

TAX TIPS

Updated July 2009

Tips for Work-Related Expenses

You don't need receipts if your work-related expenses are \$300 or less, but you must be able to show the deduction relates to your income and how you calculated the amount you claimed.

If you claim more than \$300 for work-related expenses, you need to keep written records as evidence of the whole amount not just the amount over \$300. **The \$300 does not include claims for car, meal allowance, award transport payments allowance and travel allowance expenses.**

The ATO accepts a wide range of documents as written records of your claim, for example

- paper or electronic copies of documents, such as invoices, receipts or delivery notes
- statements from financial institutions, such as credit card statements
- BPAY® receipt numbers
- PAYG payment summaries
- warranty documents

The Childcare Tax Rebate

Changes were made to the Child Care Tax Rebate in the 2007-08 Budget. Previously the Child Care Tax Rebate was referred to as the 30% Child Care Tax Rebate.

The method of payment has changed. For child care costs incurred in the 2004-05 and 2005-06 financial years, the Child Care Tax Rebate is claimed through the Tax Office.

For child care costs incurred in the 2006-07 financial year and onwards, the Child Care Tax Rebate is a payment delivered through the Family Assistance Office.

If you meet the eligibility criteria, you can get 50 per cent of your out-of-pocket expenses for approved care up to a maximum of \$7500 (indexed) per child per year. Out-of-pocket expenses are the total fees you had to pay for child care expenses for *approved care* less the amount of Child Care Benefit you received.

For the 2006-07 and 2007-08 financial years, the Child Care Tax Rebate is calculated as 30 per cent of out-of-pocket expenses. The Child Care Tax Rebate is capped at \$4,211 per child for 2006-07 financial year and capped at \$4,354 per child for the 2007-08 financial year.

From July 2008, the Child Care Tax Rebate can be paid quarterly rather than annually. If you choose to receive it quarterly, the first payment will be made by the Family Assistance Office from October 2008 once your service has reported your child care usage/attendance information for July to September 2008.

For more information about the Child Care Tax Rebate payments from the Family Assistance Office (FAO) visit their website at www.familyassist.gov.au or phone **13 61 50**.

Super Co-Contributions and Claiming Deductions for Personal Super Contributions for Self-Employed Persons

There is no longer a limit on the amount most self-employed people can deduct for personal superannuation contributions. Eligibility criteria must still be met to claim a deduction.

In addition to be eligible for a deduction as a self-employed person the amount you can earn as an employee must be less than 10 per cent of your combined assessable income and reportable fringe benefits for the income year regardless of whether an employer has paid super on your behalf.

Super co-contributions eligibility has now been extended to the self-employed. Eligibility is based on a person's total income with business expenses applied to reduce the total amount of income that is taken into account.

Only personal contributions for which a deduction has not been claimed can attract a co-contribution.

You could obtain a co-contribution of up to \$1,500 for any personal contributions made after 1 July 2007, but only if you decide not to claim a tax deduction for some or all of the personal contributions.

Depending on your circumstances, you may find that a co-contribution made to your superannuation fund may provide a better benefit than the deduction.

Fuel Tax Credits Expanded from 1 July 2008

Fuel tax credits were introduced on 1 July 2006 and entitlement has just expanded.

From 1 July 2008 most business activities will be eligible for fuel tax credits for fuel acquired, manufactured or imported for use in carrying on that business activity.

If you are already claiming fuel tax credits, you should check to see if more of your fuel is now eligible.

To claim a fuel tax credit you must be registered for both goods and services tax (GST) and fuel tax credits.

For fuel purchased from 1 July 2008, fuel tax credits must be claimed on the Business Activity Statement (BAS) at label 7D.

To check your eligibility for claiming fuel tax credits and the applicable rates visit www.ato.gov.au/fuelschemes

Tips for Investment Property Depreciation and Building Write-Off Deductions

After 31 October 2008 investment property owners will no longer be able to back claim their depreciation deductions for 4 years.

If you have investment properties, now is the best time to obtain a Tax Depreciation Schedule, as after 31 October 2008, you can only amend a tax return for missed depreciation deduction, for up to a period of 2 years.

Many property owners are failing to take full advantage of a property's tax depreciation potential. An often overlooked method of obtaining a tax deduction, property tax depreciation is available to any property owner who obtains assessable income by way of rent or operates a business from a property.

It is very important that you do not miss out on depreciation and building write off deductions. Even if you have owned the property for some time, both new and old buildings will attract a claim which will improve your cash flow position.

As a general rule any property constructed after 17 July 1985 (residential) and 20 July 1982 (non-residential) is eligible for the construction write-off allowance

All buildings, regardless of age, will attract depreciation and the building write-off allowance if refurbishment works have been undertaken since 17 July 1985 (residential) and 20 July 1982 (non-residential)

All external works including fencing, paving, pergolas, garden sheds etc constructed after February 1992 will attract the building write-off allowance.

Tips for Claiming Donations to Emergency Relief Funds

- Donations up to \$10 can be claimed as a tax deduction without the usual need to keep a receipt.
- People who make donations over \$10 via internet or phone can use their web receipt or credit card statement as evidence.

- Only donations made to organisations that have been endorsed can be claimed as a tax deduction.
- The Australian Tax Office lists ‘deductible gift recipients on its website:
<http://www.ato.gov.au>

Tips for Capital Expenditure

The government will provide an additional \$2.7 Billion temporary tax break to small and other business to boost business investment.

Additional tax deductions equal to 30% of the assets cost are available for assets acquired from 13 December 2008 to 30 June 2009, where the asset is also installed before 30 June 2010. A deduction for 10% of the assets cost is also available for assets acquired between 1 July 2009 and 31 December 2009 and where they are installed ready for use before 31 December 2009.

For small businesses the asset threshold is \$1,000 and for all other businesses \$10,000.

For more information on the small business and general business tax break see our “Latest News” or visit the Australian Tax Office website:
<http://www.ato.gov.au>