



What to avoid doing at tax time.

Did you know that last year 2.2 million Australians claimed a total of \$47 billion on deductions, and that there was an \$8.7 billion gap between taxes individuals expected and actually paid last year?

Dodgy tax returns will be in the Australian Tax Office's sights this year, according to the ATO. There's a clear message. Make sure your claims are legal. Otherwise, there will be dire consequences.

Closer scrutiny will be placed on work-related expense claims and rental property deductions. Auditors also warned they'll be taking a closer look at cryptocurrency earnings. Audits on claims have been planned to double this year.

Technology will lead

Technology will lead tax return investigations. Benchmarks and data-matching will be used to monitor abnormalities in the level of expenses claimed. The ATO will focus their attentions on work related claims, which include clothing, home office deductions, overtime meal claims, union fees and subscriptions, mobile phone and internet costs, and standard claims of \$300 or less without receipts.

In previous years, the ATO audited over 1,500 taxpayers with rental claims and issued \$1.3 million on penalties. One taxpayer had to pay back over

\$12,000 for over-claiming expenses that were not genuine. Another was penalised \$5,500 because they had not correctly claimed their rental interest deductions to account for private redraws on their investment loan. Recently, a Brisbane business owner was sentenced to four years and six months in jail after being convicted of obtaining \$596,736 from GST fraud and personal income tax return fraud.

The ATO will not accept excuses for incorrect claiming of expenses. It's best to avoid any mistakes what-so-ever.

What should you be aware of?

If you're an employee, you may be able to claim a tax deduction for some costs related to your job. But there are different rules, depending on your job and what the costs were for. Not all jobs have the same deductions and tax claims.

Find out what tax deductions you can claim

Some may surprise you, so it's a good idea to keep a list. These include any costs you may have incurred from creating a business website or running costs such as phone and internet. You can also claim for things like machinery, tools and computers. The ATO website has a list of occupations and industry specific guides to help you understand what claims you can

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make, what receipts to keep, what allowances you have and the legal requirements of your claims.

It is handy to keep track of your deductions during the year, rather than try and culminate everything at the end of the year. A good tip is to use a mobile app or a software program and keep on top of your record keeping as you go.

Your records could include:

- Receipts (paper, electronic or photos)
- Bank statements
- Diary entries

Know your obligations

To claim a deduction for expenses that relate to your work:

- you must have spent the money yourself and weren't reimbursed
- it must be directly related to earning your income
- you must have a record to prove it

There's no excuse

This year's motto from the ATO is: Claim the right amount. No more. No less.

If this seems overwhelming for you, or you are simply too busy in your job and running your business, book an appointment with ITP The Income Tax Professionals. Appointments normally only last around 30 minutes to an hour, and in that time, your professional will help you with any specific requirement you might not be aware of.

All of our professionals have undergone strict and regular training, and are either supervised by or are registered tax agents with the Tax Practitioners Board. They completely understand what you can and can't claim a deduction for, and keep you in the green.

The many benefits

Not only that, but being a customer of an ITP Income Tax Professional allows you to contact them any time of the year for free advice! Your personal consultant – for free. Making an appointment is easy. Just follow the link and fill in your details online. You will be contacted and a suitable time arranged. <https://www.itp.com.au/>

ITP The Income Tax Professionals has been around for over 45 years and can help you maximise your personal or business tax return. Drop by your nearest ITP office today!

ITP The Income Tax Professionals are more than tax agents. They have been helping Australian individuals and businesses with their business accounting and advice for 50 years and offer a wealth of knowledge. Speak to a Professional today and see how your business can be more profitable.



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