

May 2017

RESEARCH UNCOVERS THAT SMALL BUSINESSES STILL DON'T UNDERSTAND THE \$20K TAX BREAK

New research has revealed that 78% of Australia's small business owners (SBOs) don't fully understand the \$20K tax break, with 67% of them not making the most of the opportunity in the lead up to June 30.

The national survey, conducted by Officeworks and H&R Block, found that there is still confusion amongst SBO's, with a quarter admitting they are unsure what is covered in the \$20K tax break and only one in ten correctly identifying items that can be claimed as an instant write-off.

Despite this, two thirds of SBO's wanted the Australian Government to continue offering the \$20K tax break – a request that has been met with the recent budget announcement from the Government. However, it's clear that more needs to be done to help business owners understand the benefits.

Mark Chapman, Director of Tax Communication at H&R Block, said: "A lot of small business owners relegate tax to the 'too hard' basket and take little interest in tax matters. However, being more proactive and spending time on understanding the opportunities and overcoming their pain points, will benefit their business in the long run."

Jim Berndelis, Officeworks' National Merchandise Manager, said: "It's a shame to see there's still a knowledge gap around the \$20K tax break and subsequent tax-deductible products. We're committed to helping Australia's small business community realise how they can maximise their tax opportunity this financial year, which includes shopping at Officeworks, where everything could be tax deductible."

The study found seven in 10 Australian SBO's rely on an accountant or bookkeeper to compile their business tax return, with 22% believing these third parties could look harder for tax planning opportunities which will help their business.

Chapman said: "When identifying tax breaks for our clients, it comes down to the businesses' preparation and organisation throughout the year. The research found that fifty per cent of small business owners feel they weren't prepared, so there's a huge opportunity for improvement."

Not surprisingly, the survey found that the most stressful aspects around end of financial year are paperwork (39%), cash-flow (37%), time management (30%) and employee administration (24%).

Officeworks' has curated an online destination which provides tips and advice for SBO's on how to maximise their tax opportunity, plus highlights a range of products to purchase ahead of June 30 that could be tax deductible. Visit: www.officeworks.com.au/happytaxplace.

ENDS

For further information, imagery or interview opportunities, please contact Haystac:
Jess Lucas – jessica.lucas@haystac.com.au | 0400 012 749

Notes to the editor:

Further research findings:

- 17% of SBO's do not know what the corporate tax rate is.
- 46% of SBO's believe their accountant is proactive in searching for additional tax breaks for their business
- 50% of SBO's consider themselves well equipped for their tax return, with 36% saying they're moderately prepared and 15% saying they're not equipped at all
- Of those who consider themselves extremely well equipped for their tax return, 61% are business owners aged over 60+
- Only 5% of SBO's track their receipts throughout the year via a digital platform, with 3 out of 10 SBO's relying solely on physical receipts
- Surprisingly, 5% of SBO's believe the current SME tax rate is too low and should be higher
- Australian SBO's that are based in Victoria feel the strongest towards needing to understand the \$20K tax break better (42% of respondents)
- Only one tenth of Australian SBO's are able to identify seven or more items covered by the \$20K tax break.
- 25% of those who are familiar with it cannot identify a single taxable item.

About Officeworks:

Established in Richmond in 1994, Officeworks is Australia's leading retailer and supplier of office supplies, tech and furniture solutions for home, business and education needs. With three easy ways to shop - in store, online or by phone, customers be sure to find exactly what you need with our widest range, when you need, and all at the lowest prices. Plus, you'll enjoy friendly expert advice and helpful services. Officeworks offers customers more than 30,000 products on its [website](#), operates a national customer service centre and has a growing team of expert business specialists to cater for micro, small and medium business customers. As part of the Wesfarmers' group, Officeworks has an extensive national footprint operating 163 retail stores and employing more than 7,000 team members. Join Officeworks' online communities on [Facebook](#), [LinkedIn](#), [Instagram](#) and [YouTube](#) as well as at its hub [Work Wise](#)

About H&R Block:

Established in 1971, H&R Block Australia is the leading tax preparation firm in Australia, handling over 700,000 returns annually. Headquartered in Sydney, the company serves the taxpaying public in more than 450 offices. Our tax consultants use the latest in computerised processing and up-to-date electronic filing technology to prepare all types of returns, including personal, investment, small business and corporate returns. As Australia's number one preparer of personal income tax returns, H&R Block also offers a range of services to small business clients, including bookkeeping and accounting services.