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**Minimizing Taxes:**  
**Wise Strategies and**  
**Planning for Manufacturing**  
**Business in 2025.**

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# Minimizing Taxes: Wise Strategies and Planning for Manufacturing Business

This checklist is specifically designed for small-to-medium industrial and trade services businesses (construction, electrical, plumbing, fabrication, mechanical, field servicing, and maintenance) looking to maximise tax opportunities, improve operational efficiency, and strengthen their financial position before year-end. It combines essential compliance tasks with proactive planning strategies.

## 01 Strategic Tax Optimization

- Use the \$20,000 Instant Asset Write-Off for Machinery & Production Equipment**  
Deduct eligible assets such as CNC machines, conveyors, pallet wrappers, welders, or forklifts purchased and installed before 30 June 2025.
- Write Off Low-Value Asset Pools**  
Instantly deduct the remaining balance of your small business depreciation pool if it's below \$20,000 at EOFY.
- Prepay Rent, Equipment, or Insurance**  
Prepay up to 12 months of factory lease, machinery rental, or business insurance to bring forward deductions into this financial year.
- Conduct a Raw Materials and Finished Goods Stocktake**  
Dispose of obsolete, damaged, or expired inventory (e.g., outdated components, excess packaging, discontinued stock) and claim the write-down.
- Complete Machinery Repairs and Plant Maintenance**  
Finish servicing or repairs on production lines, safety systems, and ventilation units before 30 June to claim deductions this year.
- Maximise Super Contributions for Staff**  
Ensure all employee superannuation is paid and cleared by 30 June to receive a full deduction this financial year.
- Write Off Bad Debts Before Year-End**  
Formally write off unpaid customer invoices (e.g., failed purchase orders, commercial accounts) before 30 June.



02

## Regulatory Compliance & Legal Assurance



### Review Single Touch Payroll (STP) Data

Validate payroll data including overtime, shift penalties, allowances, and bonuses to ensure STP Phase 2 compliance.



### Claim Fuel Tax Credits on Off-Road Plant or Generators

If you operate diesel-powered forklifts, compressors, or stationary engines, ensure you claim eligible fuel tax credits.



### Lodge Your TPAR if You Use Contractors

If you subcontract machinery servicing, transport, packaging, or on-site installation, report these payments in your Taxable Payments Annual Report (due 28 August).



### Renegotiate Supplier Terms (Materials, Freight, Packaging)

Review supplier pricing, freight deals, or trade terms to improve purchasing efficiency and working capital.



### Adjust PAYG Instalments if Income Shifted

If your revenue or margins significantly changed, vary your PAYG instalments to better match actual taxable income.



### Review Division 7A Loans

Ensure any director drawings or company loans are properly documented, with minimum repayments made to comply with Division 7A rules.



### Review Contractor Status

Check that subcontractors (e.g., casual technicians, outsourced workers) are not misclassified and meet Fair Work requirements.

03

## Sustainable Business Growth and Expansion



### Review GST Coding on Mixed Invoices

Ensure GST is correctly applied for bundled labour and material charges or subcontractor services.



### Access Industry Grants and Rebates

Check eligibility for wage subsidies, equipment rebates, training funding, and the \$1,000 SafeWork NSW rebate for safety improvements.





**Conduct Job Margin Analysis**

Review recent job margins to identify under-quoted work, cost blowouts, or unprofitable services.

**Use ATO Benchmarks**

Compare performance to industry benchmarks (e.g., wages-to-income, materials-to-sales) to identify underperformance or risk areas.

## 04 **Innovation, Technology and Workforce Strategy**

**Upgrade ERP or Manufacturing Workflow Systems**

Automate job tracking, quoting, purchasing, and stock control using platforms like Unleashed, Fishbowl, or NetSuite.

**Claim Deductions on Industry Software and Automation Tools**

Deduct costs related to production control software, CAD tools, subscriptions, or machine performance monitoring platforms.

**Use ATO Benchmarks to Assess Performance**

Compare your wage-to-income and materials-to-income ratios with ATO data to detect any red flags.

## 05 **Long-term Planning and value creation**

**Review Equipment Leases or Machinery Finance**

Evaluate your lease terms, residual values, or potential upgrades to optimise tax deductions and cash flow.

**Reassess Your Business Structure**

Assess whether your current company, trust, or hybrid structure is still optimal for asset protection, tax planning, and growth.

**Plan Ahead for Expansion or Business Sale**

Whether expanding production, pursuing investors, or preparing for exit, start structuring early for tax-effective outcomes.

**Run EOFY Campaigns for Maintenance Services**

Use tax time to offer discounts on excess stock, slow-moving SKUs, or encourage bulk ordering to lift sales and reduce inventory holding costs.



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