



## ***Tax Deductions for Tradies: Give your refund a boost with these top tax deduction secrets***

*Your job as a tradie can take you far and wide and often involves long hours of hard work. The last thing you want to do at the end of the day is to think about taxes, but that could be costing you hundreds, if not thousands of dollars, that you could otherwise recoup come tax time.*

It's well worth the effort to keep a track of your expenses and to record your receipts. With a bit of forethought, it doesn't take much to keep on top of things. A few minutes a day could reap the ultimate reward – starting with your hip pocket.

Whether you're an apprentice or a sole trader, there are a range of tax benefits that tradies can make.

### **Employee Tradie**

You'll be able to claim a range of tax benefits even if you're not the boss, providing you haven't been reimbursed by your employer and you can prove that you've incurred the expense and that it directly relates to your job.

### **Sole traders**

You'll be able to claim expenses as a small business. If you've spent money on your business, or to get more business, you'll be able to make a range of tax claims for those types of professional services.

### **Protective clothing**

Tradies need protective clothing to do their jobs. Safety items such as high-vis vests, hard hats, gloves and eye-wear are all claimable, as is the cost of cleaning, repairing and replacing uniforms. If you work out in the sun, you'll be able count sun screen and hats on your claimable list.

The ATO allows \$1 per load to launder work clothes if washed separately or 0.50 cents a load if washed with personal clothing. It pays to keep a log book to track these sorts of expenses – they do add up.

### **Tools**

Cars and utes, drills, electric sanders, electric saws, grinders, leaf blowers, lawn mowers, nail guns, ladders, tool boxes, work lights, high-pressure water cleaners, concrete mixers, computers, laptops and tablets are a small example of the tools required on the job. Tradies also may be able to claim the cost of additional items, such as masking tape, oil, replacement belts and drop sheets, amongst other replaceables.

Tradies need more tools than the average occupation to do their jobs. The cost of tools bought, repaired or cleaned are tax deductions. Tools can be written off instantly or depreciated over time.

# Tax Deductions for Tradies: Give your refund a boost with these top tax deduction secrets

Tools bought under \$300 can be claimed as an immediate deduction, while costs over \$300 will need to be depreciated.

Employee tradies can claim the cost of their tools as long as they incurred the cost themselves. Sole traders can claim the cost of tools and also claim the instant asset write off for larger items.

## Transporting bulky items

Employee Tradies may be able to claim the cost of travel between home and work, as they don't have a regular place of business, as is the nature of their job. If items over 20kg are transported in order to complete the job – such as ladders, concrete mixers, heavy tool-boxes filled with equipment – and there is no secure location to store the equipment, these costs can be claimed as car expenses.

To claim these car expenses, you'll need to keep a log book and record your work trips. If your vehicle is not considered a car, for example you drive a ute or panel van with a carrying capacity of one tonne or more, or can carry nine or more passenger such as a minivan, you'll be able to claim the work-related portion of fuel, oil, insurance, repairs and servicing, car loan interest, registration and depreciation. You cannot use the cents per kilometre method for these expenses, so you'll need to keep a log book as well as records of your receipts.

## Record keeping

No matter what your expenses were, you won't be able to make a claim at all, whether or not you're an employee or a sole trader, if you don't keep a record of them.

**Pro tax tip:** To keep up to date with receipts, use an app and record your receipt as soon as you get it so you won't forget later.

You'll need to be able to prove that you spent the money, what you spent the money on, who the supplier was and the date of purchase. Keep your receipts. Bank statements alone do not contain enough information for the ATO to legitimise your expense.

If your expense was over \$200, you must have the records to prove your claim, otherwise you won't be able to claim. Receipts must show the name of your supplier, the amount of the expense, the nature of the goods or service, the date the expense occurred and the date of the document.

After you lodge your tax return, you must keep your records for five years.

## Sole traders

The records you keep for your small business must substantiate your business and income. Your records must explain your transactions, be in writing and be kept for five years. You can keep electronic copies of your receipts if they are a true and good quality copy of the original.

**Pro tax tip:** Outsourcing a bookkeeper will not only free up your time, but they will make sure your records are up to date. They will not only lodge your BAS and PAYG on time, but also maximise your GST claims.

Claims can be made on the professional expenses that have been incurred in order to grow your business. There is a lot of competition, and Tradies need to actively advertise and market their business to seek work. Professionals such as graphic designers, accountants, bookkeepers, IT, tax agent fees, consultants and lawyers are considered valid tax deductible expenses.

*There are a range of tax deductions that tradies can claim, whether they be an employee or a sole trader. A professional Tax Agent is well versed with knowing all of the valid claims that can be made – the difference will mean extra money for you. Speak with a Professional 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.*



**THE INCOME TAX  
PROFESSIONALS**

[www.itp.com.au](http://www.itp.com.au)  
**1800 367 487**