



# By the books

**W**ith the end of the financial year almost upon us, now is the time to review the recent changes to tax laws that can have an impact on your dental practice.

Checking in with an accountant and financial adviser is the best first step to guide you through the process, but it's also vital to know what rules have changed over the past 12 months that may affect your tax systems, spreadsheets and hard-copy receipts.

We turned to three accountants who specialise in the dental industry for their expert perspectives on the top five rule changes you need to know this tax time.

## Instant asset write-off

Dental practices that could previously immediately deduct assets valued up to \$150,000 now face the prospect that this threshold has been cut to just \$20,000

per asset per year. This could possibly have an effect on writing off equipment like digital scanners and handpiece sterilisers, and office equipment like photocopiers and printers.

Platinum Accounting Australia partner Coco Hou says, "Let's say a dentist clinic needs a new scanning machine that costs around \$100,000. If they bought this machine last year, and if the clinic was making \$100,000 revenue, they could basically deduct it straight away.

"But this year, the game has changed. If it's above \$20,000, they cannot write it off as an expense."

Hou says such equipment now needs to be treated as an asset and you can only claim depreciation. "How much they can claim really depends on the cashflow of the clinic," she adds.

A smart move over the coming weeks might be to stock up on consumables with a long shelf life, like aspirator

**With tax time looming this month, it's important to know what changes have been made to the tax rules and regulations that could impact your clinic. By Ellen Hill**

tips, prosthetics, restorative products, impression trays and saliva aspirators. Making the most of deals and discounts offered by suppliers for end-of-financial-year purchases that can be deducted as legitimate equipment expenses makes good business sense.

### Trust distributions

Many dental practices use family trusts to distribute profits among beneficiaries, a method that has historically been tax efficient. But the Australian Tax Office (ATO) has reportedly increased its scrutiny of trust distributions.

TADA Services founder Albert Gigl says, "With the ATO tightening its rules, it is crucial to ensure any declared distribution is accompanied by a genuine bank transfer to the beneficiaries' accounts."

This renewed ATO focus means careful documentation and strict adherence to distribution requirements are more important than ever.

Prosperity Advisers director Ashley Quinton says, "It's very important

that dentist practice owners review their allocation of profits across family groups and make sure they're within the professional profits guidelines applicable since 1 July last year so they're not finding themselves in a high-risk audit situation."

### Contractor or employee?

The ATO and State Revenue Office is cracking down on worker arrangements to ensure that people hired as independent contractors are not being treated as employees.

Hou says, "If there is a control over hours and tools, and those dentists or hygienists are receiving regular income, then they are more likely to be deemed an employee rather than a contractor. "Misclassification could result in additional liabilities like superannuation, leave entitlements, and PAYG withholding."

She recommends that practice owners review each of their team member's agreement annually to ensure compliance with the rules.

On another note, 11.5 per cent of employee superannuation must be paid by the quarterly due dates—28 days after the end of each quarter. Albert Gigl suggests paying two months' worth ahead of the 30 June end-of-financial-year deadline to maximise future deductions. "Then you might only have to pick up an extra week or fortnight in the July quarter to make sure you've met your legal requirements," he says.

"Even genuine actions like providing free dental work for your own kids must be properly reported because it's considered a fringe benefit and could trigger fringe benefits tax, even if the treatment is genuine."

Ashley Quinton, director,  
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## Fringe benefits tax

While complimentary dental treatments for family members or friends, access to a company car, employee gifts and other fringe benefits that are less than \$300 in value are attractive benefits, they come with important tax obligations including reporting and verification.

“Even genuine actions like providing free dental work for your own children must be properly reported because the ATO considers it a fringe benefit and could trigger fringe benefits tax, even if the treatment is genuine,” Ashley Quinton says.

He recommends practice owners review the type of vehicle they are

purchasing, especially vehicles that can significantly reduce fringe benefits tax.

For example, an EV vehicle costing less than \$91,387 will be exempt from FBT but not if it’s a hybrid.

Practice owners can also install a charging station at their surgery costing less than \$20,000, which will count as an immediate deduction.

And it is often assumed that any work clothes are tax deductible, but uniforms cannot be claimed unless they are considered a compulsory item and have an official logo or are protective clothing such as scrubs.



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Albert Gigl, founder,  
TADA Services

## Futureproof your business

Quinton encourages dental practice owners to plan now for the future with their accountant, including maximising superannuation contributions and succession planning.

“It’s beneficial to be talking to an adviser who can provide holistic business and tax advice, and also financial planning advice,” he says. “Look at all the issues, including making sure that you’re compliant and planning ahead so you’re prepared for upcoming changes and can maximise benefits.”

Gigl further suggests using an accountant with specific medical industry experience.

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