

TAX TIME IS NOW!

June 30 is fast approaching , so you should start thinking about any work-related and/or income-generating expenses you paid since last July 1, but also if you are planning on some expenditure in the near future to bring it forward before June 30

To recognise expenses that may be suitable as tax deductions, you should consider:

- Was the expense related to your work or income-generating activity?
- You have spent the money, and your employer didn't reimburse you
- You have an official record of the expense – e.g. receipt or bank statement?

Note: If the cost was for work and personal use (e.g. home internet) combined, you need to decide the percentage of the expense related to your work or income-generating activity.

To assist, we have recognised 8 tax deductions you may be able to claim on your tax return:

1. Dry-cleaning, clothing and laundry expenses

You may be able to claim these costs, if you purchased clothing specific for your employment/business, protective clothing or work uniforms directly related to your job. There is also a claim for related cleaning costs, as work-related expenses.

Though, you're unlikely to be able to claim costs for conventional clothing or non-compulsory work uniforms.

To claim these costs as tax deductions, you need to have written evidence of these costs, such as diary entries and receipts.

2. Home office expenses

With the crisis of the virus affecting us all most of us have had to result in working from home, there are several home office expenses you may be able to claim as tax deductions.

These include:

- Phone and Internet expenses
- Computer consumables (e.g. printer paper and ink) and stationery

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- Home office equipment (e.g. computers, phones, printers, furniture and furnishings) – you may be able to claim either:
 - The full cost of the items, if it's less than \$300; or
 - The decline in value (also known as depreciation) for items over \$300.

Most people won't be able to claim:

- Home expenses, like mortgage interest, rent and rates
- Costs of general household items, like coffee, tea and milk

Please review the criteria's before you consider on claiming an amount for home office expenses in your tax return.

For example, you should consider whether you can claim the temporary ATO-approved 'shortcut method' (of 80 cents per hour for all additional running expenses) for the period 1 March 2020 until 30 June 2020.

You should consider which method is best for you and the criteria you need to meet to claim a deduction.

3. Education

If your studies were work-related and you enrolled in an eligible course, you may be able to claim a tax deduction.

You can find out more about course expenses you can claim at the ATO website.

4. Industry-related deductions

You may also claim tax deductions for work-related expenses specifically related to your occupation and industry.

You can check the list of occupations and industries on the ATO website to see what industry-related tax deductions you can claim.

5. Vehicle and travel expenses

While you generally can't claim expenses for getting to and from your regular workplace, there are some work-related vehicle and travel expenses you may be able to claim.

These include:

- Where your work requires you to attend multiple workplaces or locations
- Car expenses where you need your car to perform your work duties
- Accommodation expenses when you're required to travel for work

6. Other work-related expenses

Other work-related expenses you may be able to include as tax-deductible expenses, depending on your work and individual circumstances. Expenses to consider include:

- Overtime meals
- Books, periodicals and digital information subscriptions
- Safety goggles and protective sunglasses
- Union fees, subscriptions to associations and bargaining agents fees

7. Gifts and donations

If you gave a gift or donation to an organisation (e.g. your favourite charity), you may be able to claim a tax deduction. However, there are specific rules that apply.

Generally, you can claim any donation you made above \$2 if it was to a ‘deductible gift recipient’. For gifts, different rules apply depending on the type of gift.

8. Investment income

You may be able to claim investment income tax deductions if you’ve received:

- Interest payments on your savings
- Dividends from your investments in shares
- Rental payments from an investment property
- Another type of investment income

If you’ve received any of these, you could be entitled to claim for costs related to this income, such as interest charged on money borrowed to buy stocks or rental properties.

You may also be able to claim money you paid for investment advice.

Things to note

- It’s important to remember that tax laws are complex, and you should ensure that you’ve confirmed you can claim an expense before including it in your tax return. Contact SMB Accounting for further clarification.
- The Australian income year ends on 30 June. You have from 1 July to 31 October to lodge your tax return for the previous income year. If you use a registered tax agent to prepare and lodge your tax return, you may be able to lodge later than 31 October.
- The information provided is of a general nature and doesn’t take into account your personal financial or business situation – we suggest contacting us at SMB Accounting if you need clarification.

Please feel free to share to any person you may think may benefit 😊

If you need any assistance, please get in contact with us at

stephen@smbaccounting.com.au

P 1300 854 159

