

Following from ATO audit activity, I have modified the Work related expenses claim schedule and added more information to ensure that substantiation requirements are met.

The schedule will now take the form of a questionnaire similar to an over-the-desk appointment.

If you have any questions, or require further information about any step, please phone or email me.

#### APPS

There are a number of Apps that exist where you can take a picture of the receipt and then allocate the amount to categories.

I am recommending EXPENSE MANAGER in Android and EZ EXPENSES MANAGER in Apple

It's the same app with different names.

This app has many categories and subcategories and will record your whole life, if you want.

I suggest that you delete all expense categories that you don't use.

At the end of the year you can email me the whole database as a backup record and proof of expenses.

#### MOTOR VEHICLE 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.

You CANNOT claim for the following:

- 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.

You CAN claim for the following:

TICK ALL items apply to you:

- carry bulky tools or equipment (such as an extension ladder or cello) which your employer requires you to use for work and cannot leave at work
- attend conferences or meetings
- deliver items or collect supplies
- travel between two separate places of employment, provided one of the places is not your home (for example, when you have a second job)
- travel from your normal workplace to an alternative workplace and back to your normal workplace or directly home
- travel from your home to an alternative workplace and then to your normal workplace or directly home (for example, if you travel to a client's premises)
- perform itinerant work.

You need to specify how you calculated the claim

There are 2 methods available – Cents per KM AND Logbook method

**MOTOR VEHICLE EXPENSES - CENTS PER KM METHOD**

The cents per kilometre method is available for use with some changes.

(Separate rates based on the size of the engine are no longer available from 1 July 2015.)

You can claim a maximum of 5,000 business kilometres per car.

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 each claim up to a maximum of 5,000 kilometres.

MV Regn Number	
Car Type	Eg Holden commodore
Number of Kilometres	
Method of Calculation of kms Please provide explanation of how you calculated your total Eg Work diary / Logbook	

**MOTOR VEHICLE EXPENSES - LOGBOOK METHOD**

If you want to claim more than 5,000km at 66c/km = \$3,300, then you will need to keep more records.

You will need to keep a logbook for a period of at least 13 weeks to establish a pattern of use.

If you pattern of use changes throughout the year, you will need to keep the logbook ALL year.

You can buy logbook at all good stationery stores and newsagents.

You need to complete PRIVATE and BUSINESS trips completely fully each line each day.

NOTE: I have had audits where the person did not complete private and business trips - AUDIT FAIL

I have had audits where the person did not complete all columns in the books throughout the year and the

ATO check repairs receipts and found that the odometer reading did not match on the date = AUDIT FAIL

Once you have your logbook, you will need a total of expenses

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. Eg Registration/ Insurance / Repairs

If you are sending this by email I will need to know the following information

MV Regn Number	
Car Type Eg Holden commodore	
Odometer reading at start of year / start of logbook period	
Odometer reading at end of year / end of logbook period	
TOTAL KMS - A	
Business kms - B	
Private kms - C	
Business percentage – calculation - B/A	

Fuel	
Registration	
Green Slip insurance	
Motor Vehicle insurance	
Repairs	
TOTAL EXPENSES	

**TRAVEL ALLOWANCE**

If you are paid a travel allowance:

- you must declare the allowance on your tax return as income – generally the allowance will already be shown on your payment summary and will be included in income
- you are entitled to claim a deduction for the actual expenses you incur, less any private component.

If you get paid an allowance for some travel expenses (including overtime meal allowances, and domestic and overseas travel allowances), you do not have to keep written evidence of your expenses provided your claim does not exceed the reasonable allowance amount the ATO set for each year.

Even where you don't need to substantiate your costs, the ATO may still ask you to show all of the following:

- you paid the expense yourself
- the cost is deductible – you met the conditions required to deduct the expense
- you received a travel allowance
- you stayed in short-term commercial accommodation.

If you want to claim more than the reasonable allowance amount we set, you need to keep evidence of ALL your expenditure.

<b>TRAVEL EXPENSES</b> – not allowable if employer reimbursement has been made	
Tolls	
Parking	
Accommodation	
Other 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	
Car hire fees	

Example 1 – Allowances listed on payment summary

William works for a company in Sydney. William's employer requires him to visit clients located in country New South Wales twice per month (ie every second week).

This involves William sleeping away from his home for around three to four nights every second week. William's employer pays him an allowance of \$150 per night to cover accommodation, meal and incidental expenses and includes the allowance on his payment summary.

As William's employer has shown the travel allowance on his payment summary, he must include that allowance in his assessable income on his tax return.

William can claim a deduction for the amount he spends on meals and accommodation without providing receipts or other written evidence, as long as his claim does not exceed the reasonable allowance amount.

If William wishes to claim more than the reasonable allowance amount, he will need to provide written evidence for all his expenses.

William cannot automatically claim the reasonable amount as a deduction just because he has received an allowance. He can only claim the amount he spends on accommodation, meal and incidental expenses. Even if William does rely on the exception from providing receipts or other written evidence, he may still be required to show the basis for determining the amount of his claim, that he spent the money, and that it was for work related purposes.

Horizon note: Diary entries must be kept to support any travel expenses claim made

Example 2 – Allowances not listed on payment summary

Assume William from Example 1 received an allowance of \$150 per night from his employer to cover his accommodation, meal and incidental expenses and that William's employer does not show the allowance on his payment summary.

William is not required to include the amount as assessable income on his tax return provided he has spent the entire amount and is not seeking to claim any excess.

As the allowance is not included in William's assessable income he is not entitled to claim a deduction for the amount he spends on accommodation, meal and incidental expenses.

Horizon note: In this case, you can voluntarily include the allowance received as additional income and claim the travel expenses. It would depend on the amounts involved. Call us to clarify.

The amount claimable depends on the town/city visited, whether you have breakfast / lunch / dinner and you income level.

The information I need is the number of days you are in each place and the meals you had whilst there.

EXAMPLE Melbourne Breakfast 4 days Lunch 4 Days Dinner 4 days

I will then apply the relevant rates.

CITY/TOWN	Number of Breakfast	Number of Lunch	Number of Dinner	Number of Incidental	TOTAL	GRANDTOTAL

<b>PROTECTIVE CLOTHING</b> – ATO are now insisting on receipts	
Purchase of Protective clothing	
Purchase of Protective footwear	
Purchase of protective eyewear	
Purchase of protective Sunglasses if you are required to work outdoors and are exposed to risk of eye damage from sunlight	

Separate/Combined Washing		Number of washes per week	Number of weeks	TOTAL
Separate washing	\$1.00 per load			
Washing combined with other clothes	\$0.50 per load			
			TOTAL	

<b>SELF EDUCATION EXPENSES</b>	If you have undertaken work related education
Name of course	
Institution name	
Fees expense	
Books expenses	
Other study expenses – details	

**OTHER WORK RELATED EXPENSES**

- Home Office running expenses
- Tools and equipment purchases
- Books, periodicals purchased
- Cash shortages
- Mobile Phone
- Airline employees - Rehydrating moisturisers and conditioner
- Seminars, conferences and education workshops
- Union fees, subscriptions to associations and bargaining agents fees
- Apps
- Working with children check
- Interest, dividend and other income deductions
- Tax agent expenses
- Income protection insurance
- Superannuation contributions

Home office running expenses		Number of hours/week	Number of weeks [Remove weeks for Annual Leave]	TOTAL
Hours claim	\$ 0.45 per hour			
			TOTAL	

Tools, equipment and other assets	Tools purchased – where they don't form part of a set that together cost more than \$ 300	
	Deduction for private use	
	TOTAL	

Books, periodicals and digital information	Books	
	Periodicals	
	Digital information – includes online subscriptions, electronic published information eg e-books or e-journals	
	TOTAL	

Cash shortages or client bad debts	<p>If you deal with money as part of your employment and you are required to repay your employer amounts (you can substantiate) in respect of cash shortages or client bad debts, then:</p> <ul style="list-style-type: none"> <li>•you have incurred a deductible loss or outgoing in earning employment income</li> <li>•you are entitled to claim a deduction for those amounts.</li> </ul>	
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Mobile Phones – you have 2 choices in claiming Mobile phone – Incidental usage or logbook

No deduction available for:

- Casual employees – Casual employees are not “at call” employees and thus no deduction is available
- Employer provided phone – If your employer provides you with a phone, and pays for usage , then you are not able to claim and deduction.
- Employer re-imburement – If you pay for your usage and are re-imbursed by your employer, you cannot claim a deduction.

MOBILE PHONE - Incidental usage

Mobile phone, internet and Home phone expenses – incidental claim		Number of items	TOTAL
Work calls from landline	\$ 0.25 per call		
Work calls from mobile	\$ 0.75 per call		
Work calls from landline	\$ 0.10 per text message		
		TOTAL	

MOBILE PHONE – Logbook method

You need to keep records for a 4 week period during the financial year for a claim of more than \$50.

If you receive an itemised bill, you need to determine your percentage of work use over a four-week representative period which can then be applied to the TOTAL of your Mobile phone bill for the WHOLE YEAR

**Example: Phone calls are itemised on your bill**

Julie has an \$80 per month mobile phone plan, which includes \$500 worth of calls and 1.5GB of data. She receives a bill which itemises all of her phone calls and provides her with her monthly data use.

Over a four-week representative period Julie identifies that 20% of her calls are work-related. She worked for 11 months during the income year, having had one month of leave. Julie can claim a deduction of \$176 in her tax return (20% × \$80 × 11 months).

Mobile phone – logbook method	TOTAL
Percentage of calls that are work related- A	
Total of Monthly Bill – B - for bundled services – determine amount of work related portion first	
12 months SUBTOTAL – C = A x B x 12	
Reduce by amount of Annual Leave taken – for 4 weeks leave – multiple Subtotal by 48/52	
	TOTAL

Airline employees - Rehydrating moisturisers and conditioner	
A deduction is not allowable for the cost of items, such as: <ul style="list-style-type: none"> <li>• cosmetics</li> <li>• shaving products</li> <li>• deodorant</li> <li>• general hair products</li> <li>• nail polish</li> <li>• toiletry bags</li> <li>• general skin care products</li> <li>• expenditure on hairdressing.</li> </ul>	
	TOTAL

Seminars, conferences and education workshops	
<p>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.</p> <p>If attendance involves travel, you may have to show that you have reduced your claim to exclude any private portion of any trip.</p>	
TOTAL	

Union fees, subscriptions to associations and bargaining agents fees	
<p>You can claim a deduction for:</p> <ul style="list-style-type: none"> <li>• union fees</li> <li>• subscriptions to trade, business or professional associations</li> <li>• the payment of a bargaining agent’s fee to a union for negotiations in relation to a new enterprise agreement award with your existing employer.</li> </ul> <p>You can only claim payments of levies to a strike fund where the fund is used solely to maintain or improve the contributors' pay.</p> <p>Most unions and associations send members statements of the fees or subscriptions paid.</p>	
TOTAL	

Apps purchased for work related purposes	
TOTAL	

<p>Working with children check</p>	
<p>Many people working with children need to obtain a Working with children check.</p> <p>When is the cost of a working with children check deductible?</p> <p>Where the cost of working with children check application is borne by an employee, the expense is deductible in the following situations:</p> <ul style="list-style-type: none"> <li>• if the employee is an existing employee and is required to obtain a suitability notice in order to continue to derive assessable income in that position</li> <li>• if a new employee has recently derived assessable income from being continuously employed within the field of child-related employment.</li> </ul> <p><b>Example 1: New teacher previously employed in child-related employment</b></p> <p>Freda derives most of her income in the child-related employment field. For a number of years she has worked at a number of schools as a teacher, employed under a series of temporary contracts. Her last contract ended in March 2013 and she is offered another contract at a different school in May 2013. In order for Freda to start this new contract, the principal of the school is now required to apply for a suitability notice for Freda. Freda pays the application fee.</p> <p>The cost of the notice is deductible to Freda. Although she is a new employee at this particular school, it is considered that she is continuously employed in the child-related employment field and the expense is necessary to secure the continuity of this income stream</p> <p><b>Example 2: Renewal of notice</b></p> <p>Adam is working as a head of middle school when his suitability notice expires. The principal applies for a renewal of the notice and Adam pays the application fee. Adam is entitled to a deduction. The expense is necessary to preserve his existing income stream.</p> <p>When is it not deductible?</p> <p>The cost of obtaining the initial suitability notice for a new employee who has not recently been continuously employed in the field of child-related employment is not deductible.</p> <p><b>Example 3: New teacher not previously employed in child-related employment</b></p> <p>Catriona was once employed as a cleaner in a school. However, for an extended period of time she has not worked in child-related employment. In June 2014 she is offered another position as a cleaner with a new school and the principal of the school applies for a suitability notice for her. Catriona pays the application fee.</p> <p>Catriona is not entitled to a deduction. Although she has previously been employed in the field of child-related employment the time elapsed since her last position and the fact that she has since had several jobs in other fields of employment severs the nexus between the expense and her income. The notice is required to allow her to re-enter the field of child-related employment as a new employee, rather than to preserve the continuity of an existing income stream. The expense precedes the earning of assessable income from that field.</p>	
	<p>TOTAL</p>

Interest, dividend and other income deductions	Interest paid on share purchases		
	cost of specialist investment journals and subscriptions		
	Account keeping fees		
	Ongoing management fees or retainers and amounts paid for advise relating to change of investment mix		

Tax agent expenses	Tax agent fees		
	Number of kms to tax agent		\$0.68/km
	Travel and accomodation		
	GIC charged by ATO		
	Litigation Costs		

Income protection insurance	
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Donations - you need to have receipts and a listing of charities	
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ZONE ALLOWANCE

City / Town	Zone	Number of Days in Zone

**SUPERANNUATION CONTRIBUTIONS**

How has the concessional contributions cap changed?

Concessional (pre-tax) contributions to your super include:

- employer contributions
- any amount you salary sacrifice into super
- Personal contributions you claim as a personal super contributions deduction

From 1 July 2017, the 10% earnings condition for personal contributions deductions no longer applies. This means all individuals under 75 years old (including people aged 65 to 74 years who meet the work test) will be eligible to claim a deduction for personal super contributions made to an eligible super fund.

As concessional contributions are paid before tax is applied, it means that your super fund pays tax on the contributions at 15%.

From 1 July 2017, the concessional contributions cap is \$25,000 for everyone.

The new cap will be indexed in line with average weekly ordinary time earnings (AWOTE), rounded down to the nearest \$2,500.

Work test - Applicable once you turn 65 years old until you turn 75 years old, you must have worked at least 40 hours within 30 consecutive days in a financial year before your super fund can accept any non-concessional contributions for you (including, personal contributions, spouse contributions and government co-contributions).

**Carry-forward of unused concessional contributions**

From 1 July 2018, you will also be able to 'carry-forward' any unused amount of your concessional contributions cap.

You will be able to access your unused concessional contributions cap on a rolling basis for five years.

Amounts carried forward that have not been used after five years will expire.

The first year in which you can access unused concessional contributions that you have carried forward is 2019–20.

You will only be able to carry-forward your unused concessional contributions cap if your total superannuation balance at the end of 30 June of the previous financial year is less than \$500,000.

However, you will not be eligible to claim a deduction for personal super contributions that have been made to certain types of funds. These funds include:

- constitutionally protected funds or other untaxed funds that would not include your contribution in its assessable income
- Commonwealth public sector superannuation schemes in which you have a defined benefit interest super funds that notified us before the start of the income year that they elected to treat all member contributions to the
  - super fund as non-deductible
  - defined benefit interest within the fund as non-deductible.

All other eligibility criteria remain unchanged.

**CLAIMING A TAX DEDUCTION**

If you want to claim (or vary) a tax deduction for personal contributions, you must provide a valid notice of intent to your super fund or retirement savings account (RSA) provider. You must have this notice acknowledged (in writing) by your fund.

You can give a valid notice 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.

Superannuation contributions	
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