is done
Tools and equipment	You provide them	Worker provides them
Risk	Worker bears no commercial risk	Worker can profit or lose on the job
Hours and exclusivity	Set hours, works only for you	Sets own hours, works for multiple clients
Payment basis	Paid for time worked	Paid for a result or job
Delegation	Must do the work personally	Can subcontract or send a replacement

Super applies even to some contractors

If you pay a contractor mainly for their labour, you must pay super on top — even if they invoice you with an ABN. This catches a huge number of small businesses by surprise. The test is whether the contract is principally for the person's labour, not for a result.

Watch Out

Sham contracting — dressing up an employment relationship as a contracting one to avoid super and entitlements — carries civil penalties up to $99,000 per contravention for a company. If you are unsure, get advice before signing the contract, not after.

Chapter 12

Single Touch Payroll (STP Phase 2)

Single Touch Payroll reports your payroll to the ATO every time you pay your staff — wages, PAYG withheld, super, allowances, and category-coded by income type. Phase 2 has been mandatory since 1 January 2022 and is now fully embedded across all payroll software.

What you must report each pay run

- Gross wages broken down by category (ordinary, overtime, paid leave, bonus, commission, directors' fees).
- Allowances itemised by type (car, travel, meals, tools, qualifications, task).
- PAYG withholding.
- Super liability accrued (not paid — reported when accrued, paid quarterly).
- TFN declaration and employment basis (full-time, part-time, casual).

Practical compliance

If you use Xero, MYOB, QuickBooks or Reckon, STP runs automatically when you finalise a pay run. Your year-end PAYG payment summary obligation is replaced by an STP finalisation declaration, lodged through your software by 14 July (or 31 July if you are reporting closely held payees through a tax agent).

> **Trinity Tip**
> Closely held payees — directors, family members on the payroll — can be reported quarterly instead of pay-by-pay. We set this up for our company clients to reduce the admin burden.

Chapter 13

Super Guarantee — 12% from 1 July 2026

The Super Guarantee is the percentage of an eligible employee's ordinary time earnings (OTE) you must pay into their super fund. It steps up to its final legislated rate of 12% on 1 July 2026 — and from that date, it must be paid on payday under the Payday Super reforms.

The SG rate — final position

Period	SG rate
1 July 2024 – 30 June 2025	11.5%
1 July 2025 – 30 June 2026	11.5%
From 1 July 2026	12.0%

Payday Super — the bigger change

From 1 July 2026, super must be received by the employee's fund within seven calendar days of payday — not quarterly as it has been historically. This is a major cashflow shift for any business that has been using quarterly super timing to manage working capital.

- Update your payroll cycle and accounting software well before 1 July 2026.
- Adjust your 13-week cashflow forecast — super now moves with payroll, not in lumpy quarterly chunks.
- Check that your clearing house or super gateway can settle within the seven-day window.

Watch Out

Late super is not deductible, attracts the Super Guarantee Charge (the unpaid amount plus interest plus a $20 per employee per quarter administration fee), and the director can be made personally liable through a Director Penalty Notice. Pay it on time, every time.

Part

Part 5: Tax Fundamentals

Rates, deductions, GST, FBT, and Division 7A.

Chapter 14

Australian Tax Rates 2025–26

Individuals are taxed at marginal rates that step up as income rises. Companies pay a flat rate. Trusts do not pay tax themselves — they distribute income to beneficiaries who pay at their own rates. Understanding which rate applies to your next dollar of income is the foundation of every planning decision.

Individual resident tax rates 2025–26

Taxable income	Tax on this income
$0 – $18,200	Nil
$18,201 – $45,000	16c for each $1 over $18,200
$45,001 – $135,000	$4,288 plus 30c for each $1 over $45,000
$135,001 – $190,000	$31,288 plus 37c for each $1 over $135,000
$190,001 and over	$51,638 plus 45c for each $1 over $190,000

Medicare Levy of 2% applies on top of these rates for most taxpayers.

Company tax rates

- Base rate entity (turnover under $50 million and 80%+ non-passive income) — 25%.
- All other companies — 30%.

Trusts

A trust distributes net income to beneficiaries by 30 June each year. Each beneficiary then includes their share in their own tax return at their marginal rate. Income not validly distributed is taxed in the trustee's hands at 45%.

Trinity Tip
The gap between the top personal rate (47% including Medicare) and the base-rate company tax (25%) is 22 percentage points. For high-earning sole traders, a company or trust structure can defer or split tax in ways that materially change after-tax income.

Chapter 15

How Tax Deductions Actually Work

A tax deduction reduces your taxable income — not your tax bill dollar-for-dollar. A $1,000 deduction is worth $300 in cash to a base-rate company, or $470 to an individual in the top bracket. Always think about the marginal rate before chasing a deduction.

The three tests for a deduction

- It must be incurred in earning your assessable income (or in carrying on a business for that purpose).
- It must not be capital, private, or domestic in nature.
- It must not be specifically excluded by another part of the tax law.

Commonly missed deductions

- Home office running costs — fixed-rate method 70c per hour from 2024–25, or the actual cost method.
- Self-education directly related to your current income-earning activity.
- Income protection insurance premiums (life cover inside super is not deductible to you personally).
- Bank fees, merchant fees, accounting software, professional memberships.
- Donations of $2 or more to deductible gift recipients.
- Tax agent fees — always deductible in the following year.

Asset purchases — instant write-off vs depreciation

Small businesses (turnover under $10 million) can immediately deduct the full cost of eligible assets up to $20,000 each that are first used or installed ready for use by 30 June 2025. Assets over the threshold are added to a small business pool and depreciated at 15% in the first year, 30% thereafter. Check the current rules each year — these thresholds change.

> **Watch Out**
>
> Buying things 'for the tax deduction' is rarely smart. You only ever get back the marginal-rate percentage. The other 55–75% is still your money out the door. Spend money on things that grow the business, not to chase deductions.

Chapter 16

GST — Registration, BAS and IAS

GST is 10% added to the price of most goods and services sold in Australia. If you are registered, you collect GST on sales (output tax) and claim back the GST you paid on business purchases (input tax credits). The net is paid to the ATO each BAS period.

When you must register

- GST turnover of $75,000 or more in a 12-month period ($150,000 for not-for-profits, $0 for taxi/rideshare drivers).
- You expect your turnover to reach that level within the next 12 months.
- You provide taxi travel or ridesharing services for fares (Uber, DiDi, taxi).

Reporting cycles

Reporting	Who	BAS frequency
Quarterly	Most small businesses	Every 3 months — due 28 Oct, 28 Feb, 28 Apr, 28 Jul (extended by 4 weeks if lodged through a tax agent)
Monthly	Turnover $20m+ or voluntary	Each month, 21st of the following month
Annual	Turnover under $75k voluntarily registered	Once a year with the tax return

IAS — Instalment Activity Statement

If you have PAYG withholding but no GST (or you pay PAYG instalments monthly while reporting GST quarterly), you may also receive an IAS in months 1 and 2 of each quarter. Same lodgement portal, smaller form.

Trinity Tip

Lodging your BAS through a registered tax agent extends every due date by four weeks. We use that breathing room to double-check entries, catch missed input credits, and avoid late-lodgement penalties — worth it for the time alone.

Chapter 17

FBT — Fringe Benefits Tax

FBT is a tax on benefits you provide to employees (or their associates) that are not salary or wages. It is paid by the employer, not the employee, at the top marginal rate plus Medicare — currently 47%. It is also one of the most expensive taxes if you trigger it by accident.

The big-ticket FBT areas

- Cars — a car owned by the business and available for private use creates FBT. Use a logbook method to substantiate business use.
- Entertainment — food, drink, and recreation provided to employees. Christmas parties, client lunches, golf days.
- Loans — low-interest or interest-free loans to employees.
- Expense payments — paying private expenses on behalf of an employee.
- Housing, board, living-away-from-home allowances.

The minor benefits exemption

Benefits under $300 per occasion that are infrequent and irregular are generally exempt. A $250 Christmas hamper for each employee is exempt. A $250 hamper plus a $200 Melbourne Cup lunch in the same month might not be.

Electric vehicles — the FBT exemption

Eligible zero or low-emission cars first held and used on or after 1 July 2022 are exempt from FBT, provided their value is below the luxury car tax threshold for fuel-efficient vehicles ($91,387 for 2024–25). The exemption for plug-in hybrids ended on 1 April 2025. This is one of the most valuable concessions in the tax system right now.

> **!** **Watch Out**
>
> The FBT year runs from 1 April to 31 March, not the income tax year. FBT returns are due 21 May (or 25 June if lodged through a tax agent). Many owners miss this because it does not align with the rest of their tax calendar.

Chapter 18

Division 7A — Loans From Your Own Company

Division 7A is the rule that stops shareholders extracting company profits tax-free by calling them a loan. If you have a Pty Ltd and you take money out as anything other than salary or a dividend, Division 7A almost certainly applies.

What triggers it

- Loans from the company to a shareholder or their associate.
- Payments by the company for personal expenses of a shareholder.
- Debts the company forgives that a shareholder owed.
- Use of company assets (like a holiday house) for less than market rates.

How to stay compliant

If you take a loan from your company, you have two clean options. Repay it in full by the company's lodgement day for the year it was made — typically the following May. Or put it on a written Division 7A complying loan agreement, with a maximum 7-year term (25 years if secured against real property), benchmark interest rate (currently around 8.77% for 2025–26), and minimum yearly repayments.

Watch Out

A loan that is not repaid or put on a complying agreement by lodgement day is automatically treated as an unfranked dividend — fully taxable to you at your marginal rate, with no franking credit. We see this catch unrepresented owners every single year. Always have your accountant review the shareholder loan account before year-end.

Part

Part 6: Beyond the Basics

Planning, insurance, year-end, and when to call us.

Chapter 19

Tax Planning Strategies

Tax planning is the legal arrangement of your affairs to minimise tax. It is done before 30 June, not after. Once the year closes, almost every lever has stopped working. The owners who get the biggest savings are the ones who meet their accountant in April or May, not in October.

Strategies to consider before 30 June

- Prepay deductible expenses — small business taxpayers can prepay up to 12 months of expenses (interest, rent, insurance) and deduct in full.
- Bring forward deductible asset purchases — use any current instant asset write-off threshold.
- Defer income where possible — invoice on 1 July rather than 30 June if cash terms allow.
- Top up concessional super contributions to your cap ($30,000 for 2024–25 unless using unused carry-forward cap).
- Write off bad debts — the debt must be written off in your books before 30 June to claim.
- Stocktake — obsolete stock can be written down to its net realisable value.
- Trust distribution resolutions — must be in place by 30 June, in writing.
- Director bonus or salary review — timing affects which year it falls into.

Strategies that work year-round

- Structuring — choosing the right entity for new ventures.
- Salary sacrifice into super — 33.5% (15% inside super) versus marginal rates up to 47%.
- Income splitting through a discretionary trust — within the limits of personal services income rules.
- Capital gains tax small business concessions — potentially eliminating CGT on a business sale.

> **Trinity Tip**
> Book your pre-30-June tax planning meeting in April. We model the year-to-date profit, project the remaining months, and identify every lever that will move the bill. The typical saving is multiple times our fee — ask any of our long-standing clients.

Chapter 20

Business Insurance

Insurance is the cheap version of every disaster. Most small businesses are dangerously underinsured — either because they have not reviewed cover in years, or because they have grown into risks the original policy never anticipated.

The five covers every business should review

- Public Liability — third party injury or property damage caused by your business. Often required by your landlord and your customers.
- Professional Indemnity — financial loss caused by your professional advice or services. Compulsory for many regulated professions.
- Business Interruption — replaces lost gross profit if your premises is unusable after a fire, flood, or other insured event.
- Cyber liability — ransomware, data breach, business email compromise. Premiums have come down significantly and the cover is now essential for any business holding customer data.
- Key person and personal cover — income protection, trauma, life insurance on the owner. If you stop, the business often stops.

Premiums are deductible

Business insurance premiums are generally fully deductible in the year they are paid (or under the small business prepayment rules, up to 12 months in advance). Income protection premiums paid personally are deductible against the individual's income.

> ! **Watch Out**
> Insurance is the wrong place to save money. Read the policy schedule, not just the certificate of currency — the exclusions, the sums insured, and the excess. A $300-a-year saving on premium can turn into a $300,000 uninsured loss.

Chapter 21

Year-End Checklist for Business Owners

Year-end is non-negotiable. The cleaner your records on 30 June, the cheaper your tax return, the smaller the risk of audit query, and the better the planning conversation. Work through this list every year — ideally in the first week of July.

Books and bank

- Bank reconciliations completed for every account through 30 June.
- Outstanding invoices reviewed — chase or write off as appropriate.
- Supplier statements reconciled to your accounts payable.
- Petty cash and till floats counted and reconciled.

Stock, assets and debts

- Physical stocktake on 30 June, valued at the lower of cost or net realisable value.
- Fixed asset register updated — add new purchases, dispose of items no longer used.
- Bad debts written off in the ledger before 30 June.
- Loans — confirm year-end balances with the lender, identify the interest expense.

Payroll and super

- Final pay run finalised, including all leave and entitlement balances.
- STP year-end finalisation declaration lodged by 14 July.
- June quarter super paid by 28 July (or earlier if Payday Super has started).
- Workers comp annual declaration prepared.

Tax and ASIC

- Director loan accounts reviewed for Division 7A exposure.
- Trust distribution resolutions signed before 30 June.
- FBT return prepared if the company provided fringe benefits.
- ASIC annual review fee paid — watch the company anniversary date.

> **Trinity Tip**
> We send our business clients a year-end pack in May with a tailored checklist, planning prompts, and the documents we need to prepare the tax return. Replying to that email by 31 July keeps your return on track for an early lodgement.

Chapter 22

When to See Your Accountant

Most business owners only think to call their accountant at tax time. That is the most expensive habit in this entire handbook. The decisions that move the most dollars are made at other times of year — and a 30-minute call before you act usually saves multiples of our fee.

Always call us before you

- Start a new business or buy an existing one.
- Take on your first employee.
- Sign a commercial lease or a major supply contract.
- Sell a business, a property, or shares.
- Lend or borrow money inside the family group.
- Take a director loan out of your company.
- Restructure, add a partner, or bring in an investor.
- Set up an SMSF or use it to invest.
- Move overseas (or have an overseas owner move to Australia).
- Receive a letter from the ATO, ASIC, or Fair Work.

Schedule these recurring conversations

- Pre-30-June tax planning meeting — April or May.
- Annual review of structure, cover, and goals — ideally after your tax return is finalised.
- Monthly or quarterly Virtual CFO review — for businesses turning over $1m+.

Trinity Accounting Practice has been advising business owners since 2003. We work with sole traders, family businesses, growing companies, not-for-profits, schools, and SMSFs. If something in this handbook raised a question about your situation, that is exactly the reason we exist.

> **Trinity Tip**
> Pick up the phone. Most questions take five minutes. Most expensive mistakes take five years to undo.

Final

Talk to Trinity

Trinity Accounting Practice has been advising Australian business owners and families since 2003. We combine deep technical expertise with the kind of plain-English advice that helps you actually make decisions — not just file paperwork.

What we do

- Tax and compliance — individuals, sole traders, partnerships, companies, trusts, SMSFs.
- Business advisory and Virtual CFO services.
- Bookkeeping, payroll, and BAS — fully managed on Xero.
- Structuring, restructuring, and business succession.
- SMSF establishment, administration, and audit liaison.
- Not-for-profit and school finance expertise.

How to get started

If you are not yet a client, book a no-obligation initial conversation. We will listen to where you are now, where you want the business to go, and tell you honestly whether we are the right fit. If we are, we will scope the work and give you a fixed-fee proposal before any engagement begins.

TRINITY
ACCOUNTING PRACTICE

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Disclaimer: Information provided in this book is intended as a general overview only and does not replace professional advice tailored to your personal circumstances.