

BusinessPlus+ Newsletter

Issue – EOFY Tax Planning – June 2020

Companies

- Franking Account – a company's dividend payments and franking profile should be reviewed before year-end to ensure sufficient credits are available. If you have any questions, please contact us for a review.
- Company Loans – the Law requires that a loan to a shareholder is properly documented. If there is no security offered, the term of the loan should not exceed 7 years. If security is offered, the loan should not exceed 25 years. The minimum rate to be charged during 2019/20 is 5.37% (this is the rate advised by the Reserve Bank on 4th June 2019 - the Australian Taxation Office no longer publishes annual taxation determination for benchmark interest rates). If loans have been made to shareholders who haven't been supported by a properly documented loan agreements, then the Australian Taxation Office can treat these payments as being dividends which are assessable to the shareholder.

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