williamson partners
CHARTERED ACCOUNTANTS

Client Information Booklet

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Contents

Welcome

Williamson Partners is a modern chartered accounting practice which works closely with clients to provide expert, relevant & reliable advice in the areas of taxation, accounting, structuring, and general commercial matters.

At Williamson Partners, we believe our job is to be your trusted advisor, someone who is on your side. We help clients from a wide range of industries with their tax and accounting but also with general business problems and provide a sounding board for individuals and business owners looking for another point of view.

How we Work

We utilise the latest technologies in order to provide the most efficient service possible. We operate a paperless office and will keep electronic copies of your documents. Whatever documentation you provide to us we will return to you at the completion of each job.

While preparing work for you we may have queries or request additional documentation and we will communicate by this by email. Please respond to our queries as quickly as possible.

What we expect

Email is our primary method of communication with clients. As such we request that you inform us immediately of any change in your email address or any other contact details such as phone numbers and addresses.

Whilst performing professional services for you we may request documentation and further information from you in order to complete your work accurately and to comply with our quality assurance standards. We ask that you action these requests in a timely manner. Un-actioned requests can result in significant delays in the completion of your work and compliance with your taxation lodgement obligations.

We provide seven-day courtesy accounts for work performed. Payment may be made by EFT or credit card (surcharges apply). We ask that you pay your invoices within this timeframe. Should you have any queries concerning an invoice please bring it to our attention immediately.

What you can expect

We pride ourselves on our professionalism and knowledge. You should always feel free to contact us with any query or question you have concerning any accounting or taxation issue. We seek to educate our clients on issues in a clear and concise manner. We always put our client’s interest first and act with honesty and integrity.

Fees, Terms & Conditions

We are pleased to accept the appointment as your accountant and tax agent. This letter sets out the scope and terms of this engagement. Please read and make sure you understand the scope and terms of our engagement as you are bound by them. This engagement begins upon your acceptance of these terms and conditions and continues until it is terminated by either party in writing. You are deemed to have accepted these terms and conditions if you instruct us to prepare your income tax return or provide you with other related services.

Purpose & Scope of Engagement

We will be responsible for the preparation of your individual income tax return and related advice. In order for us to prepare your income tax return we will require the relevant documentation as described in the attached individual tax return checklist.

Fees

Our fees are based on the time required by the individuals assigned to the engagement plus direct out-of-pocket expenses. Our current charge rates are as follows:

Principal	$350 per hour plus GST
Manager	$300 per hour plus GST
Accountant	$150 to $280 per hour plus GST
Administration Personnel	$75 per hour plus GST

Our fee for the preparation of your income tax return will be in calculated in accordance with the following minimum fee schedule:

Type	Items included	Min Fee inc GST
Standard Individual Income Tax Return	Group certificates, interest & dividend income, government allowances, pensions, employee share schemes, partnership & trust distributions, deductions, tax offsets	$297 Per Tax Year
Individual Income Tax Return with one Rental Property	As above plus one rental property	$429 Per Tax Year
Individual Income Tax Return with Business Schedule	As above plus business income & expenses	$429 Per Tax Year
Advice	Taxation advice, accounting systems advice & general commercial advice	$385 per hour
Business Activity Statement (BAS/IAS)	Preparation and lodgement of your quarterly Business Activity Statement.	$319 per quarter

An invoice will be issued on completion of work and payment terms will be strictly 7 days from issue of invoice. Payment must be made upon return of your signed paperwork which is expected to be returned within 7 days from issue. Your tax return will not be lodged until payment has been made in full unless you have given us authority to deduct our fee from your tax refund.

If we institute recovery action in any form whatsoever against you for outstanding fees you will indemnify us for any and all costs incurred. Action may include engaging third parties to act on our behalf and any associated costs include but are not limited to debt collection fees, mercantile fees, court costs filing fees and legal fees or disbursements on a full indemnity basis.

We reserve the right to charge interest on all overdue accounts at the interest rate set by the Penalty Interest Rate Act 1983.

Trust Account

We maintain a separate trust account for dealing with all money and property received from you or on your behalf, except for amounts received from you in payment of our fees. We may apply these funds in payment of our bill with your written authorisation.

Disclosure & Record Keeping

You are required by law to keep full and accurate records relating to your tax affairs. It is your obligation to provide us with all information that you reasonably expect will be necessary to allow us to perform work contemplated under this agreement within a timely manner or as requested. This includes providing accurate and complete responses to questions asked of you by us within a reasonable time period. We consider 7 days to be a reasonable period.

Inaccurate, incomplete, or late information could have a material effect on our services and our conclusions and may result in additional fees. We will not verify the underlying accuracy or completeness of information you provide to us. Any advice given by us is only an opinion based on our knowledge of your affairs. You have the obligation under the self-assessment system to keep full and proper records.

You are also required to advise us on a timely basis if there are any changes to your circumstances that may be relevant to the performance of our services. Specifically, if any subsequent event results in the information you provided to us being inaccurate, incomplete, or misleading, then you are obliged to advise us as soon as possible. We take no responsibility to the extent that our advice is inaccurate, incomplete, or misleading because it is based on inaccurate, incomplete or misleading information being provided to us.

By accepting the terms of this letter, you will be taken to have agreed that the performance of our services is dependent on the performance of your obligations relating to disclosure and record keeping.

The Taxation Administration Act 1953 contains specific provisions that may provide you with “safe harbours” from administrative penalties for incorrect or late lodgement of returns if, amongst other things, you give us “all relevant taxation information” in a timely manner (the safe harbour provisions apply from 1 March 2010). Accordingly, it is to your advantage that all relevant information is disclosed to us as any failure by you to provide this information may affect your ability to rely on the “safe harbour” provisions and will be taken into account in determining the extent to which we have discharge our obligations to you.

Your rights and obligations under the taxation laws

You have certain rights under the taxation laws, including the right to seek a private ruling from the Australian Taxation Office (ATO) or to appeal or object against a decision made by the Commissioner. As relevant, we will provide further information to you concerning your rights under the Australian taxation laws during the conduct of the engagement contemplated by this letter.

Our obligation to comply with the law

We have a duty to act in your best interests. However, the duty to act in your best interests is subject to an overriding obligation to comply with the law even if that may require us to act in a manner that may be contrary to your interests. For example, we could not lodge an income tax return for you that we knew to be false in a material respect.

We also have an obligation to ensure that we manage conflicts of interest as they arise. In this regard, we have arrangements in place to ensure that we manage potential or actual conflicts of interest. The effective operation of these arrangements depends, in part, on you complying with your obligation to disclose any potential conflicts of interest to us.

Unless otherwise stated, this opinion is based on the Australian tax law in force and the practice of the Australian Taxation office (the ATO) applicable as at 30 June 2019.

Our advice and/or services will be based on Australian taxation law in force at the date of the provision of the advice and/or services. It is your responsibility to seek updated advice if you intend to rely on our advice at a later stage. We note that Australian taxation laws are often subject to frequent change and our advice will not be updated unless specifically requested by you at the time of the change in law or announced change in law.

Limitation of Liability

Our liability is limited by a scheme approved under Professional Standards Legislation. Further information on the scheme is available from the Professional Standards Council – www.psc.gov.au

Other Service Providers

Our firm may from time to time use the services of third-party contractors to perform some of the services we are engaged to perform for you. Each client in the Group hereby authorises us to disclose information relating to that client's affairs to all such third-party contractors as we may choose to engage to perform such work.

Where we use the services of third-party contractors, we are nevertheless responsible for the conduct and activities of those contractors and for the delivery of the services we are engaged to perform for you.

From time to time our firm and our third-party contractors may engage external IT service providers (including in relation to 'cloud computing' services) in the performance of services under this engagement. Each client in the Group hereby authorises us and our third-party contractors to disclose information relating to those clients' affairs to all such external IT service providers as we or our third-party contractors may choose to engage.

We may also need to disclose information relating to one client's affairs to other clients in the Group to assist in performing our work, or to a professional body of which we are a member in relation to a quality review program undertaken by that body. Each client in the Group hereby authorises us to do so when we consider it appropriate to further our performance of work for the Group, or when required by that professional body.

Confidentiality

Any information acquired by us in the course of our engagement is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent. Our files may, however, be subject to review as part of the quality control review program of the Institute of Chartered Accountants in Australia which monitors compliance with professional standards by its members. Should this occur, we will advise you and seek your consent prior to any information being provided. The same strict confidentiality requirements apply under this program as apply to us.

Documentation

Before we lodge any returns on your behalf, we will forward the documents to you for approval. We will endeavour to ensure that income tax returns are lodged by the due date. If you are late in providing the information, we will do our best to meet time limits, but we will not be responsible for any lodgement penalties you may incur.

Ownership of Documents

The final financial statements, income tax returns and any other documents which we are specifically engaged to prepare, together with any original documents given to us by you, shall be the property of you. Any other documents brought into existence by us, including general journals, working papers, the general ledger, draft financial statements, and copies of tax returns, will remain our property at all times.

Lien on Documents

In relation to any subsequent termination of our services, you are advised that we shall be entitled to retain all documents belonging to you and any related parties we act for until payment is received in full for all outstanding fees.

If you have any questions about any of the terms described above, please contact our office on
03 9020 0272 or reception@williamsonpartners.com.au.

Record Keeping

During the financial year you will receive documents that are important for doing your tax, such as payment summaries, receipts, invoices, and contracts. Good records allow you to report your income accurately and claim all the deductions to which you are entitled, including when you work out your capital gain or capital loss after you dispose of an investment.

Generally, you need to keep these for 5 years from when you lodge your tax return in case the ATO ask you to substantiate your claims.

Records you need to keep include:

- payment summaries from payers, including your employer and the Department of Human Services
- statements from your bank and other financial institution showing the interest you've earned
- dividend statements from companies
- summaries from managed investment funds
- receipts or invoices for equipment or asset purchases and sales
- receipts or invoices for expense claims and repairs
- purchase and sale details, including any contracts
- expenditure records
- Details of capital losses made in previous years (you may be able to offset these losses against future capital gains).
- Tenant and rental records.

If your total claim for work-related expenses is $300 or more, you must have written evidence to prove your claims.

Records of expenses must include the:

- name of the supplier
- amount of the expense
- nature of the goods or services
- date the expense was incurred
- date of the document.

If you acquire a capital asset - such as an investment property, shares, or managed fund investment - start keeping records immediately because you may have to pay capital gains tax if you sell the asset in the future. Keeping records from the start will ensure you do not pay more tax than necessary.

Your documentation must be in English unless you incurred the expense outside Australia.

You need to keep records relating to your investments showing how much you paid for them, what you received if you disposed of them, what income you received from them and the expenses you incurred in owning them and maintaining them.

If a document does not show the payment date you can use independent evidence, such as a bank statement, to show the date the expense was incurred.

Income

You pay tax on your taxable income. Your taxable income is calculated as your assessable income less your allowable deductions. Your assessable income includes the following:

Salary and wages

The most common type of employment income is salary and wages.

Salary and wages include:

- your normal weekly, fortnightly, or monthly pay
- commissions
- bonuses
- money for part-time or casual work
- parental leave pay
- payments from
  - an income protection policy
  - a sickness or accident insurance policy
  - a workers compensation scheme.

Allowances and other employment income

You may receive other payments in connection with your employment such as:

- allowances, such as car, travel, clothing, and laundry
- tips, gratuities, and payments for your services
- consultation fees and payments for voluntary services
- jury attendance fees

If you received a travel allowance or overtime meal allowance paid under an industrial law, award, or agreement, you don't have to include it on your tax return if it meets all of the following:

- it was not shown on your payment summary
- it does not exceed the Commissioner's reasonable allowance amount
- you spent the whole amount on deductible expenses.

Interest

If you're an Australian resident and you receive interest, you must declare it as income. Interest income includes:

- interest earned from financial institution accounts and term deposits
- Interest earned from children's savings accounts if you opened or operated an account for a child and the funds in the account belonged to you, or you spent or used the funds in the account
- interest the ATO paid or credited to you
- life insurance bonuses (you may be entitled to a tax offset equal to 30% of any bonus amounts included in your income)
- interest from foreign sources (you may be entitled to a tax offset for any tax paid on this income)

Dividends

A dividend can be paid to you as money or other property, including shares. If you are paid or credited with bonus shares, the company issuing the shares should provide you with a statement indicating whether the bonus shares qualify as a dividend.

Dividend income is usually paid from a:

- listed investment company
- public trading trust
- corporate unit trust
- corporate limited partnership (in the form of a distribution).

Some dividends have an imputation or franking credit attached, which you must also declare on your tax return. If a company pays or credits you with dividends that have been franked, you'll generally be entitled to a franking tax offset.

Managed investment trusts

You must show any income or credits you receive from any trust investment product on your tax return. This includes income or credits from a:

- cash management trust
- money market trust
- mortgage trust
- unit trust
- managed fund, such as a property trust, share trust, equity trust, growth trust, imputation trust or balanced trust.

Rent

You must show any income you receive from any rental property on your tax return. This includes income from both Australian and overseas properties.

Capital gains

Generally, your capital gain is the difference between your asset's cost base (what you paid for it) and your capital proceeds (what you received for it). You can also make a capital gain if a managed fund or other unit trust distributes a capital gain to you. A capital gain is treated as part of your total income and not taxed separately.

Lump sum payments

There are two common types of lump sum payments. When you leave a job, you may receive a lump sum payment for unused annual and long service leave. The second is a lump sum payment in arrears for money owed to you from an earlier income year. Both of these lump sum payments are assessable in the year you receive them.

Reportable fringe benefits and super contributions

Other employment-related income includes:

- reportable fringe benefits given to you by your employer, such as a work car for private purposes, a cheap loan or free private health insurance
- reportable super contributions made on your behalf by your employer.

You don't have to pay tax on these items, but they are used to work out whether you are eligible to receive a range of government benefits and tax offsets.

Business, partnership and trust income

The net income you receive from carrying on a business is assessable income, and you need to declare it on your tax return.

Income you receive as an individual running a business

If you are an individual running a business, you must declare the income that you earn from your business on your own tax return using a separate business schedule. You don't need to lodge a separate tax return for your business.

Income from a partnership

While a business partnership doesn't pay tax on its income, it must lodge a partnership tax return declaring all income earned and all deductible expenses. It will also show how the net income or loss has been distributed between the partners.

Each partner must declare their individual share of the partnership's net income or loss in their individual tax return, whether or not they have actually received the income.

For capital gains tax (CGT) purposes, each partner owns a proportion of each CGT asset and calculates a capital gain or capital loss on their share of each asset. It is the individual partners who make a capital gain or capital loss from a CGT event, not the partnership itself.

Income from a trust

Like a partnership, a trust is not a separate taxable entity, but the trustee is required to lodge a tax return for the trust. Generally, the beneficiaries of the trust declare the amount of the trust's income to which they are entitled in their own tax return and pay tax on it. This is the case even if the beneficiaries did not actually receive the income.
An exception to this is that you don't need to declare a trust distribution if family trust distribution tax has already been paid.

Foreign income

If you're an Australian resident for tax purposes, you are taxed on your worldwide income, so you must declare any foreign income in your income tax return.

Foreign income includes:

- foreign pensions and annuities
- foreign employment income
- foreign investment income

- foreign business income
- capital gains on overseas assets.

As your foreign income may also be taxed in the source country, it is potentially subject to double taxation. To overcome this, Australia has a system of credits and exemptions and has signed tax treaties with more than 40 countries, including all our major trade and investment partners.

If you are not an Australian resident for tax purposes, you are only taxed on your Australian-sourced income, so you generally don't need to declare income you receive from outside Australia in your Australian tax return.

Other income

Other income you need to declare on your tax return includes:

Compensation and insurance payments for lost salary or wages

You must declare any amounts you received for lost salary or wages under an income protection, sickness or accident insurance policy or workers compensation scheme.

If you've made a personal injury claim and you agree to a settlement, or a court order in your favour, you may receive compensation in the form of a lump sum payment or structural (periodic) payments (or both). Such payments are tax-free, provided certain conditions are met.

Discounted shares or rights to shares under employee share schemes

If you participate in an employee share scheme (ESS) to receive discounted shares or rights to acquire shares, you must declare the discount you received on your tax return. The type of scheme you participate in, and in some cases your personal circumstances, will determine how any discount you receive is treated for tax purposes.

Prizes and awards

If you've won something in a prize draw or lottery run by your bank, building society, credit union or other investment body, you must declare on your tax return the value of any benefits or prizes you received. Prizes may include cash, low-interest or interest-free loans, holidays or cars.

However, you don't need to declare prizes won in ordinary lotteries such as lotto draws and raffles.

If you've been a game show contestant, you only declare prizes you won if you regularly receive appearance fees or game-show winnings.

If you sell or otherwise dispose of an asset that was a prize from a lottery, you may make a capital gain, which must be declared on your tax return.

Deductions

Vehicle and travel expenses

You can claim vehicle and other travel expenses directly connected with your work, but generally you can't claim for normal trips between home and work – this is considered private travel. You need to keep records of your travel expenses.

Travel between home and work and between workplaces

While trips between home and work are generally considered private travel, you can claim deductions in some circumstances, as well as for some travel between two workplaces. If your travel was partly private and partly for work, you can only claim for the part related to your work.

What you can claim

You can claim the cost of travelling:

- directly between two separate workplaces – for example, when you have a second job
- from your normal workplace to an alternative workplace (for example, a client's premises) while still on duty, and back to your normal workplace or directly home
- if your home was a base of employment – that is, you started your work at home and travelled to a workplace to continue your work for the same employer
- if you had shifting places of employment – that is, you regularly worked at more than one site each day before returning home
- from your home to an alternative workplace for work purposes, and then to your normal workplace or directly home
- if you needed to carry bulky tools or equipment that you used for work and couldn't leave at your workplace – for example, an extension ladder or a cello.

What you can't claim

You can't claim the cost of driving your car between work and home just because:

- you do minor work-related tasks – for example, picking up the mail on the way to work or home
- you have to drive between your home and your workplace more than once a day
- you are on call – for example, you are on stand-by duty and your employer contacts you at home to come into work
- there is no public transport near where you work
- you work outside normal business hours – for example, shift work or overtime
- your home was a place where you ran your own business and you travelled directly to a place of work where you worked for somebody else
- you do some work at home

Itinerant work

You cannot count your home as a workplace unless you carry out itinerant work. If you do itinerant work (or have shifting places of work) you can claim the cost for driving between workplaces and your home. The following factors may indicate that you do itinerant work:

- Travel is a fundamental part of your work, as the very nature of your work, not just because it is convenient to you or your employer.
- You have a 'web' of workplaces you travel to, throughout the day.
- You continually travel from one work site to another.
- Your home is a base of operations – if you start work at home and cannot complete it until you attend at your work site.
- You are often uncertain of the location of your work site.
- Your employer provides an allowance in recognition of your need to travel continually between different work sites and you use this allowance to pay for your travel.

Car expenses

If you are claiming a deduction for using your own car (including a car you lease or hire), it is treated as a car expense. If you use someone else's car for work purposes, you may be able to claim the direct costs (such as fuel) as a travel expense. If the travel was partly private, you can claim only the work-related part.

Calculating your deduction

There are two different methods for claiming work-related car expenses when using your own car, or one you leased or hired under a hire-purchase agreement
The two methods are:

Cents per kilometre method

- Your claim is based on a 78 cents per kilometre for each business kilometre. (2022 rate)
- You can claim a maximum of 5,000 business kilometres.
- You don't need written evidence, but you need to be able to show how you worked out your business kilometres (for example, by producing diary records of work-related trips).

Where you and another joint owner use the car for separate income-producing purposes, you can both claim up to a maximum of 5,000 kilometres.

Logbook method

- Your claim is based on the business-use percentage of the expenses for the car.
- Expenses include running costs and decline in value but not capital costs, such as the purchase price of your car, the principal on any money borrowed to buy it and any improvement costs.
- To work out your business-use percentage, you need a logbook and the odometer readings for the logbook period.
- You can claim fuel and oil costs based on either your actual receipts or you can estimate the expenses based on odometer records that show readings from the start and the end of the period you had the car during the year.
- You need written evidence for all other expenses for the car.

A Logbook needs to be updated every 5 years, should you also change vehicles a new logbook must be completed.

Owned or leased cars

You can claim a deduction for using a car that you owned, leased, or hired under a hire-purchase agreement using one of the two deduction methods. You may not be considered to own or lease the car if your do not make financial contributions such as the initial purchase, lease, hire-purchase agreements, and loan or lease payments – even though you pay for expenses such as registration, insurance, maintenance, or other running costs. This does not stop you from claiming a deduction for the expenses you pay, but you cannot use any of the four deduction methods.

If you have a family or private arrangement where you are effectively the owner of the car, even if you are not the registered owner, the ATO will treat the car as if you owned it and you can claim expenses. For example, the ATO would allow you to claim for a family car that was given to you as a birthday present, even if it was not registered in your name, if you used it as your own and you paid all the expenses.

Travel Expenses

Other travel expenses you may be able to claim include:

- travel expenses you incurred for meals, accommodation, and incidentals while away overnight for work, such as going to an interstate work conference (generally, you can't claim for meals if your travel did not involve an overnight stay)
- the costs you actually incur (such as fuel costs) when using a borrowed car or a vehicle other than a car for work purposes.
- air, bus, train, tram, and taxi fares
- car-hire fees

You may have to show that you have reduced your claim to exclude any private portion of your trip. If your travel expenses are reimbursed you cannot claim a deduction.

Keeping travel expense records

There are specific record-keeping requirements for travel expenses, depending on whether your travel allowance is shown on your payment summary, whether your travel was domestic or overseas, the length of your travel and your occupation.

Travel Allowance

If you receive a travel allowance

If you are paid a travel allowance:

- you must declare the allowance on your tax return as income.
- you are entitled to claim a deduction for the actual expenses you incur, less any private component.

If your travel allowance is shown on your payment summary and you want to make a claim against it, you must have written evidence for the whole of your claim, not just the excess over the reasonable amount. The records you need to keep for travel expenses for fares, accommodation, food, drink, and incidentals depend on the length of your trip and if it is domestic or international.

If you travel for six or more nights in a row, you may need to keep a travel diary (see tables below) in which you record the dates, places, times and duration of your activities and travel. The purpose of a travel diary is to allow accurate calculation of the employment-related and private elements of your trip. If the travel was partly private, you can claim only the work-related part.

If you did not receive a travel allowance

	Domestic Travel		Overseas Travel	
	Written Evidence	Travel Diary	Written Evidence	Travel Diary
Travel less than 6 nights in a row	Yes	No	Yes	No
Travel 6 or more nights in a row	Yes	Yes	Yes	Yes

If you did receive a travel allowance

If you received a travel allowance and your claim does not exceed the reasonable allowance amount:

	Domestic Travel		Overseas Travel	
	Written Evidence	Travel Diary	Written Evidence	Travel Diary
Travel less than 6 nights in a row	No	No	Written evidence is required for overseas accommodation expenses but not for food, drink, and incidentals	No
Travel 6 or more nights in a row	No	No	Written evidence is required for overseas accommodation expenses - but not for food, drink, and incidentals	Members of an international air crew - No if you limit your claim to the amount of allowance you received. Other people - Yes

If you received a travel allowance and your claim exceeds the reasonable allowance amount:

	Domestic Travel		Overseas Travel	
	Written Evidence	Travel Diary	Written Evidence	Travel Diary
Travel less than 6 nights in a row	Yes	No	Yes	No
Travel 6 or more nights in a row	Yes	Yes	Yes	Members of an international air crew - No if you limit your claim to the amount of allowance you received. Other people - Yes

Travel diary

A 'travel diary' is a diary or similar document that must be obtained from the employee where:

- the employee's expense is incurred for travel within Australia for more than five consecutive nights and the travel is not exclusively for performing employment-related duties (the fact that the business travel requires the employee to stay away over a weekend will not, in itself, mean the trip is not undertaken exclusively in the course of their employment), or
- the employee's expense is incurred for travel outside Australia for more than five consecutive nights.

In determining whether a travel diary needs to be kept, you need to look at the number of nights the employee is away from home. The number of nights away from home includes transit time.

Clothing

The ONLY clothing that you can claim as a deduction for the cost of purchasing, renting, repairing, and cleaning are:

- Protective clothing & Footwear
  fire resistant pants, steel capped boots, Hi visibility clothing, gloves, overalls, sun protection clothing.
- Occupation specific
  chefs checked pants, nurse uniform.
- Distinctive/Compulsory Uniforms
  Clothing that has a company logo.
  There must be a strictly enforced policy making it compulsory to wear that clothing at work. Items may include shoes, stockings, socks, and jumpers where they are an essential part of a distinctive compulsory uniform and the colour, style and type are specified in your employer's policy.

You cannot claim the cost of purchasing or cleaning plain uniforms or clothes, such as black trousers, white shirts, suits, and stockings, even if your employer requires you to wear them.

Laundry & Dry Cleaning

Cleaning of the above-mentioned clothing can also be claimed as a deduction.

LAUNDRY	TOTALS	REQUIREMENTS
< $150 + other work-related expenses	< $300	No receipts
< $150 + other work-related expenses	> $300	Work expense receipts only
> $150 + other work-related expenses	< $300	No receipts
> $150 + other work-related expenses	> $300	All written evidence

PLEASE NOTE if you are claiming the minimum amount, you must still be able to substantiate this claim with diary notes or showing how you came to this figure.

Gifts & Donations

You can claim a deduction for:

- voluntary gifts/donation of $2 or more made to an approved organization also known as Deductible Gift Recipient
- a net contribution of more than $150 to an approved organization for a fund-raising event
- contributions of $2 or more to
  - a registered political party
  - an independent candidate in an election for parliament
  - an individual who was an independent member of parliament or in limited circumstances was an independent member.
  -

You should keep records of all deductible gifts to help prepare your tax return and as evidence if your claim is checked.

Costs of Managing Tax Affairs

The cost of managing your tax affairs that can be claimed can include:

- the preparation and lodgement of your tax return and activity statements
- travel to obtain tax advice from a recognized tax adviser.
- appeals made to the Administrative Appeals Tribunal or courts in relation to your tax affairs.
- interest charged by the ATO.
- Amounts that the ATO imposed for underestimating a varied GST or PAYG instalment.

Home Office Expenses

To claim working from home expenses, you must:

- be working from home to fulfil your employment duties, not just carrying out minimal tasks, such as occasionally checking emails or taking calls
- incur additional running expenses as a result of working from home
- have records that show you incur these expenses.

To calculate your deduction for working from home expenses, you must use one of the methods set out below.

Where you incur running expenses for both private and work purposes, you need to apportion your deduction. You can only claim the work-related portion as a deduction.

Additional running expenses

Running expenses relate to the use of facilities within your home. These expenses are generally considered private and domestic expenses. You can claim a deduction for additional running expenses you incur as a direct result of working from home.

Additional running expenses may include:

- electricity or gas (energy expenses) for heating or cooling and lighting
- home and mobile internet or data expenses
- mobile and home phone expenses
- stationery and office supplies
- the decline in value of depreciating assets you use for work – for example
    - office furniture such as chairs and desks
    - equipment such as computers, laptops and software
- the repairs and maintenance to depreciating assets.

In limited circumstances where you have a dedicated home office, you may also be able to claim:

- occupancy expenses (such as mortgage interest or rent)
- cleaning expenses.

If your employer pays you an allowance to cover your working from home expenses, you must include it as income in your tax return.

Fixed Rate Method

From 1 July 2022 you can claim 67 c for each hour you work from home during the relevant income year. The rate includes the additional running expenses you incur for:

- home and mobile internet or data expenses
- mobile and home phone usage expenses
- electricity and gas (energy expenses) for heating, cooling, and lighting
- stationery and computer consumables, such as printer ink and paper.

The rate per work hour (67c) includes the total deductible expenses for the above additional running expenses. If you're using this method, you can't claim an additional separate deduction for these expenses.

You can separately claim a deduction for the work-related use of technology and office furniture such as chairs, desks, computers, bookshelves. These are generally depreciating assets that decline in value over time. You can also claim the repairs and maintenance of these items.

If the item cost $300 or less and you use it mainly for a work-related purpose, you can claim an immediate deduction for the cost in the year you buy it. This may include items, such as keyboards, computer mouses, power boards, desk lamps and chargers.

You can claim a deduction for the decline in value of depreciating assets over the effective life of the item, if it either:

- cost more than $300
- forms part of a set that together cost more than $300.

Where you use your depreciating assets for both work and private purposes, you need to apportion your decline in value deduction. You can only claim the work-related portion as a deduction.

In limited circumstances where you have a dedicated home office, you may also be able to claim:

- occupancy expenses (such as mortgage interest or rent)
- cleaning expenses (such as the cost of cleaning that relates to the work-related use of a room in your house set up as a home office).

Record keeping for the fixed rate method

To claim your working from home deduction using this method, you must keep:

- a record of the number of actual hours you work from home during the entire income year – for example, a timesheet, roster, diary, or other similar document
- at least one record for each of the additional running expenses you incur that the rate per work hour includes – for example, if you incurred electricity and stationery expenses keep one quarterly bill for your electricity expenses and one receipt for your stationery expenses

You need to keep your records for 5 years (in most cases) from the date you lodge your tax return.

You must keep records for depreciating assets from the time you buy them, that shows

- the amount spent on depreciating assets you buy
- the percentage of the year you use your depreciating assets exclusively for work, such as a diary or similar document.

You must also keep these records for other running expenses you are claiming as a separate deduction.

You need to keep these records for 5 years from the date of your last claim for decline in value.

Actual Cost Method

Using the actual costs method, you work out your deduction by calculating the actual additional expenses you incur when working from home. This includes expenses you incur for:

- the decline in value of depreciating assets – for example, home office furniture (desk, chair) and furnishings, phones and computers, laptops, or similar devices.
- electricity and gas (energy expenses) for heating, cooling, and lighting
- home and mobile phone, data, and internet expenses
- stationery and computer consumables, such as printer ink and paper
- cleaning your dedicated home office.

Where you incur running expenses for both private and work purposes, you need to apportion your deduction. You can only claim the work-related portion as a deduction.

In limited circumstances, you may also be able to claim occupancy expenses (such as mortgage interest or rent).

Decline in value of depreciating assets

If the item cost $300 or less and you use it mainly for a work-related purpose, you can claim an immediate deduction for its cost in the year you buy it.

You can claim a deduction for the decline in value of depreciating assets over the effective life of the item, if it either:

- cost more than $300
- forms part of a set that together cost more than $300.

If you use the asset for work and private purposes, you can only claim the work-related portion of the decline in value as a deduction.

Cleaning expenses

If you have a dedicated home office, work out the cost of your cleaning expenses and apportion your claim for any:

- private use of your home office
- use of the home office by other members of your household.

For example, if you have a room set up as a home office, add together your receipts for cleaning expenses and multiply by the floor area of the dedicated work area, divided by the whole floor area of the house. Then reduce this amount by the percentage of private use by yourself and the use of the home office by other household members.

Electricity and gas for heating, cooling, and lighting

Work out the cost of your electricity and gas (energy expenses) for heating, cooling, and lighting by using the:

- cost per unit of power you use (your utility bill has this information)
- average units you use per hour, which is the power consumption per kilowatt hour for each appliance, equipment or light used
- total annual hours used for work-related purposes by checking your record of hours worked or your diary.

Phone, data, and internet

If you receive an itemised phone or internet bill, you need to work out your work-related use over a continuous 4-week period. You can use your work-related percentage for the 4-week period to work out your expenses for the whole income year.

For example, you can mark your work-related calls on your monthly phone bill and work out your work-related use based on the number of those phone calls compared to your total calls.

Stationery and computer consumables

Work out the cost of computer consumables and stationery by using receipts for the items you buy. If you use the item for both private and work-related purposes, you can only claim the work-related portion of the expense.

Record keeping for actual costs method

To claim your work from home expenses using actual costs, you must keep:

- either a record showing
    - the number of actual hours you work from home during the entire income year – for example, a timesheet or spreadsheet
    - a continuous 4-week period that represents your usual pattern of working at home – for example, a diary.

You must also keep records that show:

- the additional running expenses you incurred while working from home, such as receipts, bills, and other documents
- how you worked out the amount of your deduction.

Interest, dividend, and other investment income deductions

You can claim a deduction for expenses incurred in earning interest, dividend, or other investment income.
You cannot claim a deduction for receiving an exempt dividend or other exempt income.

Interest income expenses

You can claim account-keeping fees where the account is held for investment purposes - for example, a cash management account. You will find these fees listed on your statements or in your passbooks. If have a joint account, you can only claim your share of fees, charges, or taxes on the account. For example, if you hold an equal share in an account with your spouse, you can only claim half of any allowable account-keeping fees paid on that account.

Dividend and share income expenses

You can claim a deduction for interest charged on money borrowed to purchase shares and other related investments from which you derived assessable interest or dividend income. Only interest expenses incurred for an income-producing purpose are deductible.

If you used the money you borrowed for both private and income-producing purposes, you must apportion the interest between each purpose.

What you can claim

- ongoing management fees or retainers and amounts paid for advice relating to changes in the mix of investment
- a portion of other costs if they were incurred in managing your investments, such as:
    - travel expenses
    - the cost of specialist investment journals and subscriptions
    - borrowing costs
    - the cost of internet access
    - the decline in value of your computer.

- if you were an Australian resident when a listed investment company (LIC) paid you a dividend, and the dividend included a LIC capital gain amount, you can claim a deduction of 50% of the LIC capital gain amount

What you can't claim

You can't claim a fee charged for drawing up an investment plan unless you were carrying on an investment business.

Some interest on money borrowed to purchase shares, units in unit trusts and stapled securities, which is attributable to capital protection under a capital protected borrowing, is not deductible and is treated as a payment for a put option.

Other Deductions

Books, periodicals, and digital information

If the item cost less than $300 you can claim an immediate deduction where it satisfies all the following requirements:

- It is used predominantly for earning assessable income that is not income from carrying on a business.
- It is not part of a set of assets acquired in the same income year that costs more than $300.
- It is not one of a number of identical or substantially identical items acquired in the same income year that together cost more than $300.
-

If the item cost more than $300 or is part of a set that cost more than $300, you can add it to your professional library and claim a deduction for the decline in value.

Income protection insurance

You can claim the cost of premiums you pay for insurance against the loss of your income. You must include any payment you receive under such a policy on your tax return.

If the policy provides for benefits of an income and capital nature, only that part of the premium attributable to the income benefit is deductible.

You can't claim a deduction for a premium or any part of a premium:

- for a policy that compensates you for such things as physical injury
- where the policy is taken out through your superannuation and insurance premiums are deducted from your super contributions.

For example, you can't claim a deduction for:

- life insurance premiums
- trauma insurance premiums
- critical care insurance premiums.

Overtime meals

If you get paid an overtime meal allowance under an industrial instrument (such as an award) and buy food and drink on overtime, you can claim up to the reasonable allowance expense amount the ATO have set without getting written evidence.

However, you can still only claim the amount you have actually spent. If you need to claim more than the reasonable allowance expense amount, you need to keep written evidence of your expenses.
Generally, you must include amounts received as overtime meal allowances as income on your tax return. However, if your award overtime meal allowance was not shown on your payment summary and was not more than the reasonable allowance amount for each meal, you don't have to include the amount on your tax return providing that you:

- have fully spent the allowance; and
- don't claim a deduction for overtime meal expenses.

Personal super contributions

From 1 July 2017 if you made contributions during the year to a complying superannuation fund or a retirement savings account (RSA) you may be able to claim a deduction for those contributions if you are between 18 and 65 years old. If you are between 67 and 75 you will need to pass the work test.

If you want to make (or vary) a claim for a tax deduction for personal contributions, you must provide a valid notice of intent to your super fund or retirement savings account (RSA) provider and have this notice acknowledged (in writing) by your fund. You must then provide us a copy of this acknowledgement before we can complete your tax return.

A valid notice can be given by any of the following methods:

- completing a Notice of intent to claim or vary a deduction for personal super contributions (NAT 71121)
- using a form provided by your fund
- writing to your fund, stating you wish to claim a tax deduction for your personal super contributions.

If you:

- claim a tax deduction for a super contribution you have made, that contribution will be subject to 15% tax in the fund
- claim a tax deduction (and it is allowed), you are not eligible for the super co-contribution for the amount that you claim.

Seminars, conferences, and education workshops

You can claim the cost of attending seminars, conferences or education workshops that are sufficiently connected to your work activities. This can include formal education courses provided by professional associations. If attendance involves travel, you may have to show that you have reduced your claim to exclude any private portion of any trip.

Union fees and subscriptions to associations

You can claim a deduction for:

- union fees
- subscriptions to trade, business, or professional associations.

You can only claim payments of levies to a strike fund where the fund is used solely to maintain or improve the contributors' pay. Most unions and associations send members statements of the fees or subscriptions paid.

Interest charged by the ATO

You can claim a deduction for interest the ATO charge on:

- late payment of taxes and penalties
- any increase in your tax liability as a result of an amendment to your assessment
- any increase in other tax liabilities, such as goods and services tax (GST) or pay as you go (PAYG) amounts
- any underestimation of your tax liability when you vary an instalment for GST or PAYG.

You can claim any interest charge the ATO impose in the year in which it is incurred:

- when you are charged the interest if your income tax assessment is amended

- in the year in which the interest accrues on your account where there is an increase in other tax liabilities.

Self-education expenses

You may be able to claim a deduction for self-education expenses if your study is work-related or if you receive a taxable bonded scholarship.

Eligible courses

Self-education expenses are deductible when the course you undertake leads to a formal qualification and meets the following conditions.

The course must have a sufficient connection to your current employment and:

- maintain or improve the specific skills or knowledge you require in your current employment, or
- result in, or is likely to result in, an increase in your income from your current employment.

You cannot claim a deduction for self-education expenses for a course that does not have a sufficient connection to your current employment even though it:

- might be generally related to it, or
- enables you to get new employment.

Expenses you can claim

You can claim the following expenses in relation to your self-education:

- accommodation and meals (if away from home overnight)
- computer consumables
- course fees
- decline in value for depreciating assets (cost exceeds $300)
- purchase of equipment or technical instruments costing $300 or less
- equipment repairs
- fares
- home office running costs
- interest
- internet usage (excluding connection fees)
- parking fees (only for work-related claims)
- phone calls
- postage
- stationery
- student union fees
- student services and amenities fees
- textbooks
- trade, professional, or academic journals
- travel to-and-from place of education (only for work-related claims)

If an expense is partly for your self-education and partly for other purposes, you can only claim the amount that relates to your self-education as a deduction.

Expenses you can't claim

You cannot claim the following expenses in relation to your self-education:

- repayments of Higher Education Loan Program (HELP) loans (although the fees paid by some HELP loans are)
- Student Financial Supplement Scheme (SFSS) repayments
- home office occupancy expenses
- meals (unless sleeping away from home), where not sleeping away from home

Tools, equipment, and other assets

If you buy tools, equipment, or other assets to help earn your income, you can claim a deduction for some or all of the cost. If the tools are used for both work and private purposes, you will need to apportion the amount you claim. If you have a computer that is used for private purposes for half of the time you can only deduct 50% of the cost.

The type of deduction you claim depends on the cost of the asset:

- For items that don't form part of a set and cost $300 or less, or form part of a set that together cost $300 or less, you can claim an immediate deduction for their cost.
- For items that cost more than $300, or that form part of a set that together cost more than $300, you can claim a deduction for their decline in value

Examples of tools, equipment, or assets:

- calculators
- computers and software
- desks, chairs, and lamps
- filing cabinets and bookshelves
- hand tools or power tools
- protective items, such as hard hats, safety glasses, sunscreens, and sunglasses
- professional libraries
- safety equipment
- technical instruments.

You can also claim the cost of repairing and ensuring your tools and equipment and any interest on money you borrowed to purchase these items. If you use items for both personal and work-related purposes you need to keep records, such as a diary, so that, if requested, you can show how you apportioned the amount of private use and work-related use.

Offsets & rebates

Tax offsets (sometimes referred to as rebates) directly reduce the amount of tax payable on your taxable income. In general, offsets can reduce your tax payable to zero, but on their own they can't get you a refund.

If you receive Government benefits

The beneficiary tax offset is available if you receive certain Australian Government allowances and payments.
You pay no tax for the year if you:

- only receive any of the qualifying benefits and allowances, and
- have no other taxable income.
-

If you have other assessable income, you may still need to pay some tax.

To claim the offset, you must declare the payment you receive at the correct item on your tax return. The ATO will automatically calculate the offset for you when the ATO process your tax return.

If you have dependants

You may be entitled to a tax offset if you maintained your:

- spouse
- child or sibling aged 16 years or older
- spouse's child or sibling aged 16 years or older
- parent, or
- spouse's parent

and they are an invalid or carer.

An invalid must have received one of the following:

- a disability support pension under the *Social Security Act 1991*
- a special needs disability support pension under the *Social Security Act 1991*
- an invalidity service pension under the *Veterans' Entitlement Act 1986.*

A carer must have cared for your or your spouse's invalid child or sibling aged 16 or older and:

- received a carer payment or carer allowance under the *Social Security Act 1991* for the care they provide for that person, or
- been wholly engaged in providing care to a person receiving:
  - a disability support pension under the *Social Security Act 1991*
  - a special needs disability support pension under the *Social Security Act 1991*, or
  - an invalidity service pension under the *Veterans' Entitlement Act 1986.*

Medicare levy surcharge

The Medicare levy surcharge (MLS) is designed to reduce the demand on the public Medicare system.

You will be required to pay the MLS if your income for MLS purposes is above the base income threshold and you, or your family do not have an appropriate level of private patient hospital cover. This applies unless you are exempt from paying the Medicare levy and your dependents are also exempt or have an appropriate level of private cover.

The base income threshold is $90,000 for singles and $180,000 for families. However, you do not have to pay the MLS if your family income exceeds the threshold but your own income for MLS purposes was $22,801 or less.

Private patient hospital cover is provided by registered health insurers for hospital treatment provided in an Australian hospital or day hospital. You must arrange and pay for your cover directly with the insurer.

For singles, an appropriate level of cover must have an excess of $750 or less. Couples or families must have an excess of $1,500 or less.

General cover, commonly known as 'extras', is not private patient hospital cover. It covers items such as optical, dental, physiotherapy or chiropractic treatment.

We will apply the rate of MLS that corresponds with your income for MLS purposes. If you have to pay the surcharge, it will be included with the Medicare levy and shown as one amount on your notice of assessment called Medicare levy and surcharge**.**

	Medicare Levy Surcharge	SINGLES	FAMILY
No surcharge	0%	$90000 or less	$180000 or less
Tier 1	1%	$90001 - $105000	$180001 - $210000
Tier 2	1.25%	$105001 - $140000	$210001 - $280000
Tier 3	1.5%	$140001 or more	$280001 or more

Private health insurance (PHI) rebate

The private health insurance (PHI) rebate is an amount the government contributes towards the cost of your private health insurance premiums. Your eligibility to receive a PHI rebate will depend on your single or family income for surcharge purposes.

You can either receive this rebate upfront through a reduction in the cost of your premiums from your insurer, or as a refundable tax offset when you lodge your tax return.

The rebate percentage is adjusted on 1 April each year by a rebate adjustment factor.

Please ensure you provide your year-end tax statement from your private health insurance provider.

Senior Australians

If you are a Senior Australian, you may be eligible for the seniors and pensioners tax offset. The seniors and pensioners tax offset (SAPTO) can reduce the amount of tax you are liable to pay. In some cases, this offset may reduce your tax liability to zero and you may not have to lodge a tax return. To be eligible for this tax offset, you have to meet certain conditions relating to your income and eligibility for an Australian Government pension.

If you are a senior, you must meet the age requirement for the Age pension to be eligible for the offset. In some cases, you may also be able to transfer your eligible spouse's unused SAPTO to you. The ATO calculate their transfer amount available and include this amount when calculating your SAPTO.

Super related tax offsets

There are two super-related tax offsets for which you may be eligible:

Australian super income stream tax offset

If you receive income from an Australian super income stream, you may be entitled to a tax offset equal to:

- 15% of the taxed element, or
- 10% of the untaxed element.

The tax offset amount available to you will be shown on your payment summary. You're not entitled to a tax offset for the taxed element of any super income stream you receive before you turn 55 years old unless the super income stream is either a:

- disability super benefit, or
- death benefit income stream.

You're not entitled to a tax offset for the untaxed element of any super income stream you receive before you turn 60 years old unless:

- the super income stream is a death benefit income stream; and
- the deceased died after they turned 60 years old.

Tax offset for super contributions on behalf of your spouse

If you make contributions to a complying superannuation fund or a retirement savings account (RSA) on behalf of your spouse (married or de facto) who is earning a low income or not working, you may be able to claim a tax offset.

You will be entitled to a tax offset of up to $540 per year if you meet all of the following conditions:

- the sum of your spouse's assessable income, total reportable fringe benefits amounts, and reportable employer super contributions was less than $40,000
- the contributions were not deductible to you
- the contributions were made to a super fund that was a complying super fund for the income year in which you made the contribution

- both you and your spouse were Australian residents when the contributions were made
- when making the contributions you and your spouse were not living separately and apart on a permanent basis.

The tax offset for eligible spouse contributions can't be claimed for super contributions that you made to your own fund, then split to your spouse. That is called a rollover or transfer, not a contribution.

Low-income earners

You may be eligible for a tax offset if you are a low-income earner - for example, if you work part time. You don't have to claim this offset. The ATO will work it out for you when you lodge your tax return.

Zones and overseas forces

If you live or work in a remote area or serve in forces overseas, you may be eligible for one of the following:

Zone tax offset

To qualify for the zone tax offset, you must have lived or worked in a remote area (not necessarily continuously) for:

- 183 days or more during the current income year; or
- 183 days or more in total during the current and previous income years - but less than 183 days in the current year and less than 183 days in the previous income year - and you did not claim a zone tax offset in your previous year's tax return.

If you lived in a zone for less than 183 days in the current income year, you may still be able to claim a tax offset as long as you lived in a zone for a continuous period of less than five years and:

- you were unable to claim in the first year because you lived there less than 183 days; and
- the total of the days you lived there in the first year and in the current year is 183 or more.

Overseas forces tax offset

You may be eligible for an overseas forces tax offset if you serve in a specified overseas locality as a member of one of the following:

- Australian Defence Force
- Australian Federal Police, or
- a United Nations armed force, and income relating to that service is not specifically exempt from tax.

Periods of service for which your income was exempt foreign employment income are excluded in working out your eligibility for the tax offset. To claim the full tax offset, you must have served in an overseas locality for 183 days or more in the income year. If your overseas service was less than 183 days, you may be able to claim part of the tax offset. If you qualify for both an overseas forces and a zone tax offset, you can claim only one of them, but you may claim the highest one.

Rental Properties

Below is a general guide in relation to your rental property. This information should be used as a guide to help you compile your documentation for your income tax return. It is important to keep all documentation regarding ALL Rental Property income and expenses.

Income

Income received by way of rent from residential, commercial, or industrial property is assessable income when it is received and includes:

- Advance rent
- Late rent
- Current rent
- Bond money only if you derived it because a tenant defaults to pay the rent or due to damage to the property which require repairs
- Insurance payments for loss of rent
- Reimbursement of deductible expenses.
- If you received a letting or booking fee, you must include this as part of your rental income.

Associated payments include all amounts you receive, or become entitled to, as part of the normal, repetitive, and recurrent activities through which you intend to generate profit from the use of your rental property.

Co-ownership of rental property

Rental income and expenses must be attributed to each co-owner according to their legal interest in the property, despite any agreement between co-owners, either oral or in writing, stating otherwise.

Please advise us if more than one person is invested in the property and at what percentage. Interest on money borrowed by only one of the co-owners which is exclusively used to acquire that person's interest in the rental property does not need to be divided between all of the co-owners.

Expenses

You can claim a deduction for certain expenses you incur for the period your property is rented or is available for rent.

There are three categories of rental expenses, those for which you:

- cannot claim deductions
- can claim an immediate deduction in the income year you incur the expense
- can claim deductions over a number of income years.

Expenses that cannot be claimed

Expenses for which you are not able to claim deductions include:

- acquisition and disposal costs of the property

- expenses not actually incurred by you, such as water or electricity charges borne by your tenants
- expenses that are not related to the rental of a property, such as expenses connected to your own use of a holiday home that you rent out for part of the year.

Expenses that can be claimed as an immediate deduction

You can claim a deduction for these expenses only if you actually incur them and they are not paid by the tenant.

- advertising for tenants
- bank charges
- body corporate fees and charges
- cleaning
- council rates
- electricity and gas
- gardening and lawn mowing
- in-house audio and video service charges
- insurance
- building
- contents
- public liability
- interest on loans
- land tax
- lease document expenses
- preparation
- registration
- stamp duty
- legal expenses* (excluding acquisition costs and borrowing costs)
- mortgage discharge expenses
- pest control
- property agents' fees and commissions
- quantity surveyor's fees
- repairs and maintenance
- secretarial and bookkeeping fees
- security patrol fees
- servicing costs, for example, servicing a water heater
- stationery and postage
- telephone calls and rental
- tax-related expenses
- rent collection
- inspection of property
- maintenance of property
- water charges

Expenses deductible over a number of income years

There are three types of expenses you may incur for your rental property that may be claimed over a number of income years:

Borrowing expenses

These are expenses directly incurred in taking out a loan for the property. They include loan establishment fees, title search fees and costs for preparing and filing mortgage documents, including mortgage broker fees and stamp duty charged on the mortgage.

Borrowing expenses also include other costs that the lender requires you to incur as a condition of them lending you the money for the property, such as the costs of obtaining a valuation or lender's mortgage insurance if you borrow more than a certain percentage of the purchase price of the property.

The following are not borrowing expenses:

- insurance policy premiums on a policy that provides for your loan on the property to be paid out in the event that you die or become disabled or unemployed
- interest expenses.

If your total borrowing expenses are more than $100, the deduction is spread over five years or the term of the loan, whichever is less. If the total deductible borrowing expenses are $100 or less, they are fully deductible in the income year they are incurred.

If you repay the loan early and in less than five years, you can claim a deduction for the balance of the borrowing expenses in the year of repayment. If you obtained the loan part way through the income year, the deduction for the first year will be apportioned according to the number of days in the year that you had the loan.

Deduction for decline in value of depreciating assets

You can claim a deduction for the decline in value of certain items, known as depreciating assets, that you acquired as part of the purchase of your property or that you subsequently purchased for your property.

A depreciating asset is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is used. Examples of depreciating assets are freestanding furniture, stoves, washing machines, carpets, and blinds.
To work out the decline in value of a depreciating asset, you need to know its effective life. Generally, the effective life of a depreciating asset is how long (in whole years) you can use it for a taxable purpose.

You can work out your deduction for the decline in value of a depreciating asset using either the:

- prime cost method - depreciating asset decreases uniformly over its effective life
- diminishing cost method - decline in value each year is a constant proportion of the remaining value and produces a progressively smaller decline over time.

On 9 May 2017 the Government announced that from 1 July 2017, plant, and equipment depreciation deductions (decline in value) will be limited to outlays actually incurred by real estate property investors. E.g., plant & equipment bought by previous owner's cannot be depreciation by a new owner.

Capital works deductions

You can deduct certain kinds of construction expenditure. In the case of residential rental properties, the deductions would generally be spread over a period of 25 or 40 years.

Your total capital works deductions cannot exceed the construction expenditure. No deduction is available until the construction is complete.

Deductions based on construction expenditure apply to capital works such as:

- a building or an extension, for example, adding a room, garage, patio, or pergola
- alterations, such as removing or adding an internal wall, or
- structural improvements to the property, for example, adding a gazebo, carport, sealed driveway, retaining wall or fence.

You can only claim deductions for the period during the year that the property is rented or is available for rent. If you can claim capital works deductions, the construction expenditure on which those deductions are based cannot be taken into account in working out any other types of deductions you claim, such as deductions for decline in value of depreciating assets.

A deduction is allowed for expenditure incurred in the construction of a building if you contract a builder to construct the building on your land. s If you are an owner/builder, the value of your contributions to the works, for example, your labour and expertise, and any notional profit element do not form part of the construction expenditure.

Construction expenditure that can be claimed

Some costs that you may include in construction expenditure are:

- preliminary expenses such as architects' fees, engineering fees and the cost of foundation excavations
- payments to carpenters, bricklayers, and other tradespeople for construction of the building
- payments for the construction of retaining walls, fences, and in-ground swimming pools.

Construction expenditure that cannot be claimed

- Some costs that are not included in construction expenditure are:
- the cost of the land on which the rental property is built
- expenditure on clearing the land prior to construction
- earthworks that are permanent, can be economically maintained and are not integral to the installation or construction of a structure
- expenditure on landscaping.

Estimating construction costs

Where a new owner is unable to precisely determine the construction expenditure associated with a building, an estimate provided by an appropriately qualified person may be used. Appropriately qualified people include:

- a clerk of works, such as a project organiser for major building projects a supervising architect who approves payments at stages of projects
- a builder who is experienced in estimating construction costs of similar building projects
- a quantity surveyor.

Expenses prior to property being available for rent

You can claim expenditure such as interest on loans, local council, water and sewage rates, land taxes and emergency services levy on land on which you have purchased to build a rental property or incurred during renovations to a property you intend to rent out. However, you cannot claim deductions from the time your intention changes, for example if you decide to use the property for private purposes.

Apportionment of rental expenses

There may be situations where not all your expenses are deductible, and you need to work out the deductible portion. To do this you subtract any non-deductible expenses from the total amount you have for each category of expense; what remains is your deductible expense.

Property available for part-year rental

If you use your property for both private and assessable income-producing purposes, you cannot claim a deduction for the portion of any expenditure that relates to your private use. Examples of properties you may use for both private and income-producing purposes are holiday homes and time-share units. In cases such as these you cannot claim a deduction for any expenditure incurred for those periods when the home or unit was used by you, your relatives, or your friends for private purposes.

In some circumstances, it may be easy to decide which expenditure is private in nature. For example, council rates paid for a full year would need to be apportioned on a time basis according to private use and assessable income producing use where a property is used for both purposes during the year.

In other circumstances, where you are not able to specifically identify the direct cost, your expenses will need to be apportioned on a reasonable basis.

Only part of your property is used to earn rent

If only part of your property is used to earn rent, you can claim only that part of the expenses that relates to the rental income. As a general guide, apportionment should be made on a floor-area basis, that is, by reference to the floor area of that part of the residence solely occupied by the tenant, together with a reasonable figure for tenant access to the general living areas, including garage and outdoor areas if applicable.

Non-commercial rental

If you let a property, or part of a property, at less than normal commercial rates, this may limit the amount of deductions you can claim.

Other Tax Considerations

Capital gains tax

Generally, capital gains and losses do not apply to assets acquired before 20 September 1985. (Pre CGT) A capital profit made on a capital gains asset acquired after 19 September 1985 will be assessed as capital gain.

Selling investment assets (such as shares, property, or managed fund investments) is a common way to make a capital gain or capital loss. Generally, a capital gain (or capital loss) is the difference between what it cost you to obtain and keep an investment asset and what you received when you disposed of it.

Capital gains tax (CGT) is the tax you pay on your net capital gain. It isn't a separate tax, just part of your income tax.

If you make a capital loss when you dispose of an asset, you can use it to reduce any capital gain you made in the same financial year. If you have not made a capital gain in the same financial year, you can use the loss to reduce a capital gain in a later year. You cannot deduct capital losses or a net capital loss from other income.

You may be able to reduce your capital gain if:

- you have owned your shares for at least 12 months, or
- you gifted them to a deductible gift recipient, provided they are valued at less than $5,000 and you acquired them at least 12 months earlier.

Foreign investments

If you are an Australian resident with overseas assets, you need to include any capital gains or capital losses you make on those assets in your tax return.

Additionally, if you have interests in a foreign company, a foreign trust, or a foreign life insurance policy, you may have to include income you receive from these interests in your tax return.
If you receive foreign income that is taxable in Australia and you paid foreign tax on that income, you may be entitled to an Australian foreign income tax offset.

Negative gearing

Where the interest on borrowings used to purchase an investment is greater than the investment income after all other deductions, the investment is negatively geared. The loss on the investment is included in your personal tax return to offset your salary or other income. If the loss is greater than your total taxable income, you may carry forward the loss to the next year.

Pay As You Go (PAYG) Instalments

If you make a profit from renting your property, you will need to know about the PAYG instalments system.

This is a system for paying instalments towards your expected tax liability for an income year. You will generally be required to pay PAYG instalments if you earn $2,000 or more of business or investment income, such as rental income, and the debt on your income tax assessment is more than $500.

If you are required to pay PAYG instalments, we will notify you. You will usually be required to pay the instalments at the end of each quarter.

There are usually two options if you pay quarterly instalments:

- pay using an instalment amount or an instalment rate calculated by the ATO
- pay an instalment amount or using an instalment rate you work out yourself.

Businesses

Income

What to include in your assessable income

Income that is subject to tax is called assessable income. Generally, when calculating the assessable income of your business, you must include amounts you receive (or earn) in the ordinary course of running your business, such as from selling trading stock or providing services.

Normally, you must also include any of the following amounts:

- amounts from isolated transactions outside the ordinary course of your business, if you intend to make a profit
- amounts over their written-down value when selling certain depreciating assets commission income
- compensation, such as workers' compensation, or payments for trading stock losses, business interruptions or contract cancellations
- dividends and franking credits (credits from company tax already paid) on business investments
- fuel tax credits
- grants, such as an amount you receive under the Apprenticeship Incentives Program
- incentive payments, such as a cash payment to lease business premises
- income earned outside Australia, and you are an Australian tax resident
- interest on business investments, and interest on overpayment or early payment of tax
- lease payments and hire charges
- net capital gains from selling certain capital assets, such as land or buildings payments for selling know-how
- personal services income (PSI) if the PSI rules apply to you (see Personal services income (PSI)
- prizes or awards for your business, such as a cash prize for being the best business in your region
- recovered bad debts for which you have received a tax deduction
- rental income from property owned by your business
- royalties, such as payments when other entities use your patent
- subsidies for running a business
- the value of goods you take from trading stock for your own private
- the value of trading stock on hand at the end of the income year, if it's more than at the start of the year
- the market value of any transactions not involving money, such as barter transactions.

What to exclude from your assessable income

The following amounts are not assessable and do not need to be included in your assessable income:

- amounts you earned from a hobby
- gifts or amounts bequeathed to you
- prizes that are not related to your business
- betting and gambling wins, unless you operate a betting or gambling business
- goods and services tax (GST) you have collected
- any money you have borrowed
- most payouts from your own personal income protection insurance policy.

Accounting methods

The amounts you include as assessable income in any income year depend on whether you account for your income on a cash basis or accruals basis.

Cash basis refers to payments received during the income year regardless of when the work was done.

Accruals basis refers to income you earned during the year even if you haven't yet received payment.

Accounting method	What to include in your assessable income
Cash basis	Only include the income you actually received during the income year.
Accruals basis	Include all amounts you earned during the income year, even if you haven't received payment. Example: If you completed work in May worth $724 but were not paid by the end of the income year, you must still include the $724 (less any GST) in your assessable income for that year.

Small business concessions

If you operate a business with an aggregated annual turnover of less than $10 million, you may be eligible for a range of concessions to help reduce your taxable income.

Aggregated annual turnover means the total normal sales of your business and that of any associated businesses during the income year.

Small business concessions include:

- CGT concessions (limited to businesses with less than $2 million in turnover)
- simpler trading stock rules
- simpler depreciation rules
- immediate deductions for prepaid expenses
- reduced income tax rates – corporate entities only
- the small business income tax offset – for individuals only and has a turnover test of $5 million

Personal services income (PSI)

If you're a business involved in contracting or consulting and earn personal service income (PSI), special tax rules (the PSI rules) may affect which amounts you include in your assessable income and may limit the deductions you can claim.

These rules aim to ensure that those who provide individual personal services are assessed on the income they personally earn and are not able to claim higher deductions than employees providing similar services.

You need to understand how PSI rules affect what you declare and what you can claim if:

- you earn PSI, and
- the PSI rules apply to you.

What is PSI?

PSI is income that is mainly a reward for, or the result of, your personal efforts or skills. Examples include income you earn:

- as a consultant by providing your personal expertise
- as a professional practitioner in a sole practice
- under a contract that is wholly or principally for your labour or services
- as a professional sportsperson or entertainer by providing your professional skills.

PSI does not include income you earn mainly:

- by supplying or selling goods
- by granting a right to use property
- using an income-producing asset, such as a truck, to derive income
- through a business structure, such as a large accounting firm, as opposed to a sole trader contracted exclusively to a large firm.

If the PSI rules apply

If you earn PSI (whether you operate your business as a sole trader, partnership, company, or trust), you need to work through a series of tests to see whether the PSI rules apply to your income and deductions.

Sole trader

If you're a sole trader, the PSI rules limit the deductions you can claim, for example, on:

- car expenses for a spouse
- rent, mortgage interest, rates, or land tax on your residence
- wages or super payments for associates.

Company, partnership, or trust

If you operate your business as a company, partnership, or trust:

- there are limits on the deductions you can claim
- The ATO treat income (less certain reductions) as your personal income, and you must include it in your personal assessable income
- your business has an additional pay as you go (PAYG) withholding obligation on the income the ATO treat as your personal income.

Keeping good records

You must keep records of your business transactions for five years after the records are prepared or obtained, or the transactions are completed, whichever occurs later.

If you don't have those records, your expense claim may later be denied or reduced and the ATO may apply penalties.

The records you need to keep include:

- sales and expense invoices
- sales and expense receipts

- cash register tapes
- credit card statements
- bank deposit books and cheque butts
- bank account statements
- employee records, such as copies of tax file number (TFN) declarations, wages books, time sheets and superannuation records.

You may also need to keep the following income tax records for each financial year:

- motor vehicle expenses, including logbooks
- debtors and creditors lists
- records of depreciating assets
- stocktake records
- records of any private use of business purchases or assets
- records of assets for capital gains tax (CGT) purposes.

You can store records in either electronic or paper form. However, all your business records must be readily accessible and available in English. Please contact us if you wish to discuss ways to record keeping.

What you can claim and when

You can claim a deduction for most expenses you incur in running your business as long as they are directly related to earning your assessable income.

You can generally claim operating expenses (such as office stationery and wages) in the year you incur them. However, you typically claim capital expenses (such as buildings, machinery, and equipment) over a longer period of time.

Allowable deductions

Most expenses you incur in running your business are tax deductible. You claim these deductions in the annual tax return for your business or, if you're a sole trader, in your personal tax return.
What you can claim

You can only claim expenses that are directly related to earning your assessable income.
If you make a purchase or use an asset for both business and private purposes, you can only claim a deduction for the business portion of the expense. If you use an item in your business for only part of a year, you may need to restrict your claim to the period it was used for the business.

What you cannot claim

You can't claim a deduction for the goods and services tax (GST) component of a purchase if you can claim it as a GST credit on your business activity statement. You also can't claim:

- private or domestic expenses, such as childcare fees or clothes for your family
- expenses relating to income that is not taxable, such as money you earn from a hobby
- expenses that are specifically non-deductible, such as entertainment and parking fines.

Expenses you can claim in the year you incur them

Working or operating expenses you incur in the everyday running of your business – such as office stationery, renting office premises, and salaries or wages – are called revenue expenses.

You can generally claim a deduction for most revenue expenses in the same income year you incur them, including:

- advertising and sponsorship costs
- bad debts
- bank fees and charges
- business motor vehicle expenses
- business travel expenses
- clothing expenses (corporate wardrobes and uniforms, and occupation-specific and protective clothing)
- education, technical or professional qualification expenses
- electricity expenses
- fringe benefits – the cost of any fringe benefit provided and the fringe benefits tax on the benefit
- home office expenses when your home is used as a business premises
- insurance premiums, including accident or disability, fire, burglary, professional indemnity, public risk, motor vehicle loss of profits insurance, or workers' compensation
- interest on money borrowed for income tax obligations, employer super contributions, or late payment or lodgement of tax – or to produce assessable income or purchase income-producing assets
- land tax on business premises
- legal expenses, such as those incurred defending future earnings, borrowing money, discharging a mortgage or obtaining tax advice
- losses from a previous year
- luxury car lease expenses
- stationery expenses
- costs for running a commercial website, such as site maintenance, content updates and internet service provider fees
- parking fees
- public relations expenses
- phone expenses
- rates on business premises
- registered tax agent and accountant fees
- renting or leasing a business premises
- repairing and maintaining income-producing property)
- salaries, wages, bonuses, or allowances
- small-value items costing $100 or less
- subscription costs for business or professional journals, information services, newspapers, and magazines
- costs for sunglasses, sunhats, and sunscreen when your business activities require outdoor work
- super contributions for employees, and some contractors paid primarily for their labour
- tax-related expenses, such as:
    - having a bookkeeper prepare your business records
    - preparing and lodging tax returns and business activity statements
    - objecting to or appealing against your assessment
    - attending an ATO audit

    - obtaining tax advice about your business

- tender costs, even if the tender is unsuccessful
- trading stock, including delivery charges
- transport and freight expenses
- travel expenses for relocating employees
- union dues and periodical subscription fees to trade, business, or professional associations
- water expenses on business premises.

Expenses you can claim over time

A capital expense is either:

- the cost of an asset that has a longer life (usually more than one income year)
- an expense associated with establishing, replacing, enlarging, or improving the structure of your business.

Generally, you can't claim the total of a capital expense in the income year you pay for it. Instead, you normally claim an amount for the decline in value, or depreciation, each year over a number of years.

You can also ‘pool’ most capital assets and claim depreciation for the pool, which is simpler than depreciating the individual assets.

A small business with assets that cost less than the relevant instant asset write- off limit can claim the full amount in the year it incurred the expense.

Form 6 October 2020 until 30 June 2023 all assets acquired by small and medium sized businesses (turnover less than $50 million) can be expensed in full regardless of cost.

Capital assets

Capital assets have a limited life expectancy (effective life) and can reasonably be expected to depreciate over the time you use them. They are also known as depreciating assets and include:

- computers
- electrical tools
- furniture, carpet, and curtains
- motor vehicles
- plant and equipment
- improvements to land and fixtures on land, such as buildings, windmills, and fences.

There is a general set of rules that applies across a variety of depreciating assets and certain other capital expenditure. Broadly, the effective life of the asset, expressed in years, will usually govern the number of years over which you will be required to apportion the cost.

There are exceptions to the general depreciation rules, such as those that apply to construction costs in relation to capital works. Capital works include:

- improvements to land such as buildings, windmills, and fences
- structural improvements
- environment protection earthworks.

You can generally claim capital works construction expenses over 25 years at 4% per year, or 40 years at 2.5% per year.

Other capital expenses

You can claim a deduction for certain other business-related capital expenses you incur, as long as you can't claim a deduction for them under any other part of tax law. Examples include the cost of setting up or ceasing a business, commonly known as blackhole expenditure, and project related expenses. You can claim blackhole expenditure over five years. Small Business Entities can claim blackhole expenditure immediately in the year incurred.

When an expense is incurred

You can generally claim a deduction for an expense you incur in the everyday running of your business, in the year you incur it. You generally incur an expense when you have a current legal obligation to pay for the goods or services. An invoice is not necessary for an expense to have been incurred.

Claiming expenses you pay in advance

There are different rules for expenses you pay in advance – that is, expenses you incur now for goods or services you will receive (in whole or in part) in a later income year.

If your aggregated annual turnover is less than $2 million, you can use the small business prepayments concession. This means you can claim a deduction for the total expense you prepaid if you receive the goods or services in full within 12 months. This applies even if the 12-month period extends into the next income year.

If you won't receive the goods or services in full within 12 months, or your aggregated annual turnover is $2 million or more, you will usually need to apportion the expense across the whole supply or service period where the expense is $1,000 or more.

Aggregated annual turnover means the total normal sales of your business and that of any associated businesses during the income year.

Accounting for trading stock

Trading stock is generally anything your business produces, manufactures, or acquires, to manufacture, sell or exchange. Livestock is also trading stock.

Valuing trading stock

You are required to undertake a stocktake as close as possible to the end of each income year.
An increase in your trading stock's value over the year is assessable income, while a decrease is an allowable deduction.

Conducting a stocktake usually involves physically counting your stock and valuing each item, using one of the three methods summarised in the following table:

Method	Valuation basis
Cost	Includes all costs associated with bringing the stock to its current condition and location. This may include the cost price plus freight, insurance, customs and excise duties, and delivery charges.
Market selling value	The current value of stock if sold in the normal course of business.
Replacement value	What it would cost to obtain an almost identical item that is available in the market on the last day of the income year.

You can choose a different method each year for different items of stock.

The closing value for an item of trading stock at the end of one income year automatically becomes its opening value at the beginning of the next income year.

When calculating your trading stock's value, you generally exclude the goods and services tax (GST) component if you are entitled to GST credits.

Simpler trading stock rules for small businesses

If you operate a small business and, at the end of the year, you estimate that your trading stock's value has not changed by more than $5,000, you can choose not to conduct a formal stocktake and not to account for the changes in your trading stock's value.

Your estimate will be reasonable if:

- you maintain a constant level of stock each year and have a reasonable idea of the value of your stock on hand, or
- your stock levels fluctuate, but you can make an estimate based on your records of the stock you have purchased.

You must conduct a stocktake where your trading stock's value has varied by more than $5,000.
An increase in your trading stock's value over the year is assessable income, while a decrease is an allowable deduction.

Using stock for private purposes

If you take an item of trading stock for your private use, you must account for it as if you had sold it and include the value of the item in your assessable income.

You can keep records of the actual value of goods you take from your trading stock for your own private use and report that amount. Alternatively, you can use the amounts the ATO will accept as estimates of the value of goods you have taken.

Salary, wages and super

You can generally claim a deduction for salaries and wages you pay to employees, and for super contributions you make for them and for certain contractors.

If you're a sole trader or partner in a partnership, you can usually claim a deduction for your own super contributions in your personal tax return.

Salaries and wages

Deductions are calculated depending on the type of business you operate:

- If you operate your business as a company or trust, you can generally claim a deduction for any salaries and wages the company or trust pays to you or other employees.
- If you operate your business as a partnership, the partnership cannot pay you salary or wages as you are a partner, not an employee. Any nominal payment of a salary or wages to a partner is usually a distribution of profit.
- If you operate as a sole trader, you are the business owner and not an employee, and therefore cannot pay yourself a salary or wages. Any nominal payment of a salary or wages to yourself is usually a distribution of profit. However, you can claim a deduction for the salaries and wages you pay to employees.

If your income includes personal services income, the amount you can claim for payments you make to an associate may be limited.

Super

You can claim a deduction for super contributions you make to a complying super fund or retirement savings account for your employees and for certain contractors.

The amount you can claim may be limited if your income includes personal services income.
If you're a sole trader or a partner in a partnership, you may be able to claim a deduction for your personal super contributions.

Running your business from home

If your home is also your place of business, you can claim income tax deductions for a portion of the costs of owning, maintaining and using your home for this purpose. When you sell your home, you may be liable for capital gains tax.

Your home is your place of business if you run your business from home, and a room is set aside exclusively for your business activities. Examples of a place of business include:

- a small business operator whose main office is in their home
- a tradesperson or craftsperson who has their workshop at home
- a doctor or dentist who has their surgery or consulting room at home.

Deductions you can claim

If you run your business from home, you may be able to claim the following expenses:

- Utility costs – The cost of using a room's utilities, such as gas and electricity – these should be apportioned according to actual usage.
- Business phone costs – if you used a telephone exclusively for business. You can claim for the rental and calls, but not the installation costs. If you used the telephone for both business and private calls, you could claim a deduction for business calls.
- Decline in value (depreciation) of office plant and equipment (for example, desks, chairs and computers). If you also used the equipment for private purposes, your claim must be apportioned.
- Decline in value of curtains, carpets and light fittings.

- Occupancy expenses – your costs of owning or renting the house (such as rent, mortgage interest, insurance and rates). You can claim the portion of these costs that relates to the room or workshop you use as a place of business. A common method of working out how much to claim is the floor area (as a proportion of the floor area in your whole home).
- If your income includes personal services income (PSI), you may not be able to claim a deduction for occupancy expenses.

If you have a place where you conduct business elsewhere – such as a factory, shop, or office – generally your home will not be considered a place of business, and you can't claim occupancy expenses.

Capital gains and the main residence exemption

Generally, when you sell your home or main residence, you can ignore a capital gain or loss you make. This is called the 'main residence exemption'.

If your home is your place of business, you generally can't obtain the full main residence exemption. However, you are probably entitled to a partial exemption.

To determine how much of the capital gain is not exempt, you generally need to work out the following:

- the proportion of floor area of your home that is set aside to produce income
- the period of time you used it for this purpose.

If you first used your home to produce income after 20 August 1996, the period before this is not taken into account in working out the amount of any capital gain or loss. Instead, you use the market value of your home at the time it was first used to produce income.

It's a good idea to get a valuation of your home at the time you first use it as your place of business, so when you come to sell your home, you don't pay more capital gains tax than necessary.

Depreciating assets

You can claim a deduction for the decline in value, depreciation, of capital assets such as buildings, motor vehicles, furniture, and machinery and equipment.

The cost of an asset includes both the amount you paid for it as well as any additional amounts incurred transporting the asset and installing it in position.

The amount you can claim will generally be less if you:

- own the asset for less than one year
- only partly use the asset for business purposes – that is, if you use it for 60% business purposes, you can only claim 60% of its total depreciation for that year
- own the asset for some time before you start the business – in this case, you must work out how much the asset depreciated before you started the business and use the reduced value as the asset's base value.

Land and trading stock items are not depreciating assets. However, certain improvements to land and fixtures on land (such as buildings, windmills, and fences) are depreciating assets.

Simpler depreciation for small business

You can choose to use simplified depreciation rules if you have a small business with an aggregated turnover of less than $10 million ($500 million for instant asset write off).

Under these simpler rules, you can:

- temporary expensing allows for a full write off for eligible assets first held after 6 October 2020 and before 30 June 2023. There is no limit on the cost of the asset and applies to new & second-hand assets for entities with an aggregated turnover of less than $50 million.
- claim an immediate deduction for most depreciating assets that cost less than $150,000 each
    - The instant asset write- off limit was $150,000 for assets purchased before 31 December 2020 and installed and ready for use between 12 March 2020 to 30 June 2021
    - The instant asset write-off limit is $20,000 for assets installed and ready for use after 1 July 2023
- pool most other depreciating assets into a general small business asset pool and claim
    - a 15% deduction in the first year (regardless of when you purchased or acquired them during the year)
    - a diminishing value rate of 30% deduction on the opening pool balance each year after the first year (regardless of their effective life)
    - also deduct the balance of your general small business pool at the end of an income year if the balance of the pool at the end of the year is less than the threshold.

Aggregated annual turnover means the total normal sales of your business and that of any associated businesses.

For certain depreciating assets, you must use the normal depreciation rules rather than these simpler rules. You cannot use the simpler depreciation rules for:

- assets you rent or lease, or are expected to be leased out, to others for more than 50% of the time on a depreciating asset lease
- assets allocated to a low value pool
- horticultural plants, including grapevines
- in-house software where development expenditure is allocated to a software development pool
- capital works
- research and development.

The example below shows how depreciation has been calculated for an asset pool, using the simpler depreciation rules.

Calculation of general small business pool balance		Depreciation claim
Closing pool balance from previous year	$100,000	
Opening pool balance for current year	$100,000	
Add new asset purchase	$28,000	
Subtotal	$128,000	
Less		
Proceeds of disposal	$8,000	
Subtotal	$120,000	
Pool deduction claim (30% of $100,000)	$30,000	$30,000
Subtotal	$90,000	

New asset deduction claim (15% of $28,000)	$4,200	$4,200
Total depreciation for current year		$34,200

Capital works deductions

You can claim a deduction for the construction costs of buildings and other capital works – such as structural improvements – that are used for producing income.
The deduction is available for the following capital works:

- buildings or extensions, alterations, or improvements to a building
- structural improvements such as sealed driveways, fences and retaining walls
- earthworks for environmental protection, such as embankments.

If it is not possible to determine the actual construction costs, you can obtain an estimate from a quantity surveyor or other independent qualified person. You can claim a deduction for the cost of the estimate.

Different deduction rates apply (2.5% or 4.0%) depending on the date on which construction began, the type of capital works, and how it's used.

Other capital expenses

You can claim a deduction for some other business-related capital expenses you incur. However, the costs must not:

- be deductible under any other part of the tax law
- form part of the cost of a depreciating asset or of land.

Examples include the cost of setting up or ceasing a business, and project-related expenses.
Setting up or ceasing a business
You may be able to claim a deduction for pre- and post-business capital expenses, such as the costs associated with setting up or ceasing a business or with raising finance. Setting up costs could include company establishment legal fees.

You can claim a deduction of 20% of these expenses in the year you incur them and in each of the following four years.

Project-related expenses

You can also claim a deduction for certain capital expenses directly related to a project, such as feasibility studies or environmental assessments.

These expenses can be allocated to a pool and written off over the effective life of the project using the diminishing value method.

Business travel expenses

You can claim deductions you incur when travelling for business – for example:

- airfares
- train fares

- bus fares
- taxi fares.

However, there are special rules for claiming expenses you incur while:

- using a motor vehicle for business purposes, or
- travelling overnight on business.

Overnight business travel expenses

If you stay away from home for one or more nights on business travel, you generally need to keep written evidence of all expenses.

Employees who travel for less than six nights in a row don't need to keep receipts unless their travel allowance exceeds the Commissioner's reasonable travel allowance limits.

If you were away from home for six or more consecutive nights, you must use a diary or similar document to record the particulars of each business activity before your travel ends, or as soon as possible afterwards. You must record:

- the nature of the activity
- the day and approximate time the business activity began
- how long the business activity lasted
- the name of the place where you engaged in the business activity.

If you operate your business as a company or trust, fringe benefits tax may apply if the travel includes private activities.

Motor vehicle expenses

The deductions you can claim for the business use of a motor vehicle depend on the business structure you operate under, the type of vehicle you use and whether you also use the vehicle for private purposes. Fringe benefits tax (FBT) – a tax paid by employers on certain benefits, usually provided to employees – may apply in some circumstances.

Your business structure affects your deductions

The motor vehicle expenses you can claim depends on your business structure (sole trader, company, partnership, or trust), and whether your income includes personal services income (PSI).

Company or trust

If you operate your business as a company or trust, you can claim a full deduction for expenses you incur in running a motor vehicle that your company or trust leases or owns. If you, or other company or trust employees (or their associates), use the vehicle for private purposes, you may have to pay fringe benefits tax (FBT). The FBT cost is also tax deductible.

Sole trader or partnership

If you operate your business as a sole trader, or a partnership that includes at least one individual, you can claim:

- a full deduction for a business-purpose vehicle: a truck or van, or a smaller vehicle – such as a ute, wagon or panel van that has been heavily modified for business use – when private use is restricted to home-to-work travel and very minor other use
- a deduction for the business use of a vehicle you own, lease, or hire under a hire purchase agreement – this can include an ordinary car, station wagon or four-wheel drive, or most other vehicles designed to carry less than one tonne or fewer than nine passengers.

Calculating your deduction

Before you can claim motor vehicle expenses, you need to select a method to calculate your claim, so you know which records you need to keep.

When choosing a claim method, you:

- can choose the one that gives you the best result if you satisfy the method's requirements
- can use different methods for different vehicles
- can change methods from year to year
- must keep appropriate records.

Cents per kilometre

If you use the 'cents per kilometre' method:

- your claim is based on a set rate for each business kilometre travelled
- you can claim a maximum of 5,000 business kilometres per vehicle
- you do not need written evidence to show how many kilometres you have travelled, but the ATO may ask you to show how you worked out your business kilometres
- you cannot make a separate claim for depreciation of the car's value.

To work out how much you can claim, multiply the total business kilometres you travelled by 78 cents per kilometre. This figure takes into account all your vehicle running expenses. The rates are adjusted each year.

Keeping a logbook

If you use the logbook method, you:

- can claim the business-use percentage of each car expense, based on the logbook records of your car's usage
- must keep a logbook so you can work out the percentage
- must have written evidence of your fuel and oil costs, or odometer readings on which your estimates are based
- must have written evidence for all your other expenses

Getting a logbook

You can use pre-printed logbooks (available from stationery suppliers) or make your own.

Valid for five years

Each logbook you keep is valid for five years, but you may start a new logbook at any time.
If you establish your business-use percentage using a logbook from an earlier year, you must keep that logbook and maintain odometer readings in the following years.

Your first year

If this is the first year you have used the logbook method, you must keep a logbook during the income tax year for at least 12 continuous weeks. That 12-week period needs to be representative of your travel throughout the year.

If you started to use your car for business purposes less than 12 weeks before the end of the income year, you can continue to keep a logbook into the next year, so it covers the required 12 weeks.

Two or more cars

If you want to use the logbook method for two or more cars, the logbook for each car must cover the same period. The 12-week period you choose should be representative of the business use of all cars.

Information your logbook must contain

Each logbook you keep must contain the following information:

- when the logbook period begins and ends
- the car's odometer readings at the start and end of the logbook period
- the total number of kilometres the car travelled during the logbook period
- the number of kilometres travelled for each journey recorded in the logbook (if you made two or more journeys in a row on the same day, you can record them as a single journey). You will need to record the
    - start and finishing times of the journey
    - odometer readings at the start and end of the journey
    - kilometres travelled
    - reason for the journey.

Repairs, maintenance, and replacement expenses

You can claim a deduction for repairs and maintenance to machinery, tools, or premises you use to produce business income, as long as the expenses are not capital expenses.

What you can claim
You can claim the cost of allowable repairs and maintenance, which can include:

- painting
- conditioning gutters
- maintaining plumbing
- repairing electrical appliances
- mending leaks
- replacing broken parts of fences or broken glass in windows
- repairing machinery.

To repair something generally means to fix defects, including renewing parts. It does not mean totally reconstructing it. You do not have to own the property or item that is repaired in order to claim a deduction.

What you can’t claim

Repairs do not include:

- substantial improvements to an item or property – for example, installing a new ceiling
- repairs made to machinery, tools, or property immediately after you purchase or acquire them – this is because the price you paid reflects the item’s condition.
- These are capital expenses. You can generally claim a deduction for such expenses under the general depreciation provisions (for items), or the capital works provisions (for property). Building improvement costs, and capital works deductions claimed, would also be taken into account when working out a capital gain or loss on disposal of the property.

Claiming tax losses

If you operate a business that makes a loss, you can generally carry forward that loss and may be able to claim a deduction for it in a future year.

The rules differ for different business structures. If you’re a sole trader or a partner in a partnership, you may be able to claim business losses by offsetting them against other income – for example, income you earn from salary

You incur a tax loss when the total deductions you can claim for an income year (excluding tax losses from earlier income years) are more than your total assessable income and net exempt income. (Net exempt income is income that is exempt from tax but taken into account when carrying forward losses.)

There are some deductions you cannot use to create or increase a tax loss, including donations or gifts and personal super contributions.

Offsetting current year losses against other income

If you operate as a sole trader or an individual partner in a partnership, you may be able to claim business losses by offsetting them against your income from other sources, such as wages. However, you will need to meet the requirements of the non-commercial business loss rules

If you're a sole trader or an individual partner in a partnership and you make a net loss from your business activity, you may be able to claim that loss by offsetting it against your other income (such as salary or investment income) for that year.

You may be able to offset the loss against your other income if one of the following applies:

- your business is a primary production business, or a professional arts business and you make less than $40,000 (excluding any net capital gains) in an income year from other sources
- your income for non-commercial business loss purposes is less than $250,000, and either:
    - your assessable business income is at least $20,000 in the income year
    - your business has produced a profit in three out of the past five years (including the current year)
    - your business uses, or has an interest in, real property worth at least $500,000, and that property is used on a continuing basis in a business activity (this excludes your private residence and adjacent land)
    - your business uses certain other assets (excluding motor vehicles) worth at least $100,000 on a continuing basis.

- you have been granted a commissioner's discretion allowing you to offset the loss.

If you do not meet any of these requirements, you cannot offset your business loss against any of your other assessable income for that income year. However, you can defer the loss or carry it forward to future years. If your business makes a profit in a following year, you can offset the deferred loss against this profit.

Claiming tax losses from previous years

If your business made tax losses in previous years, you can carry forward those losses and claim a deduction for those losses in a later year. If you are a sole trader or individual partner in a partnership, you may also be able to offset the business losses carried forward against other income under the non-commercial business loss rules.

How to claim losses

- If you have tax losses from several previous years, you must claim the entire loss you incurred from the earliest year before you can claim all or part of a tax loss from a later year.
- You can use your tax losses from earlier income years to reduce your Australian income to zero only.
- If your tax losses from earlier income years are more than your Australian income, you must keep a record of the tax losses to claim the extra tax loss amount in a later year.
- You can carry forward most tax losses indefinitely.

Your business structure

Companies can generally choose the year in which they claim a deduction for a carried forward tax loss.

However, if you operate as a sole trader, partnership, or trust, you cannot choose the year or years in which you claim a deduction for your prior-year tax losses. Rather, your tax losses are simply carried forward from year to year and applied until they are exhausted.

If you operate your business as a trust and you incur a tax loss, you cannot distribute the loss to the trust's beneficiaries.

There are special rules that restrict when you can claim a deduction for a tax loss as a trust.

If you operate your business as a company, you cannot distribute any loss to your shareholders. The company must carry the tax loss forward and offset it against assessable income in a later year.

As a company, you cannot deduct a tax loss unless either of the following applies:

- It has the same owners and the same control throughout the period from the start of the loss year to the end of the income year.
- It carried on the same business throughout a specified period.

As a company, under certain conditions you may be able to:

- choose the amount of a previous year's tax loss you want to claim
- carry forward to a later year a tax loss you would have incurred in a particular year had you not received income from franked dividends.

Unclaimed foreign losses

Special deduction rules apply to unclaimed foreign losses relating to the income years 1998–99 through to 2007–08.

Appendix

- **Individual Checklist**
- **A - Z of Deductions**
- **A - Z of Rental Property Deductions**
- **Business Checklist**
- **SMSF Checklist**

Individual Tax Return Checklist

NEW CLIENTS

- ☐ Last year's tax return & Assessment Notice
- ☐ ABN
- ☐ PAYG Instalments paid

INCOME EARNED STATEMENTS

- ☐ Payment summaries
- ☐ Government assistance (austudy, Newstart, pension, paid parental leave)
- ☐ Lump sum payments e.g., ETP's
- ☐ Foreign sourced income
- ☐ Partnership distribution
- ☐ Deductible amount for pensions/annuities
- ☐ Capital Gains Tax statements (details of any assets sold)
- ☐ Trust distribution statements
- ☐ Tax statements from Fund managers
- ☐ Bank statements - showing interest and fees
- ☐ Share dividend statements
- ☐ Contract notes for buy/sell transactions
- ☐ Income stream statements
- ☐ Life insurance Bonus Policy statements

EMPLOYMENT INCOME DEDUCTIONS

- ☐ Schedule of work-related expenses from ATO i.e., tools, income protection insurance
- ☐ Receipts or evidence of work-related deductions e.g., car/travel/laundry/meals
- ☐ Union fees

OTHER DEDUCTIONS

- ☐ Tax Agent Fees
- ☐ Superannuation if self employed
- ☐ Receipts of gifts/donations to charity
- ☐ Receipts of self-education expenses e.g., books, computer costs, car expenses
- ☐ Financing lease statements
- ☐ Income Protection premiums (bring statements)

INVESTMENT PROPERTY

- ☐ Water charges
- ☐ Bank fees
- ☐ Details of when property was rented, including any rental or Agents statements
- ☐ Date when property was purchased
- ☐ Capital costs
- ☐ Interest on loans
- ☐ Advertising fees
- ☐ Agent fees
- ☐ Body corporate fees
- ☐ Borrowing expenses
- ☐ Cleaning and general maintenance expenses
- ☐ Council rates
- ☐ Gardening/lawn mowing fees
- ☐ Insurance premiums paid
- ☐ Land Tax Details
- ☐ Interest / fees on borrowing for investment purposes (bring statements)
- ☐ Asset purchase / sale agreements

OFFSETS

- ☐ Dependents – name, DOB, and legal responsibilities
- ☐ Child Support payments (statement)
- ☐ Zone – if living in a remote area
- ☐ Sole parent/spouse/housekeeper/low income/aged persons
- ☐ Spouse contributions to superannuation
- ☐ Superannuation pension rebates
- ☐ Private health insurance statement
- ☐ Imputation credit information from dividend
- ☐ Statements

OTHER USEFUL INFORMATION

- ☐ Previous year's accountant's fees
- ☐ Prior year tax losses

A – Z Deductions

A

- **Airport lounge membership**: Deductions to the extent used for work-related purposes.
- **Annual practicing certificate**: Applies to professional persons and other contractors who must pay an annual fee to practice in their chosen field.

B

- **Bank charges**: Deductions are allowed if account earns interest. Not private transaction fees.
- **Briefcase**: If used for work and/or business purposes the cost is fully deductible if $300 or less.
- **Calculators and portable electronic devices**: if used for work and/or business purposes the cost is fully deductible if $300 or less.

C

- **Cleaning**: Of protective clothing and uniforms.
- **Clothing, uniforms and footwear**:
- **Compulsory uniform**: Uniform must be unique and particular to an organisation.
- **Non-compulsory uniform**: If on a register kept by the Department of Industry, Science and Tourism. **Occupational specific**: The clothing identifies a particular trade, vocation or profession (e.g., chefs, nurses)
- **Protective**: Must be used to protect the person or their conventional clothing. May include sunscreen.
- **Coaching classes**: Allowed to performing artists to maintain existing skills or obtain related skills.
- **Computers and software**: Software is deductible if it costs less than $300.
- **Conferences, seminars and training courses**: Allowed if designed to maintain or increase employee's knowledge, skills or ability.

D

- **Depreciation**: Tools, equipment, and plant used for work purposes for each item costing more than $300.
- **Dry cleaning**: Allowed if the cost of the clothing is also deductible.

E

- **Election expenses of candidates:** No limit for Federal, State and Territory. Limit of $1,000 for Local Government.
- **Employment agreements**: Existing employer.

F

- **First Aid course**: Provided it is directly related to employment or business activities.

G

- **Gaming license**: Hospitality industry.
- **Gifts of $2 or more**: If made to approved 'deductible gift recipient' body or fund. See www.ato.gov.au for a full list.
- **Glasses and goggles**: Protective only.

H

- **Home office expenses**: Utility expenses (for example, heat, light, power) Mobile and Internet or safe harbour rate of 68 cents per hour.

I

- **Income continuance insurance**: Allowable only if the proceeds are assessable.
- **Insurance – sickness or accident**: When benefits would be assessable income.
- **Interest**: Allowed if money borrowed for work-related purposes or to finance income earning assets. Interest paid on underpayment of tax (e.g., general interest charge) is deductible.
- **Internet and work computer**: Expenses allowed to the extent incurred in deriving individual's work- related income, carrying on a business or earning investment income.

L

- **Laundry and maintenance**: Allowed if the cost of clothing is allowable. Reasonable claims of up to $150 do not need to be substantiated.
- **Legal Expenses**: Renewal of existing employment contract.

M

- **Meals**: Meals acquired when travelling overnight for work-related purpose. Overtime meals, if allowance received under award.
- **Medical examination**: Only if the referral of a work-related business license.

P

- **Parking fees and tolls**: Includes bridge and road tolls (but not fines) paid while travelling for work-related purposes.
- **Photograph:** Cost of maintaining portfolio.
- **Practicing certificate:** Applies to professional employees.
- **Prepaid expenditure for tax shelter arrangements:** They must be spread over the period in which the services are provided.
- **Prepaid expenses:** Non-business individuals and SBE taxpayers claim is fully deductible if services are to be performed in period not exceeding 12 months.
- **Professional association fees.**
- **Professional library (books, CDs, videos etc.):** For an established library, including new books if cost is less than $300
- **Protective equipment:** Includes harnesses, goggles and safety glasses, breathing masks, helmets and boots. Claims for sunscreens, sunglasses and wet weather gear allowed if used to provide protection from natural environment.

R

- **Repairs:** Income producing property/or work-related equipment.

S

- **Self- education costs**: Claims for fees, books, travel and equipment etc. only allowed if there is a direct connection between the course and the person's income earning activities.
- **Seminars**: Including conference and training courses if sufficiently connected to work activities.
- **Stationery**: Diaries, logbooks etc.
- **Subscriptions**: Publications if a direct connection between the publication and income earned by the taxpayer. Includes professional associations at a maximum of $42 if no longer gaining assessable income from that profession.
- **Sun protection**: Claims for sunglasses, hats and sunscreen allowed for taxpayers who work outside.

- **Superannuation contributions**: Claims allowed for most taxpayers provided you have received an acknowledgement from your fund you will be seeking a tax deduction for them
- **Supreme court library fees**: Applies to barristers and solicitors if paid on an annual basis.

T

- **Tax agent fees**: Deduction can be claimed in the year incurred.
- **Technical and professional publications**.
- **Telephones and other telecommunications equipment**: Includes cost of telephone calls related to work purposes and rental charges if 'on call' or required to use on a regular basis.
- **Tools**: If cost is $300 or less.
- **Travel expenses**: Where employee has no usual place of employment (e.g., travelling salesman). If actually working before leaving home (applies in limited circumstances only). Must transport bulky items
- **Travel from home to alternate workplace** (for work-related purposes) and return to normal workplace (or directly home).
- **Travel between normal workplace** and alternate place of employment (or place of business) and return (or directly home)
- **Travel between two workplaces.** Travel in course of employment.

U

- **Union and professional association fees**.

A - Z Rental Property Deductions

Advertising for tenants

The cost of advertising for tenants is tax deductible if your property is available for rent. Advertising with local real estate agencies, posting advertisements in newspapers or local publications, and posting notices at local shopping centres.

Bank charges

The bank charges on your loan account (usually in the form of monthly fees) are tax deductible.

Body corporate fees

These are usually charged on a quarterly basis to cover the costs of maintaining the common areas of your building.

Borrowing costs

Borrowing expenses include loan establishment fees, title search fees, costs for preparing and filing mortgage documents, mortgage broker fees, stamp duty charges, valuation fees and mortgage insurance.

Construction expenditure

You can claim a tax deduction for construction expenditure, or capital works. The deduction is spread over 25 or 40 years depending on the type of construction and the year in which the construction was completed. The construction costs of a newly built property are deductible over 40 years. To maximise your tax deductions, you can obtain a quantity surveyor's report which will list the year of construction, the construction costs, and the deductible amount each year.

Cleaning

The cost of cleaning professionals and cleaning products for your investment property is tax deductible.

Council rates

Council rates are imposed on landowners to help fund the cost of community infrastructure and services to the local municipality. Councils generally offer a one-off annual payment, or a payment plan of quarterly instalments and all payments are tax deductible

Decline in value of assets

To maximise your tax deductions, you can obtain a quantity surveyor's report which shows, in detail, the value of the deduction to which you are entitled based on the assets you own in the investment property. Alternatively, you will need to supply your accountant with information to support the purchase date and purchase price of each asset.

Depreciating assets produce a partial tax deduction as these assets decline in value over time, usually over more than one year. Depreciating assets commonly found in residential rental properties include: air conditioning units, removable floor coverings, window curtains and blinds, dishwashers, furniture, heaters, hot water systems, refrigerators and freezers, stoves, cook tops and range hoods, swimming pool filtration and cleaning systems, television sets and washing machines.

From 9 May 2017, the ATO have restricted plant and equipment depreciation (decline in value) deductions will be limited to outlays actually incurred by real estate property investors or depreciation relating to plant and equipment that form part of a newly constructed house.

Electricity & gas

Payment for electricity and gas are tax deductible as long as you, not your tenant, pay the bill.

Foxtel

Foxtel is tax deductible if you supply the service to your tenants. The installation costs are generally deductible over more than one year.

Garden Maintenance

Paying a gardener to trim the hedges, lay fertiliser, or mow the lawn is tax deductible. Landscaping a garden however isn't an outright tax deduction. Landscaping is deductible over more than one year.

Insurance

Insurance cover is tax deductible and can protect you against circumstances including loss of rent, rent default, theft by a tenant, building damage and public liability claims.

Interest on loans

Interest charges on a loan are tax deductible. Principal or capital repayments are not tax deductible. Only the interest component directly related to your property is tax deductible. If you are paying principal and interest on your loan, then you will need to calculate the interest component for the year. Locate the bank loan statements for each investment property to ascertain the interest paid for the income year.

Internet fees

Internet access fees are tax deductible if you supply the service to your tenants. The installation costs are generally deductible over more than one year.

Land tax

Land tax is tax deductible. Land tax is a tax levied on the owners of land and it is based on the value of land. Once you've completed a land tax registration form, you will be sent an assessment notice showing the land tax payable on the land you own. You will be liable for land tax if you own, or part-own: vacant land, a holiday home, an investment property, a company title unit, or a residential, commercial or industrial unit.

Legal costs

Legal expenses are generally incurred during the sale or purchase of an investment property. The legal costs for buying and selling a property are not tax deductible and are included in the capital gains tax calculation. Tax deductible legal expenses include the costs of evicting a non-paying tenant and the costs of terminating a lease.

Mortgage discharge fees

The costs associated with paying out a mortgage, such as early repayment fees, are generally tax deductible.

Pest control

If you pay for your investment property to be sprayed or fumigated by a pest controller, then you are generally entitled to a tax deduction.

Prepaid expenses

Insurance or interest paid before the end of the financial year is generally tax deductible. To maximise your tax deductions in the current tax year, prepay your expenses before 30 June.

Property agent's fees

A property agent charges fees for maintaining a property on your behalf. The property agent lists their monthly charges in the property agent's summary. The charges for the year-end financial statement, reference-check fees, leasing fees and monthly rental statement fees are all tax deductible. You will receive the net rental income after the property agent deducts their monthly fee.

Quantity surveyor's fees

A great way to obtain a tax deduction, for the decline in value of the assets in your investment property, is by obtaining a quantity surveyor's report. The report lists the items that you own in your investment property and the depreciation rate of each item. The cost of a quantity surveyor's report is also tax deductible.

Repairs and maintenance

A repair is generally tax deductible. Renovations, improvements, replacements and extensions are treated differently to repairs and maintenance. Renovations, improvements, replacements and extensions are generally deductible over more than one year.

Secretarial expenses

You may need assistance tracking the income and expenses, as well as filing documents, relevant to the running of your investment property. These fees are tax deductible.

Security patrol fees

Security patrol fees are tax deductible if you engage the services of security to make your neighbourhood safer.

Servicing costs

The ongoing servicing costs of a hot water system, an elevator or a pool heating system are tax deductible.

Stationery and postage

Keep a record of all your stationery and postage expenses for the year. Don't dispose of your records. This is an often-overlooked tax deduction by investment property owners.

Telephone calls and rental

Telephone calls directly related to the running of your investment property are tax deductible.

Tax related expenses

The cost of obtaining tax advice from a registered tax agent is tax deductible. Tax preparation fees and accounting charges are also tax deductible.

Water charges

Water rates are tax deductible if you, not your tenant, pay the water bill.

Business Tax Return Checklist

Business Income & Expenses:

- ☐ If you use Xero, please ensure you have your accounts reconciled up to 30 June and inform us you have done so

- ☐ If you use MYOB, QuickBooks or excel please provide a copy of your data file AND your password. You can provide this by CD/USB/Email/Dropbox

Along with the above information you will also need to provide:

- ☐ Bank statements for all accounts showing the balance at 30 June
- ☐ Business credit card statements showing the balance at 30 June
- ☐ For all business loans, a bank statement showing the balance at 30 June
- ☐ We will also require a summary of interest charged if the statement doesn't show the yearly balance

Details of all new asset purchases & sales of assets including:

- ☐ Tax Invoice
- ☐ Purchase Contract
- ☐ Finance Contract

BAS & PAYG:

- ☐ If we don't complete your PAYG Summary's for you, we will require copies of these that were issued to employee's
- ☐ if you prepare and lodge your own quarterly BAS returns, please provide a copy of each of the BAS returns and we shall rely on the data that you lodged with ATO to reconcile your GST, wages and turnover etc.
- ☐ if you pay an ATO GST instalment amount every quarter, we shall prepare the Annual GST Return for you based on the data you provide, unless we are advised otherwise.

Income from other entities:

- ☐ If you received distribution from another private trust or partnership, please provide a copy of the tax return, if available.

- ☐ If you received distribution from public unit trust, please provide a copy of the annual distribution summary.

- ☐ If you received interest from investments or bank accounts

- ☐ If you received dividends, please provide copies of all dividend statements including those in dividend reinvestment plans (DRP's)

Capital Gain

Did you sell any assets such as shares or property or receive any compensation amounts during the year ended 30 June? If yes, then please provide:

- ☐ Documentation relating to the purchase / cost
- ☐ Documentation relating to any improvements
- ☐ Documentation relating to the sale and disbursement of funds (including any adjustments)

Rent

Do you receive rental income? If you do, please provide copies of the monthly rental statements or a copy of the annual rental summary, if available, for all rental properties. Please supply settlement sheets and purchase documents if you acquired property after 1 July.

Also provide a list of all expenses paid from personal funds (other than from the Company's), e.g., loan interest, water rates, council rates etc.

Stock

Do you hold stock for resale?

- ☐ If so, you need to provide us with a stock on hand figure at 30 June.

Bad Debts

Do you have customers who have owed you money for an extended period of time?

- ☐ If so, and you don't think the amount is recoverable, we can claim a deduction for this. Please provide a list of accounts receivable that is unrecoverable as at 30 June.

FBT

Have you signed and sent back your Fringe Benefits Tax documents we sent you (if applicable)? If not, this will need to be done, if you have lost it, require a new one or think you should have received one please contact us.

Unearned Income

Did you receive any income for services that are still to be performed at 30 June?

- ☐ If so, please inform us of the value of services yet to be performed so we can correctly calculate your taxable income.

Trust Resolutions

Have you signed and returned your trustee resolution?

- ☐ The ATO require a signed copy of a trustee resolution if you are in a trust structure. Please sign and return to us.

Business Expenses

Did you use your own car for business purposes through the year?

If yes, please provide the following: -

- ☐ Details of the make & model of the car and registration
- ☐ Logbook Method – Business % use
- ☐ Please provide details of all expenses you incurred over the financial year including repairs / maintenance, registration / insurance, fuel.
- ☐ If you have a loan for the vehicle, please provide details of the interest you paid over the year and the cost of the car. If you have a hire purchase, please provide a copy of the purchase contract.
- ☐ If you had a lease for your vehicle, please provide figures of your lease payments.

Kilometres Method: If you have not kept a logbook but used your car for business, let us know how many kilometres you have travelled for business in 2014-15. The maximum the tax office allows you to claim using this method is 5000 kilometres.

Superannuation

Has the Business made any contribution to a superannuation fund for its employees/directors?

- ☐ If yes, please provide the names of the Funds and the amount of contributions paid for each employee/director

Any other information which is relevant.

SMSF Tax Return Checklist

Bank Accounts

Please supply the following documents for each of your fund’s bank accounts:

- ☐ Bank Statements for the whole year for each account
- ☐ Details of all expenses coming out of the account
- ☐ Invoices of all expenses coming out of the account

Money Received into the Fund

Please provide details of the following if applicable:

- ☐ Employer contributions – including employer contribution notices
- ☐ Personal contributions
- ☐ Other contributions
- ☐ Rollovers received by the fund – including the ETP Rollover Statements

Income Received by the Fund

Please supply the following information if applicable:

- ☐ Dividend Payment advice
- ☐ Interest Notices
- ☐ Annual and quarterly trust taxation statements
- ☐ Rental Statements from real estate agents
- ☐ Documentation for any other type

Sale & Purchase of Assets

Please provide documentation for any sale or purchase of the following:

- ☐ Shares, including original purchase
- ☐ Units in a unit trust or managed fund
- ☐ Other assets

Property

- ☐ Please forward a copy of the purchase contract and purchase settlement letter for any property acquired or sold during the year. Also please advise of the date of construction and construction cost of any acquired property if known
- ☐ Please provide copies of Certificate of Title, lease Agreements and Declaration of Trust (if any)
- ☐ Depreciable items like carpet, light fittings, hot water systems etc attract additional deduction. Please supply a list with the date of purchase and cost or a depreciation report
- ☐ Include copies of all expenses related to the property including rates, water, land tax, insurance etc

If we are preparing your return for the first time, please also provide the following:

- ☐ Copy of the funds last Financial Statements
- ☐ Copy of the funds last Tax Return
- ☐ Copy of all minutes of the fund to date

Auditor Letters

Ensure you have returned signed copies of:

- ☐ Audit engagement letter
- ☐ Audit representation letter