



Are you eligible for the small business income tax offset?

The small business income tax offset can be used to reduce the tax you pay by up to \$1,000 a year. Also known as the unincorporated small business tax discount, the offset is worked out on the proportion of tax payable on your business income.

The rate of offset is 13% for the 2020-21 financial year and 16% for the 2021-22 financial year and onwards. The offset is only available to entities with an aggregated turnover of less than \$5 million (from 2016-17 financial year onwards) and is capped at \$1,000.

The ATO will work out your offset based on your income tax return and uses your:

- net small business income you earned as a sole trader, or
- share of net small business income from a partnership or trust.

Conditions for sole traders

The offset is calculated based on net small business income for sole traders (which is the sum of your assessable income from carrying on your business, minus any deductions). Sole traders are not entitled to the offset in the event that their net small business income is a loss.

Income and deductions that you need to include in your net small business income include:

- farm management deposits claimed as a deduction,
- repayments of farm management deposits included as income
- net foreign business income related to your sole trading business, and
- other income or deductions such as interest or dividends derived in the course of conducting your business.

Conditions for partnership and trust distributions

You may be eligible for the tax offset if:

- you have a share of net small business income distributed from a partnership or trust that is a small business entity,
- you were a partner or beneficiary of that small business partnership or trust,
- the business income was derived by the small business partnership or trust from carrying on its own business activities, or
- your assessable income includes a distribution or share of net income from that partnership or trust.

Everyone's situation is different, so please contact your accountant if you have any questions on your particular circumstances.

A tailored approach for each business is recommended so call us for assistance and advice on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.

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FINANCIAL GOALS ARE, AND
HELP YOU ACHIEVE THEM.**

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