

## Tax tips for Individuals

1. Keep all of your receipts that relate, in full or in part, to a work related expense. There are few expenses that can be claimed without a receipt.
2. One such example is that you can claim up to \$200 of expenses that cost less than \$10 each, by way of diary entry rather than actual receipt. An example of this may be a motorway toll, purchase of small stationery items, photocopy charge etc.
3. Where you have made a capital gain on the disposal of shares, property or other assets, it may be timely to sell loss making assets (such as shares that can be liquidated easily) to reduce the capital gain and the subsequent tax payable.
4. Prepayment of work related expenses, where the prepayment period is less than 12 months, will be deductible to the extent that the expense relates to your employment income, as long as the prepayment expires no later than 30 June the following year.
5. Donations to recognised charities over \$2 are tax deductible.
6. A Fundraising contribution is a deduction allowable to an individual where a payment is made to attend a fundraising event conducted by a Deductible Gift Recipient in respect of an eligible fundraising event that complies – the rules are complex, but if you have purchased a ticket to a charity event over \$150, or placed a successful bid at a charity auction, contact the office and we can provide further information.
7. Donations of shares listed on an approved stock exchange to registered organisations (deductible gift recipients – the list is available on the ATO web site) up to the value of \$5,000 are a tax deduction in the year of the donation.
8. Claim the Education Tax Refund on eligible expenses incurred on behalf of primary and secondary school children, where you receive Part A benefits from the Family Assistance Office. The amount to be claimed in the 2011 year is up to 50% of \$794 of eligible primary school student expenditure and up to 50% of \$1,588 for secondary school expenditure. This expenditure includes the purchase of a laptop computer and software to enhance education. Where expenditure incurred is above the threshold for the year, the surplus can be carried forward to next year.
9. 20% of Net out of pocket medical expenses in excess of \$2,000 can be refunded as a tax offset.
10. Motor vehicle and travel claims are at the top of the ATO list of areas to review as the claims are usually large and the recording keeping is usually poor by the taxpayer. A couple of points to note:
  - You can claim work related travel, that is not home to work travel, based on the 'cents per kilometre' method, up to a maximum of 5,000 klms. The key to claiming under this method is to have a basis of claiming the number of klms – a travel diary or log book is an excellent way of recording work related travel;
  - Where you have a high proportion of business travel, your claim could be much larger where you keep a log book for a continuous 12 weeks to record all of your business travel, and keep all receipts in relation to your motor vehicle expenses (we are able to estimate your fuel usage where you also keep your opening and closing odometer readings for the year);
  - Home to work travel is generally not deductible, although many people have argued unsuccessfully with the ATO that they have to carry bulky equipment to

and from work each day. If this is your circumstance and there is no secure storage facilities at work for your equipment, you would be required to obtain a letter from your employer confirming this is the case, although this will not guarantee your claim with the ATO;

- Travel between two places of employment are able to be claimed;
- There are travel claims available where you study and your study relates to your income earned – contact the office for details, as they specifically relate to whether you are travelling from home or work to the place of study and where you return to after study;
- A travel diary is required to be kept for more than 5 nights/days of domestic travel and for each day of overseas travel. We recommend that employees (including 'self employed' employees) have their employers pay for all accommodation and reimburse for taxi and other travel expenses, but that a daily travel allowance for meals and incidentals is paid, pursuant to the ATO guidelines based on your level of salary. This travel allowance is not included on the employees payment summary as an allowance and the employee does not need to keep receipts for all of the expenses incurred that are covered by the allowance, but the employee does need to spend the allowance received on meal and incidental expenses. From a records keeping perspective, this is a much simpler option for the employee.

11. Superannuation co-contribution is still available in 2011. Those earning less than \$31,920 who contribute \$1,000 to superannuation from after tax dollars will be matched with a maximum of \$1,000 contributed by the government – between \$31,920 and \$61,920 the amount of the co-contribution is phased out to zero – please check whether you are eligible to make a contribution to superannuation prior to undertaking this. Remember, superannuation must be received by your fund prior to 30 June to relate to the current year. Also, from the 2011 financial year, we must include this information in your income tax return, so please advise if you have made a personal contribution to super during that year at the time your return is prepared.
12. The superannuation Spouse Rebate does not provide the same rate of return as the co-contribution, but you may want to adopt both of these strategies if you have a low income spouse. In the case of the superannuation spouse rebate, a taxpayer can contribute up to \$3,000 on behalf of their spouse and receive a maximum rebate of \$540, where the spouse's adjusted taxable income is less than \$10,800. Remember, superannuation must be received by your spouse's fund prior to 30 June to relate to the current year.
13. Prepayments of expenses, such as income protection insurance, work related subscriptions, membership and union fees, interest on your share portfolio or investment property loans, for example, can provide an income tax deduction during the current year. The prepayment period can't exceed 12 months, or 30 June following the year in which the prepayment is claimed. The payment must be made and received by the relevant institution – employees are assessed on a cash basis, so cash must be paid prior to 30 June.
14. Financial planning fees for the on going maintenance and advice in relation to your investment portfolio, but not the initial fee, are deductible in the year they are paid.

15. Assets that you purchase that relate to your employment or investment income which cost less than \$300 each can be claimed as an immediate income tax deduction (rather than being depreciated over their useful life).