



**Tax  
Savings  
Report**



**Smile Dentists (Pty) Ltd**


SAMPLE ONLY

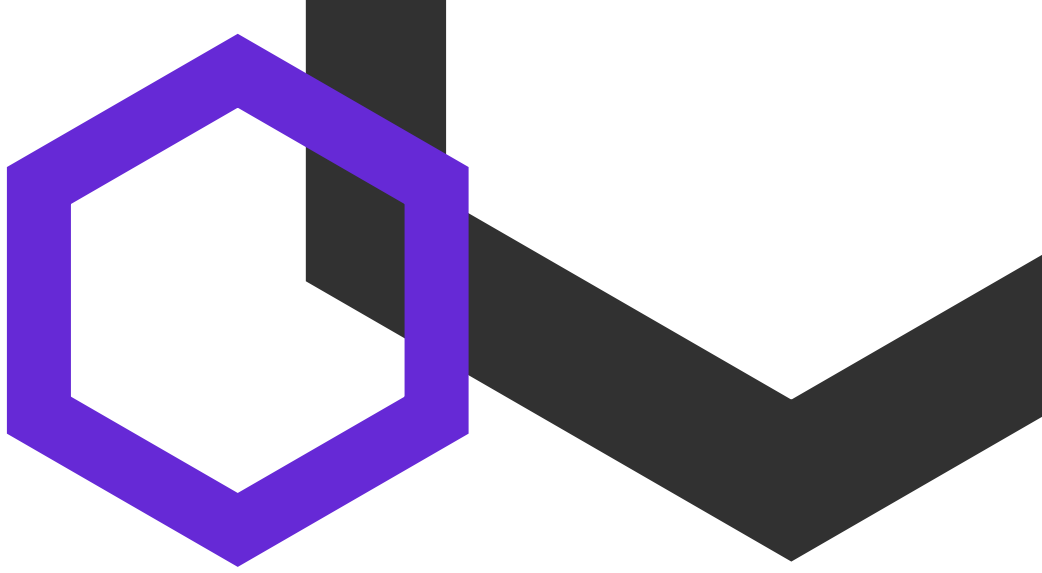
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*This information is of a general nature only and is not intended to be a substitute for specific professional advice. As changes in legislation may occur quickly, we recommend that our formal advice be sought before taking action.*





## **I. ABOUT TAX PLANNING AND YOUR REPORT**

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### **Tax Planning**

You have the right to arrange your financial affairs to keep your tax to a minimum - this is often referred to as tax planning, or tax-effective investing. Tax planning is legitimate when you do it within the letter and the spirit of the law.

### **What This Report Does**

This Tax Savings Report provides an outline of legal Tax Savings Strategies that have the potential to save you tax if correctly implemented. It also details the implementation process, costs, and issues to consider for each tax saving strategy.

### **What This Report Doesn't Do**

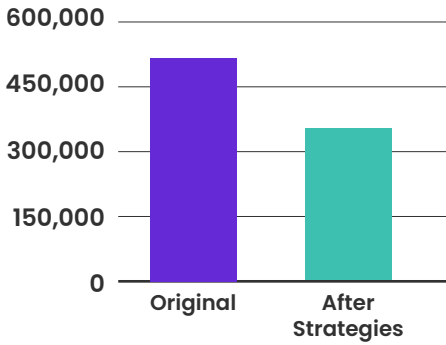
This Tax Savings Report is not intended to be a comprehensive report covering all taxation issues that require consideration. This is because every taxpayer's circumstances are unique. Instead, this report provides you with a broad range of tax saving strategies for your consideration.

### **Taking Care**

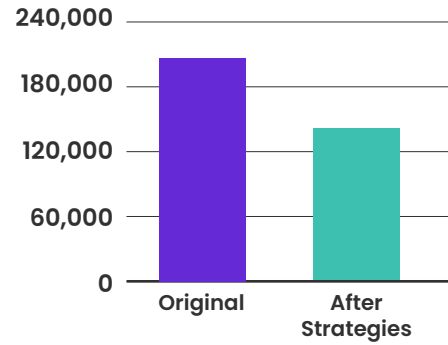
The objective of tax planning is to legally reduce the tax payable by a taxpayer in a given income year. This must be done in compliance with the taxation legislation and in compliance with the general anti-avoidance (Part IVA) legislation. Failure to comply with the Taxation Laws will result in the payment of the missing tax, penalties, and interest.

## 2. SUMMARY

**Taxable Income**



**Tax Expense**



Members	Original				After Strategies			
	Taxable Income	Tax Expense	Tax Paid	Tax Owning/Refundable	Taxable Income	Tax Expense	Tax Paid	Tax Owning/Refundable
<b>Tom The Dentist</b>	\$503,000	\$209,507	\$900	\$208,607	\$348,000	\$136,657	\$900	\$135,757
<b>Tom's Wife</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Daughter At University</b>	\$10,000	\$0	\$0	\$0	\$10,000	\$0	\$0	\$0
<b>Smile Dentists Family Trust</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$513,000</b>	<b>\$209,507</b>	<b>\$900</b>	<b>\$208,607</b>	<b>\$358,000</b>	<b>\$136,657</b>	<b>\$900</b>	<b>\$135,757</b>

### 3. TAX DEDUCTIONS SNAPSHOT

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The table below provides a snapshot of the deductions and income of the selected strategies. It assists in the comparison of different strategies and in the decision making process of which strategies to implement now and which ones to defer at this point in time.

#### Smile Dentists Family Trust

NO	Strategy	Deducations	Income
301	Change Business Structure	\$100,000	\$0
302	Change Ownership of Assets	\$20,000	\$0
303	Restructure Debt	\$30,000	\$0
307	Under Claimed Deductions	\$5,000	\$0
		<b>\$155,000</b>	<b>\$0</b>

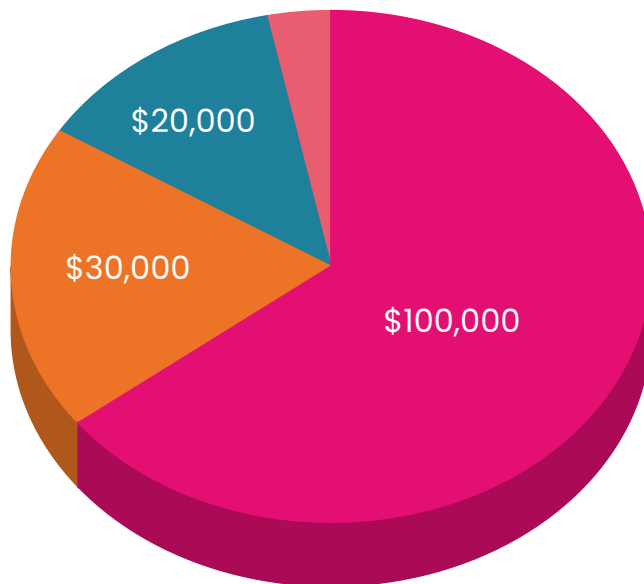
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## 4. DEDUCTIONS

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This pie graph shows the deductions per strategy. It is a useful visual aid that highlights the most significant strategies which generate the largest tax deductions.

- Change Business Structure
- Restructure Debit (\$30,000)
- Change Ownership of Assets
- Underclaim Deductions (\$5,000)



## 5. SELECTED TAX SAVINGS STRATEGIES

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We have selected the following tax savings strategies that we believe may be applicable to your specific circumstances. Each strategy is explained below so you can understand its background and how the tax savings are generated. In addition, for each strategy we have estimated your deductions if the strategy was implemented.

301	Change Business Structure	Deductions
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Smile Dentists Family Trust

**\$100,000**

### Change Business Structure – Overview

Changing or establishing different business structures can save tax. The tax savings are due to:

- ✔ Different taxpayers being taxed at different rates. For example, the top marginal tax rate for an individual is 47%, whilst a super fund in pension phase has a zero-tax rate.
- ✔ Different entities are subject to different rules on the taxing of income, deductibility of deductions, and access to offsets. For example the R & D offset is only available to companies.
- ✔ Taxpayer's circumstances changing. What was the ideal and most tax effective structure for the taxpayer five years ago, or even last year, may not be so today.

Factors to consider in reviewing business structures include:

- ✔ Tax - now, in the future, and on asset/business sale. Simplicity.
- ✔ Separating business assets from valuable assets/investments. Protecting retained profits.
- ✔ Separating risk between individuals.
- ✔ Commercial considerations.
- ✔ Borrowing and finance.
- ✔ Exit strategies.
- ✔ Growth and flexibility options.
- ✔ Business risk levels.
- ✔ Control of the business and assets.

## Implementation and costs

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1. Review business structures to choose the optimum business structure for the taxpayer's unique circumstances.
2. Calculate the costs of changing business structures i.e. stamp duty, establishment costs, accountants fees, legal fees, capital gains tax, etc.
3. Choose the optimum business structure (s)
4. Establish new business structure (s).
5. Transfer business and/or assets to new business structure (s).

302 Change Ownerships assets

Deducations

Smile Dentists Family Trust

\$20,000

### Change Ownership of Assets – Overview

Moving personal assets, businesses and investments between individuals or entities can save tax in several ways

- ✔ It can create upfront or ongoing tax deductions (or both). For example transferring a private motor vehicle to a company will create an upfront deduction (if the market value of the vehicle is less than \$20,000), plus on-going tax savings of \$2,500 - \$3,000 pa.
- ✔ It can create taxable or capital losses. This can be achieved by selling loss making investments (to related parties, or by selling them and buying them back).
- ✔ Change the taxpayer (individual or entity) receiving the assets' income and deductions. For example, selling a commercial property from a high income earner to their self managed super fund reduces the tax rate on the income earned.

Factors to consider in reviewing the ownership of assets include:

- ✔ Tax - now, in the future, and on asset sale.
- ✔ Simplicity.
- ✔ Separating business assets from valuable assets/investments.
- ✔ Commercial considerations.
- ✔ Borrowing and finance.
- ✔ Exit strategies.
- ✔ Growth and flexibility options.
- ✔ Business risk levels.
- ✔ Control of the business and assets.



## Implementation and costs

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1. Review ownership of assets to choose the optimum ownership structure for the taxpayer's unique circumstances.
2. Calculate the costs of changing the assets ownership i.e. stamp duty, establishment costs, accountants fees, legal fees, capital gains tax, etc.
3. Choose the optimum ownership structure (s).
4. Establish new business structure (s) - where necessary.
5. Transfer the assets.

303	Restructure Debt	Deductions
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Smile Dentists Family Trust

**\$30,000**

### Restructure Debt – Overview

Restructuring debt involves changing bad debt into good debt. Bad debt is defined as debts which don't help you build wealth and where the interest expense is non-deductible. This includes personal credit card debts, personal loans, HECS debts, primary residence home loans, etc. In contrast, good debt is debt which works to help you build wealth and where the interest expense is tax deductible. This includes debts used to finance investments in shares, rental properties and businesses.

307	Under Claimed Deductions	Deductions
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Smile Dentists Family Trust

**\$5,000**

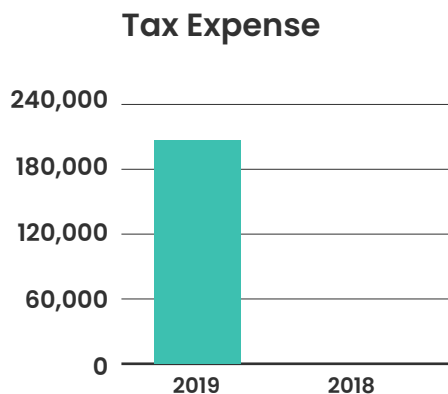
### Under Claimed Deductions – Overview

This involves legal tax deductions that have been incurred, but not claimed as tax deductions. This can be due to the following:

- ✔ Taxpayers not realizing an expense is a legal tax deduction so not claiming it.
- ✔ Taxpayers under claiming a tax deduction.
- ✔ Taxpayers not having the required substantiation documentation to claim a tax deduction.

## 6. TAX SUMMARY

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Member	F/Y 18/19 TAX EXPENSE	F/Y 18/19 TAX PAID	F/Y 18/19 TAX OWING	F/Y 17/18 TAX EXPENSE
<b>Tom The Dentist</b>	\$209,507	\$900	\$208,607	\$0
<b>Tom's Wife</b>	\$0	\$0	\$0	\$0
<b>Daughter At University</b>	\$0	\$0	\$0	\$0
<b>Smile Dentists Family Trust</b>	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$209,507</b>	<b>\$900</b>	<b>\$208,607</b>	<b>\$0</b>

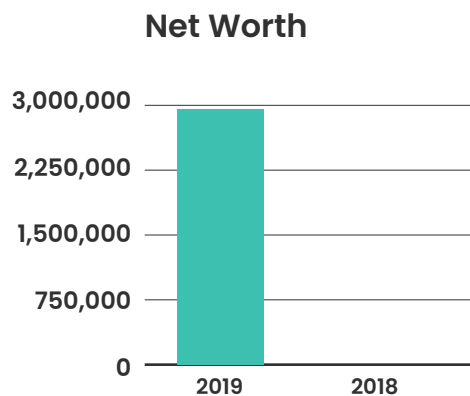
## 7. ORIGINAL TAXABLE INCOME

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Member	INCOME DEDUCTIONS	2019	Tax Paid
<b>Tom The Dentist</b>	Dividends	\$3,000	\$900
	Group Trust Dist	\$500,000	\$0
	<b>Total</b>	<b>\$503,000</b>	<b>\$900</b>
<b>Tom's Wife</b>	<b>Total</b>	<b>\$0</b>	<b>\$0</b>
<b>Daughter At University</b>	Wages	\$10,000	\$0
	<b>Total</b>	<b>\$10,000</b>	<b>\$0</b>
<b>Smile Dentists Family Trust</b>	Business	\$1,600,000	\$0
	Dist to Tom The Dentist	(\$500,000)	\$0
	Business Wages Contractors	(\$550,000)	n/a
	Business Depreciation	(\$100,000)	n/a
	Other Business	(\$450,000)	n/a
	<b>Total</b>	<b>\$0</b>	<b>\$0</b>
<b>Total</b>		<b>\$513,000</b>	<b>\$900</b>

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## 8. NET WORTH



Member	ASSETS LIABILITIES	2019	2018	%
<b>Tom The Dentist</b>	Home Residence	\$700,000	\$0	-
	Motor Vehicles	\$50,000	\$0	-
	Shares	\$40,000	\$0	-
	Superannuation	\$350,000	\$0	-
	Home Mortgage	(\$400,000)	\$0	-
	<b>Total</b>	<b>\$740,000</b>	<b>\$0</b>	<b>-</b>
<b>Tom's Wife</b>	Home Residence	\$700,000	\$0	-
	Motor Vehicles	\$20,000	\$0	-
	Superannuation	\$150,000	\$0	-
	Credit Cards	(\$15,000)	\$0	-
	Home Mortgage	(\$400,000)	\$0	-
	<b>Total</b>	<b>\$455,000</b>	<b>\$0</b>	<b>-</b>
<b>Daughter At University</b>	<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>-</b>
<b>Smile Dentists Family Trust</b>	Business Depreciating Assets	\$500,000	\$0	-
	Business Goodwill	\$1,000,000	\$0	-
	Other	\$750,000	\$0	-
	Business Loans	(\$500,000)	\$0	-
	<b>Total</b>	<b>\$1,750,000</b>	<b>\$0</b>	<b>-</b>
<b>Total</b>		<b>\$2,945,000</b>	<b>\$0</b>	

## DISCLAIMER

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## Next Steps

Tax planning helps you keep your hard earned money in your pocket. This process should be done with an experienced tax accountant. Chat to us today.

**Book a free discovery call**  
and start maximising your tax savings.

[Click to book](#)



08 9443 5199



[enquiries@prosperityaccountants.com.au](mailto:enquiries@prosperityaccountants.com.au)