2025 Federal Budget

The 2025 Federal Budget was released on 25 March 2025. Pre-election budgets are always problematic as the announcements may not eventuate if there is a change in government.

The following is a list of highlights from a tax and business perspective.

Businesses

Small business instant asset write-off ending

There will not be an extension to the $20,000 instant asset write-off and will revert back to $1,000 from 1 July 2025.

Assets valued at $1,000 or more (which cannot be immediately deducted) can continue to be placed into the small business simplified depreciation pool and depreciated at 15% in the first income year and 30% each income year thereafter.

After a number of years with generous immediate deduction limits (and no limit at the peak of Covid) for depreciating assets, businesses will need to consider the tax impact for equipment purchases going forward. If you are considering equipment purchases, book your tax planning meeting with us first!

Note: The $20,000 instant asset write-off for small business for 2024-25 has not been passed by parliament, assuming they are not approved in the final days of Parliament, will lapse when an election is called.

Supporting the Hospitality Sector & Brewers

There will be a pause on e indexation on draught beer excise and excise equivalent customs duty rates for a two-year period, from August 2025. Under this measure biannual indexation of draught beer excise and excise equivalent customs duty rates due to occur in August 2025, February 2026, August 2026, and February 2027 will not occur. Biannual indexation will then recommence from August 2027.

Don't expect a freeze on the beer excise to make much difference to the price of a pint – the difference adds up to less than a cent.

Cracking down on non-compete clauses to boost wages and productivity

Scheduled to come into effect from 2027, the proposed changes will ban non-compete clauses for most workers. The ban on non-compete clauses will apply to workers earning less than the high-income threshold in the Fair Work Act (currently $175,000).

There are plans to consult further on non-solicitation clauses for clients and co-workers, and non-compete clauses for high-income workers.

It is unclear what the impact will be for small businesses as legislation, exemptions and transitional arrangements have not been released.

National Licensing Scheme for Electrical Trades

As part of the competition reforms, there is progress on a national licensing scheme for electrical trades, enabling electricians to work across state borders without reapplying for a separate licence.

Small Business and Franchisee Support and Protection

The Government will provide $12 million over four years from 2025–26 to support and protect small businesses. Funding includes:

- $7.1 million over two years from 2025–26 for the Australian Competition and Consumer Commission to strengthen regulatory oversight of the Franchising Code of Conduct
- $3 million over four years from 2025–26 for the Australian Securities and Investments Commission to improve its data analytics capability to better target enforcement activities to deter illegal phoenixing activities, particularly in the construction sector
- $1.2 million in 2025–26 to partner with White Box Enterprises to establish a Social Enterprise Loan Fund to offer small loans to social enterprises, including work integration social enterprises, to support employment for disadvantaged Australians
- $0.8 million in 2025–26 for Treasury to develop and consult on options to extend protections against unfair trading practices to small businesses and protect businesses regulated by the Franchising Code of Conduct from unfair contract terms and unfair trading practices

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Individuals & families

Additional Tax Cuts

From July 1, 2026, the tax rate on income earned between $18,201 and $45,000 will be cut from 16 per cent to 15 per cent, and will reduce even further to 14 per cent from July 2027.

Thresholds in 2026–27 ($)	Rates in 2026–27 (%)	Rates in 2027–28 (%)
0 – 18,200	Tax free	Tax free
18,201 – 45,000	15	14
45,001 – 135,000	30	30
135,001 – 190,000	37	37
Over 190,000	45	45

Increasing the Medicare levy low-income thresholds

The Government will increase the Medicare levy low-income thresholds for singles, families, and seniors and pensioners from 1 July 2024.

The threshold for singles will be increased from $26,000 to $27,222. The family threshold will be increased from $43,846 to $45,907. Thresholds for seniors and pensioners will also increase.

Energy Bill Relief Fund Extension

The Government will provide energy bill rebates of **$75 per quarter** for eligible Australian households and small businesses between 1 July 2025 and 31 December 2025.

Child Care

Three days of subsidised care will be made available to all families earning less than $533,000, replacing the existing "activity test" for those days of care.

It means parents will no longer have to work, study or be looking for work for at least 16 hours each fortnight to access childcare subsidies.

The measure was a Labor election commitment but was brought forward and passed through parliament last month. It will begin in January 2026.

20% Reduction on HECS/HELP Loans

As previously announced, all outstanding Higher Education Loan Program (HELP) and other student debts will be reduced by 20 per cent.

The Government will also increase the amount that people can earn before they are required to start paying back their loans from $54,435 in 2024–25 to $67,000 in 2025–26.

Both changes are subject to the passage of legislation.

2 year ban on foreign ownership of established homes

From 1 April 2025, the Government has banned foreign and temporary residents, and foreign-owned companies, from purchasing established dwellings to prevent ‘land banking’. The ban applies for 2 years but is subject to some limited exceptions.

National Anti-Scam Centre

The Government will provide $6.7 million in 2025–26 to extend the operation of the National Anti-Scam Centre within the Australian Competition and Consumer Commission to continue protecting consumers and businesses from scam activity.

This measure builds on the 2023–24 Budget measure titled Fighting Scams

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Infrastructure Spending

The Government will provide $17.1 billion over ten years from 2024–25 for road and rail
infrastructure priorities to support productivity and jobs, including $350 million to upgrade the Kwinana Freeway in Western Australia

Completing the NBN Fibre Upgrades

The Government will provide an equity investment of up to $3 billion over seven years from 2024–25 to NBN Co to upgrade the remaining 622,000 National Broadband Network (NBN) premises on the national fibre-to-the-node (FTTN) network with NBN Co also contributing more than $800 million to the project.

The additional investment will support more than 94 per cent of Australia's fixed line footprint to have access to gigabit speeds by 2030

We will provide updates as more news/ information comes to light. As always, it's important to note that the budget announcements aren't real until the legislation has been finalised.

If you have any questions about how the Budget has affected you or your business, please contact our office on 08 6118 6111 or email hello@prescottsolutions.com.au

More Information

- Budget 2025-26 – Budget.gov.au
- Budget Measures Budget Paper No. 2 2025–26 https://budget.gov.au/content/bp2/download/bp2_2025-26.pdf
- ATO: Latest news on tax law and policy https://www.ato.gov.au/General/New-Legislation/Latest-ne

ws-on-tax-law-and-policy/

Whilst every care has been taken in its preparation no person should act specifically on the basis of the material contained herein. If assistance is required, professional advice should be obtained.

The material contained in the 2025-26 Budget Update should be used as a guide in conjunction with professional expertise and judgement. All responsibility for applications of the 2025-26 Budget Update and for the direct or indirect consequences of decisions based on the 2025-26 Budget Update rests with the user.

Selling your business: planning your exit

Building up a business can take years. For some, it will be a lifetime's work. So when the time comes to sell, you want to make sure you get the best possible return on your investment (ROI).

In this series, we'll give you all the advice you need to plan your exit, add value to the business, negotiate a great deal and define your new pathway once the business is sold.

Realising the value that’s locked up in your business isn’t something that happens overnight. Most owners will begin planning the sales of their business well in advance – sometimes years before they actually plan to exit and sell the company to a new owner.

This foresight and planning is essential, giving you plenty of time to form your exit strategy and make the business an attractive proposition to prospective buyers.

Let’s take a look at the important elements to include in your sale plan:

Define your goals for the sale

It’s important to articulate your objectives for exiting the business, whether it’s financial gain, handing the business to the next generation or personal reasons such as ill health or a desire to retire. Sit down and ask yourself WHY you’re selling up and make this goal (or goals) the heart of your exit strategy.

Decide on a timeline

Selling up isn’t a process that can be rushed. Establish a realistic timeline for your exit, taking into account factors such as your age, health and the overall performance of the business. Having a five-year plan for your exit is common, giving you the necessary time to plan your exit and transition the company over to a new owner. Set clear milestones to achieve and aim to stick to your timeline, where possible.

Get a realistic valuation

To understand your potential ROI, it’s vital to get an accurate valuation of the business. Work with your accountant to understand the value of your business assets and engage a broker with experience in your sector to get a valuation of the whole business. Knowing the true worth of the company will help you negotiate more favourable terms with a buyer, generating a better sale price.

Deal with your housekeeping

A buyer wants to purchase a business that’s trouble-free, so it’s vital to address any issues that could negatively impact the company’s value. Make sure you’ve dealt with any outstanding debt, legal matters or operational inefficiencies well before the sale. This will add to the attractiveness of the business and puts you in a strong negotiating position.

Make sure you have multiple exit options

You might have one very clear preferred exit option in mind, but make sure you give yourself a variety of other routes to consider. Explore various exit strategies, such as selling the business outright, transitioning ownership within the family or pursuing an IPO. Think through the pros and cons of each option and choose the one that best suits your current goals and circumstances.

Talk to us about planning the sale of your business

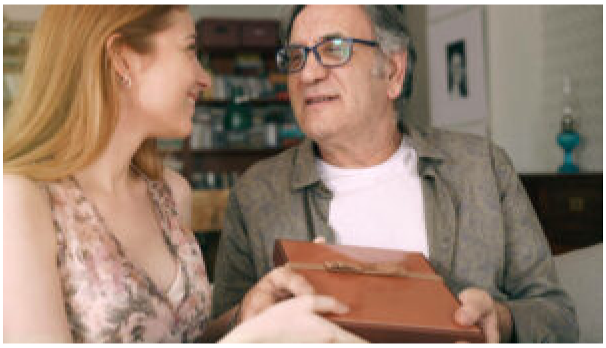
As you’ve seen, there are several important steps to plan before you can think about putting your business on the open market. The earlier you start this exit strategy, the more time you’ll have to plan the fine details, add additional value and achieve the deal you want.

If you’re thinking now’s the time to plan your exit, do come and talk to the team. Together, we’ll work on an exit strategy that hits your goals and delivers the best possible ROI.

Related articles:

- [Taking on the family business legacy: becoming the successor.]
- [When should your business be passed to the next generation?]
- [Are You Suffering from Business Burnout?]
- [5 challenges for small business – and how to beat them!]

Taking on the family business legacy: becoming the successor.



Becoming the successor to the family business is a genuine honour. But taking over control of the family legacy, and taking the business to new heights, can be daunting.

The older generation has been the curator of this business for years and will want to pass the company on to a trusted pair of hands – someone who can continue their hard work.

But what are the key skills you need as the new leader of the business?

You may already be fundamental to the operation of your family business. Or you may be returning to the company after a period in industry, or pursuing other life goals. Whatever your experience, it’s important to hone your skills, so you’re ready to take on the role.

We’ve outlined five of the most important skills and capabilities you’ll need as the leader of the family business:

A deep understanding of the business.

As the head of the company, you’ll need to have a real grasp of the inner workings of the whole business. That means getting acquainted with the company’s everyday operations, finances, sales, marketing and the overall competitive and economic landscape that you’re trading in.

Leadership skills and the ability to develop.

You’re the boss now, so that’s going to mean developing some strong leadership. Learning these interpersonal and motivational skills will be critical when you’re managing internal teams, making decisions with your management team and board, and navigating the challenges that every business faces.

A clear focus on building good relationships.

Good business is always based on solid, trusted relationships. It’s important to nurture these key relationships, whether it’s with your family members, employees, customers or suppliers. Be open, honest and transparent with all your stakeholders to promote the best long-term relationships.

An eye for strategy and business planning.

You’re the person leading the business now, and that includes being the strategic thinker behind the company’s future direction. Think carefully about your goals for the company and create a clear vision for the business’s future, with a strategic plan to guide your next steps.

Excellent financial management skills.

Cash is king, so being in control of your finances is a must. Getting to grips with the financial aspects of the business may not seem that exciting, but being in control of budgeting, cashflow and profitability is a key driver to making the company successful in the mid-to-long term.

Talk to us about getting ready to take over the family business

You'll want to do the family proud and be the best head of the business you can. But you can't do that alone. It's invaluable to have the best advice, support and guidance along the way.

Talk to our team about developing your skills as a business leader, setting the best goals for the family business and putting some strategic thinking behind your future plans.

Related Articles:

- When should your business be passed to the next generation?
- Understanding Your Profit and Loss Statement
- Understanding Your Balance Sheet
- Plain English guide to cashflow

When should your business be

passed to the next generation?

You’ve spent a lifetime building up your family business, growing the company and creating a lasting legacy for your nearest and dearest.

But all good things must come to an end, and at some point in the future you’ll need to hand the business over to the next generation.

What are the signs that it’s time to step down? And what’s the best time to put your succession plan into action and to pass the reins to your successor?

Stepping back from the business and starting a new life in retirement, or working on a new business idea, probably sounds enticing. But it’s important to have a clear succession plan in place and to pass on the business at the right time.

Here are five options for when the time is right to step back:

When you, the founder are ready.

Your own readiness to step back from the day-to-day operations of the family business is a crucial factor. You need to feel ready to hand over control, be confident in your successor and have a clear understanding of your future role. Will you exit completely, or stay on as an adviser, or board member?

When your successor is ready.

Your chosen successor also needs to be ready. It’s vital for your successor to have the necessary skills, experience and commitment to lead the business. They should also be prepared to take on the responsibilities and challenges of running a family business, through good times and bad.

When the business is looking stable.

Change can be a challenge in any business, so it’s important to initiate this change of leadership when the company is looking strong and stable. This gives you the foundations for a successful transition. Make sure the business is in good financial health, has a strong customer base, and that your market position is looking favourable compared to your close competitors.

When the timing and conditions are right.

Handing the business over during tough market conditions is not advisable. Evaluate external factors such as economic conditions, industry trends and family circumstances and think about whether now is a good time for the transition – or whether it’s better to wait and ride out the storm.

When you have a clear succession plan in place.

A transition from one generation to the other is a complex and often challenging process. There’s real value to having a well-crafted succession plan in place. This plan will outline the transition process, roles and responsibilities, ownership structures and will ensure a smooth transfer of power.

Ending your own personal journey with your family business is a momentous step, and a transfer of power that will run far more smoothly with plenty of pre-planning.

Talk to our team to discuss your plans for the future, your hopes for the business and the key elements that should be included in your exit strategy and succession planning.

Related articles:

- [Taking on the family business legacy: becoming the successor.]
- [Are You Suffering from Business Burnout?]
- [5 challenges for small business – and how to beat them!]

Key ways to access funding for your business

If you're planning to found a new business, you'll need enough startup capital to get this venture off the ground. And once you're up and running, you'll need additional business finance and investment at each stage of your growth and expansion along the business journey.

But where does this business funding come from? And what are the best routes for accessing the finance you need to bring your business plans to life?

Five way to access the right funding

There are multiple routes to funding, and many specialist types of finance that cater to a specific industry or a particular business type. However, it’s always a good idea to understand the funding fundamentals and the options they offer for your business.

We’ve summarised five different funding routes that are worth considering:

1. **Bank loans and overdrafts** – traditionally, your bank was the go-to place for business funding. Taking out a business loan allows you to pay back the loan over an agreed period, and in easy instalments. Extending your business overdraft can give you more credit to play with. But in recent times, banks have become more reticent to lend and will need cast-iron evidence of your ability to repay any agreed loan or overdraft.
2. Pros: Large sums of money can be borrowed
3. Cons: Strict lending criteria and may require collateral
4. **Private investors** – getting high-net-worth individuals to invest in businesses is another well-worn path to funding. Private investors can be a great source of funding if your business is unable to qualify for a bank loan or needs a large amount of funding quickly. However, investors will usually expect shares in the business and some form of control over the direction and running of the company. Shrewd investors will also want a guaranteed return on their investment (ROI).
5. Pros: Can provide large sums of funding and more flexible criteria than banks
6. Cons: Can be difficult to find private investors and they will expect good ROI
7. **Business loan providers and niche industry lenders** – There are many lenders that specialise in providing

loans to businesses in specific sectors, or at particular points in the business journey. These lenders may have less stringent lending criteria than the main high street banks and can offer more flexible repayment terms. If you're trading in a niche and need money quickly, these lenders are well worth adding to the mix.

8. Pros: Less stringent lending criteria than banks and flexible repayments
9. Cons: Interest rates may be higher than bank loans and collateral may be needed against your loan
10. **R&D tax credits** – R&D tax credits are government incentives that can help you offset the cost of your company's research and development activities. R&D tax credits can be a valuable source of funding for businesses that are developing new products or services and will help to cut your corporation tax bill – savings that can then be reinvested back into the business.
11. Pros: Offsets the cost of R&D activities and can be claimed retrospectively
12. Cons: The application process can be complex and time-consuming
13. **Government loans and tax incentives** – there are a huge range of government loans, enterprise incentives, grants and tax incentives available to your businesses. These funding options can be used for a variety of purposes, such as starting a new business, expanding an existing business or creating jobs. Each country and territory will have its own specific government incentives, so it's worth doing your own research, or working closely with your advisers to find the most suitable loans, grants and incentives in your particular area.
14. Pros: Provides a valuable source of funding, and (if you meet the criteria) some grants may not require repayment
15. Cons: Criteria must be met in full and the application process can sometimes be complex and time-consuming

Talk to us about setting up your funding strategy

Whatever point you're at in the business journey, there's real value in having a clear funding strategy set up and agreed for your business. The right routes to funding will depend on your business goals, your ability to make repayments and whether your sector is classed as high or low risk. But having a funding strategy in place really is an essential element of your planning.

As your adviser, we can run you through the funding options available to you, with industry-specific advice on the most practical and effective routes to finance.

Your guide to claiming working from home expenses for 2023–24 income year

A taxpayer who carries on part or all their business or employment activities at home may be entitled to a deduction for part of their outgoings related to working from home.

There are two ways to calculate a work from home deduction:

Fixed rate method

From 1 July 2022, the revised fixed rate method allows individuals to claim running expenses incurred as a result of working from home at 67 cents per hour (PCG 2023/1).

The revised rate accounts for energy (electricity and gas), phone, internet, stationery and consumable expenses.

Also, a taxpayer is no longer required to maintain a dedicated workspace at their home.

To claim the fixed cost method, taxpayers must keep a record of:

- the total number of hours worked from home (for the entire year)
- the additional running expenses covered by the rate per hour (for example, phone bill, electricity bill, stationery and computer consumables etc.)
- any depreciating assets (and how much of their use of that asset was work-related).

A separate deduction may be claimed for any depreciating assets (not included in the rate per hour), like office furniture or technology.

Actual cost method

The actual cost method allows you to claim a deduction for the actual expenses incurred as a result of working from home.

To claim the actual cost method, taxpayers must keep a record of:

- the number of hours worked from home (whether that be the total hours, or a continuous four-week period representing the usual pattern of work, if their hours

are consistent throughout the year)
- their additional running expenses (for example, phone bills, electricity bills)
- how the deduction was calculated.

Contact us

Please feel free to contact our office on 08 6118 6111 or hello@prescottsolutions.com.au, should you need help with collating the necessary information or preparing draft calculations to claim your work from home expenses.

Tax planning helps you do more with your money

Tax planning is a strategic approach to managing your business' financial affairs, with the aim of legally minimising your tax liability. In other words, you plan ahead to make sure you pay the taxes you should be paying, but not a penny more.

Working with your tax adviser, you can look for deductions, credits, exemptions and tax-saving strategies that will help to optimise your company's overall tax position.

How does tax planning affect your business?

The primary goal of tax planning is to reduce the amount of taxes your business owes. But it’s also about making sure you stay compliant with all the tax laws and regulations applicable to your business.

But what are the main advantages? Let’s take a look at five of the big benefits of careful, strategic tax planning.

By planning your tax across the year, you can:

1. **Maximise your profits** – strategic tax planning helps your company find the best available tax incentives, deductions and credits. This reduces your overall tax liability, cuts your annual tax costs and increases your overall profitability as a business.
2. **Boost your cashflow** – tax planning is a great way to open up more liquid cash and achieve a better cashflow position for the business. When you cut down the company’s tax payments, that frees up cash and helps you achieve a positive cashflow position.
3. **Stay compliant and mitigate your risk** – being proactive with your tax planning keeps the company compliant with the relevant tax laws and regulations. It’s a sensible way to tick the compliance boxes and reduce the risk of costly penalties and legal issues.
4. **Drive your strategic growth** – smart use of tax planning helps you reduce your tax costs and reassign those funds to your strategic business goals. It’s a golden opportunity to invest in areas that promote long-term growth and competitiveness.
5. **Give your business a competitive edge** – if managed well, efficient tax planning leads to lower operational costs for the business. This gives you a competitive edge when it comes to pricing, innovation, sales and revenue

generation.

How can we help you with tax planning?

Getting strategic with your tax planning has many advantages for your financial stability as a business. But to maximise your planning, it’s important to work with an experienced adviser.

As your tax adviser, we’ll help you look ahead across the whole financial year, looking for the opportunities to reduce your tax liability and find the best tax deductions and incentives.

If you’d like to know more about the impact of tax planning, we’ll be happy to explain.

Get in touch to talk about tax planning.

The ABCs of bookkeeping

In today’s digital times, you’re probably used to having unrivalled access to your financial numbers, key performance indicators (KPIs) and cashflow metrics. Without good bookkeeping, the speed and quality of your reporting can quickly fall down.

So, why is fast and accurate bookkeeping so important? And what are the main bookkeeping tasks that your business should be getting right?

The financial importance of good bookkeeping

Bookkeeping is a fundamental part of your financial process as a business. Without it, your accounting software has no financial data to work with, your FD doesn’t have the most current numbers, and your accountant can’t see the current financial health of the business.

Inputting your financial transaction into some form of record-keeping system is also a mandatory commitment if you’re a registered business and paying goods and services or value-added tax. Bookkeeping is what provides you with a historic breadcrumb trail of your finances – allowing you to track your cashflow, revenues and profits over a given period.

How to maximise your bookkeeping

So, bookkeeping is a vital part of your financial management. And the key to having your transactions recorded, available for reporting and accessible whenever you need them.

But how should the bookkeeping process work, in an ideal world? Let’s walk through the core bookkeeping steps and how you can get the most from this financial admin task.

To keep on top of your bookkeeping:

- **Scan all financial paperwork** – the initial part of the bookkeeping process is to scan and record all receipts, invoices and remittances. This gives you a digital copy of the paperwork that relates to your income and expenses – important when you get around to filing tax returns and expense claims etc.

- **Record all transactions immediately** – getting your transaction recorded and in the books ASAP is vital. This includes recording both your income and expenses, as soon as they occur, and matching them with the scanned paperwork. This not only helps you stay organised but also means your financial data is always up-to-date and can provide real-time reporting and numbers. This can be a huge help when running the business.
- **Categorise transactions accurately** – when recording transactions, make sure you're accurate and categorise each item correctly. Not only does this remove the potential for errors and miss-keying in your books, it also helps you track your spending and income more accurately, so your reports are an honest reflection of your financial health.
- **Reconcile your accounts regularly** – reconciliation is the process of matching your transactions (both income and expenses) against your bank statement and other financial statements. It's a key part of your bookkeeping and should be done regularly, to ensure that your balances are correct and that your records are totally up to date.
- **Use a cloud-based accounting system** – bookkeeping doesn't involve books (ledgers, in accounting-speak) anymore. In the digital world, you can use cloud-based accounting software, like Xero, to record your transactions and access your financial data in the cloud from anywhere, at any time. This makes it easier to keep on top of your numbers when out of the office (and Xero will even automate the reconciliation process too).
- **Outsource your bookkeeping to a professional** – yes, you can do your own bookkeeping. But there's a LOT of value to delegating all the hard work to a professional bookkeeper. If you don't have the time or expertise to manage your bookkeeping yourself, outsourcing is a smart

move. A bookkeeper will make sure your books are always accurate and under control. Plus, they can produce cashflow statements, revenue forecasts and other reports to help your business decision-making.

Talk to us about outsourcing your booking

With today's cloud accounting software, bookkeeping is a far less tedious task than it used to be. But it's still a regular, time-consuming job that can take you away from running the business.

If you're thinking about outsourcing your bookkeeping, and freeing up that admin time, we'd love to talk to you. Our outsourced bookkeeping service will take on your bookkeeping tasks, to streamline the whole process. We'll also introduce you to automated data-entry tools like Dext Prepare, Auto Entry and Hubdoc, that make snapping receipts and scanning invoices a breeze.

Let us do the books, so you can get back to talking to customers and winning work.

Contact us today on 08 6118 6111 or hello@prescottsolutions.com.au to discuss more!

Contractor Rules for Medical and Allied Health Practices and Payroll Tax

Payroll tax audits and court cases during 2023 have brought the issue of payroll tax for medical practices into focus. Until recently, medical practices largely excluded contractors from calculations on the basis that the contractor operates their own business out of rooms rented from a medical practice.

Payroll tax is a state-administered tax with different rules, rates and thresholds in each state. Employers that pay employees or contractors totalling more than the state threshold must submit wage reports to the relevant state revenue office and pay the calculated payroll tax monthly.

A medical or health centre that pays contractors is deemed an employer for payroll tax; therefore, relevant payments made to the practitioner are treated the same as wages.

Many types of arrangements could be counted as relevant for payroll tax. Contractor agreements, service arrangements, and management or agency agreements could all be considered for payroll tax.

The Rules Haven’t Changed

Various states have guidance on what contractors are included and excluded in payroll tax calculations. The recent focus is not because of changes to the law but because of audits and court cases where the final ruling required the practice to pay tax on contractor payments.

The rules in each state are similar but with some distinctions. It's essential to check the contractor guidance for inclusions and exclusions in your state. In addition, each state currently has different dates at which they will enforce the tax on medical practice contractor payments, with some states offering an amnesty.

What You Need to Do

If your medical or allied health practice pays employees and contractors above the state threshold, you must do an internal audit on agreements with contractors. Check your state's rulings on inclusions and exclusions and clarify written agreements with your contractors. If you need more clarification about the rules for contractors in your medical practice, start with the information at payrolltax.gov.au.

Payroll tax laws are notoriously complex and it's a good idea to get professional advice about which workers should be included.

Contact us today on 08 6118 6111 or hello@prescottsolutions.com.au to discuss more!

How much should you pay yourself?

Being the boss means you get to make all the big decisions about your business – including how much to pay yourself in wages, salary or drawings.

As the owner, you might need to underpay yourself in the early stages of building your business, so you can reinvest the profits. But your time is valuable – and you need enough money to pay the bills. So how can you find the right level of pay? It has to be enough to keep the mortgage paid, while also building a thriving business.

If you're trying to decide how much to pay yourself, here are a few questions to ask yourself:

- **What can the business afford?** – You need to leave enough cash in the business to keep it ticking along, pay your basic costs, and meet your tax obligations. Once you've considered all those outgoings, how much does that leave you as a potential salary? We can help you work out what that number is, so you can establish a sustainable rate of pay.
- **What's the market rate for your role?** – What would you have to pay someone to do the work you're undertaking in this business? Maybe you wouldn't actually be able to find anyone to work the same long hours, but if you were hiring someone with your experience, to do the same sort of work for 40 hours a week, what would they expect to be paid? That number is a good starting point for thinking about your own salary or drawings. If you're

being underpaid, it's time to think about ways to grow your profits. If you're being overpaid, congratulations on building a highly profitable business!
- **Could reinvesting profits grow your income faster?** – You can take all the profits out of your business, which should give you a strong and sustainable income. Or, could you reinvest your profits and grow the business faster, leading to a higher income in the long-term? You might choose to spend some of your profits on advertising, a better website, or developing a new offering, for example. Or you could pay for assistance in some area of the business. If the investment leads to higher growth, it might be well worthwhile.

We'll help you run the numbers

We can help you figure out how much your business can afford to pay you, analyse the potential gains of a business investment, or weigh up the pros and cons of hiring someone to help you.

Contact us today on 08 6118 6111 or hello@prescottsolutions.com.au to discuss more!