

A young boy with blonde hair, wearing black-rimmed glasses, a white t-shirt, blue jeans, and white sneakers. He is wearing a dark grey cape and holding a grey folder. He is standing on a green background with a white grid pattern, with his right arm raised in a fist and his mouth open as if shouting or cheering.

# HOW TO EOFY THE RIGHT WAY

A step-by-step guide for  
completing your end of  
financial year books

# ESSENTIAL EOFY TASKS FOR SMALL BUSINESSES

Whether your small business is brand new, or you've been running it for decades, the end of the financial year (EOFY) can be a tricky period to navigate. There's record keeping, file administration and a range of tax obligations to meet; not to mention the major task of planning for the financial year to come.

In this guide, we'll explore:

1. Record keeping and reporting
2. Tax agents and accounting software
3. Tax changes and scams
4. Tax deductions and concessions
5. Reviewing your finances
6. Reviewing your insurances
7. Considering your business structure
8. File administration
9. Planning for the next financial year

If you've been organised throughout the year and up-to-date with your record keeping and finances, these tasks should be fairly straightforward. Still, be prepared to set aside some time to work through this list at a relaxed pace.



# 01

## RECORD KEEPING AND REPORTING

As a small business owner, you'll be aware that there are a range of record keeping and reporting tasks you need to complete on a regular basis. Many of these are to be done annually at the end of the financial year and may include the following:

### Profit and Loss Statement

A profit and loss (or income) statement should include the sales and expenses related to carrying out your business. Essentially, it shows a picture of how much of a profit your business is making, or how much it is losing. Typically, profit and loss statements are created every month, quarter or annually, so you'll likely already have one prepared in time for EOFY. Here's a useful guide from the Australian Taxation Office (ATO) about [creating a profit and loss statement](#).

### A Stocktake

Conducting a stocktake might be necessary if your business buys or sells goods. This means you'll [need to produce records](#) of any transactions related to buying, maintaining, repairing and selling goods or business assets to substantiate the amounts you report in your tax return.

### Record of Debtors and Creditors

You might need to produce summaries of your record of debtors and creditors at EOFY.

### Purchase and Expenditure

Collating records of asset purchases, or spending related to improvements, should be done for the purpose of calculating depreciation expense claims and for Capital Gains Tax.

### Capital Gains Tax (CGT)

CGT is the tax that you pay on any capital gain. It's not a separate tax; it is part of your income tax. For example, if your business sells an asset - such as property - you will generally make a capital gain or loss, i.e. the difference between what the asset originally cost you, and what you received when you sold (or 'disposed' of) it.

[Find out more about the CGT.](#)

### Income tax returns

Completing and lodging your income tax return is perhaps one of the most time-consuming tasks on this list.

[Income tax for business](#) is different to income tax for individuals, and you'll need to be aware of aspects like concessions, company tax rates and relevant deductions.

For every year that you run your small business, you must lodge an income tax return, including when you don't expect to owe any tax at all.

### Lodging yearly reports and returns

Your income tax return is only scratching the surface! You may need to lodge yearly reports or returns for [pay as you go](#) (PAYG) withholding (including the finalisation of income statements for Single Touch Payroll (STP)); the [Fringe Benefits Tax](#) (FBT), the [goods and services tax](#) (GST) and the taxable payments reporting system.

### Meeting Superannuation requirements

If your small business has employees, superannuation will be relevant. It's best to avoid being late with making superannuation payments to employees, as they are not tax deductible.

Superannuation, or super, is money that you are required to pay your

employees to provide for their retirement. To meet these obligations, you should know exactly what the requirements for paying super are and what you need to do when paying super for employees. You should also note that some [contractors may also be entitled to super](#). Super contributions are considered 'paid' once the super fund has received them, and any missed payments could attract the [super guarantee charge](#) (not tax-deductible).

Record keeping is important here, as you'll need to note down any super contribution payments you make and evidence that you offered a choice of super fund to any employees that are eligible. You'll also need to pay super by quarterly due dates (or more frequently if required), ensuring that you meet [SuperStream requirements](#) and pay super to complying super funds. Give the employee's Tax File Number (TFN) to their super fund within a fortnight of receiving their TFN declaration form. See the ATO's complete list of [superannuation obligations for employers](#).

### Creating digital records

If you have paper records sitting around, this is the time to make digital copies of them and back them up. More information on file administration can be found later in this eBook.

# 02

## TAX AGENTS AND ACCOUNTING SOFTWARE

If making sense of your tax obligations gives you a headache, finding a tax agent to walk you through the process or using an accounting software, might be exactly what you need.

### Finding a tax agent

There are a lot of different ways you can find a tax agent: through recommendations from colleagues or friends, by searching online, or considering agents who have offices in your local area. Whichever path you choose, the key point to remember is that your agent should be registered with the Tax Practitioners Board (TPB).

#### How to check if your tax agent is registered?

There are two ways to check: either by searching the online TPB register or looking for the registered tax practitioner symbol on your agent's website, brochures, stationery or business cards. The registered tax practitioner symbol should include their individual registration number, as well as the type of registration they have.

### Finding accounting software

If you want some help with your bookkeeping but aren't necessarily planning to bring a tax agent on board, an accounting software like Cashflow Manager might be for you. The platform can make life simpler by leaving less room for error when it comes to your bookkeeping and will provide all the tools you need to ensure your books are consistently up-to-date.

You don't need to be an accountant to use Cashflow Manager, and there's Australia-based phone support included in the subscription cost, in case you have a question.

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**"Cashflow Manager has all the tools you need to ensure your books are consistently up-to-date."**

# 03

## TAX CHANGES AND SCAMS

Being aware of tax changes is crucial for small businesses at EOFY. The ATO's [small business newsroom](#) details the latest updates, all of which can be explained in more detail by your tax professional.

Knowing what is required of you come tax time, both as an individual and as a small business owner, will help you to be more confident about the overall process, and wary to any potential scams that you might encounter.

The most common tax time scams include:

1. Tax refund scams - when a scammer claims that you have overpaid your taxes and are eligible for a refund, but then require a fee for administration or transfer costs.
2. Tax owed scams - when a scammer claims that you haven't met your tax obligations and asks you to transfer the owed money.

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**"Know what is required of you to protect yourself from tax time scams"**



# 04

## TAX DEDUCTIONS AND CONCESSIONS

So long as you've been keeping records of business-related spending, claiming deductions for your business expenses is straightforward. You may be claiming deductions for things like the costs associated with setting up a business website, motor vehicle expenses, or for the purchase of machinery, tools or computers needed to run your business. As long as the spending directly relates to earning your income, it will probably count as a deduction.

If you're a sole trader, the ATO app [myDeductions](#) might come in handy for recording your business income and expenses throughout the year. Otherwise, do whatever works for you: keeping an Excel spreadsheet, using a task management platform like Notion, using an app to make notes in your smartphone, or good old-fashioned pen and paper.

Tax concessions might also be available to support your small business. The [list of concessions](#) is extensive, and range from those related to calculating and paying income tax, to simplified record keeping, to superannuation and more. Consider which ones may be applicable to your business and make use of them before EOFY.



# 05

## REVIEWING YOUR FINANCES

The end of the financial year isn't the only time that it's useful to review your finances, but it sure is a convenient reminder to do so. Carefully review your finances (with your accountant or bookkeeper, if you have one) and analyse whether you achieved your business targets, and what you can do differently next financial year to meet or exceed them.

This is also a good time to do some general research on improving your business's financial position. For example, you could learn how to develop a cashflow forecast, which could help you manage potential future shortfalls and ensure that your staff and suppliers always get paid. Small business research of this kind will be particularly helpful if you don't have an accountant or a bookkeeper (you could start with our tips on [how to do your own bookkeeping](#).)

# 06

## REVIEWING YOUR INSURANCES

The importance of having the right insurance for your small business can't be overstated; it can protect your customers, your personal income and ultimately, your business itself. There are [different types of insurance](#) available that protect different things.

The golden rule? Don't assume that you're covered. Read the product disclosure statement (PDS) of your insurance policies very closely and be aware that as your business grows, you may need to update your level of cover.

# 07

## CONSIDERING YOUR BUSINESS STRUCTURE

By EOFY, you'll start to have a clear understanding of how much your business has changed or grown over the past twelve months. You'll be able to predict how much growth your business could experience in the coming financial year, and what its potential profit will be.

These insights could inspire you to change your business structure or restructure your business - both would have an impact on the compliance and taxation regulations relevant to you. Some of the most common business structure changes that people make include bringing on a partner after starting as a sole trader, or moving from a sole trader or partnership structure to [registering as a company](#).

Read up on business structures before you decide to change yours. This will help you know exactly what the reasons for the change are and will be able to justify those. This will also give you the opportunity to consider crucial questions before the restructure, including what agreements you need to have in place, whether you need a new business name or trademark, and if there are any changes to your tax obligations.

ACTIONS  
DRIVEN BY  
INSIGHTS

# 08

## FILE ADMINISTRATION

File administration, in particular, the organisation of files and maintaining privacy is always important when running a small business. This is particularly true at the end of the financial year, when the extent of sensitive information you have access to becomes prominent.

Backing up and securing important business information (like registrations, financial information and customer data) in a safe, off-site location is recommended. If your business is online, there's an [increased risk of scams and security threats](#). The ATO also has information about [cloud computing software services](#) you could consider adopting.



## PLANNING FOR THE NEXT FINANCIAL YEAR

When you're knee-deep in meeting your EOFY tax obligations, preparing for the new financial year might not be the first task that comes to mind. But, setting aside time for planning in the short term can save you a lot of time in the long run. Developing new plans or carefully reviewing and updating your existing ones, can help you to set realistic goals and prioritise your tasks. It can help you accurately assess whether the strategies you have in place are working; and whether you need to be ready to adapt to changes or embrace new opportunities when they come your way.

### Your business plan

A smart, comprehensive business plan will set you up for the new financial year. Before gathering all the data, brand messaging and other information you'll need to include, you'll need to carefully set your goals and objectives; work out separate financial and marketing plans; identify the relevant competition in your market and what their strategies mean for you. Finally, create a persuasive executive summary so that potential investors, partners and banks see the full extent of your vision.

For more information on business planning, as well as practical tips you can use right now, there are plenty of resources available on the Cashflow Manager website.



**“A smart,  
comprehensive  
business plan  
will set you up  
for the new  
financial year”**

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