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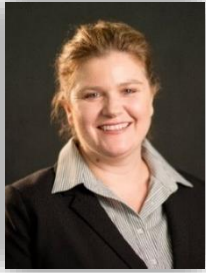
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Tax Time!



## From our Management Team

- Penny Farrell,  
Managing Director

If there is one good thing that has come from the Covid Pandemic, it is that working remotely has become more common as companies began providing the technology to enable employees to work from anywhere.

If you've been working from home, you've likely also set up a dedicated work area, and you're using your own electricity and resources to power your workday. However, if you set up your home office in a room that is shared or has a dual purpose (such as a living or dining room), you can only claim the expenses for the hours you had exclusive use of the area.

Many people don't know that they are able to claim for working from home, and often miss out on valid deductions.

But it is important to make sure you stay within the rules to avoid being penalized for making a mistake.

The most common errors are: claiming too high a work-related proportion for a particular type of expense, claiming something that shouldn't be claimed at all or simply not keeping records to substantiate the expense.

But which of these items can you claim in your next tax return to ensure you maximise your return?

Home office expenses you may be able to claim include:

- electricity;
- cleaning costs for your dedicated work area;
- phone and internet expenses;
- computer consumables – such as printer paper and ink stationery; and
- home office equipment – including computers, printers, phones, furniture, and furnishings.

If you include home office expenses in your next tax return, ensure you calculate and apply your deductions correctly.

For example, you can claim the full cost of home office equipment up to \$300, but you need to claim the decline in value (depreciation) for any items that cost over \$300.

With the range of deductions that may be available to you, plus the different calculation methods for home office expenses, having a registered tax professional prepare your tax return can be worth the investment.

Thank you for using our Tax Pack service, and please remember that our team is on hand to make sure you optimise both your business and personal tax outcomes.



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# Rental Review

## Rental property owners should remember three simple steps when preparing their return:



### 1. Include all the income you receive

This includes income from short term rental arrangements (eg a holiday home), sharing part of your home, and other rental-related income such as insurance payouts and rental bond money you retain.



### 2. Get your expenses right

■ Eligibility – Claim only for expenses incurred for the period your property was rented or when you were actively trying to rent the property on commercial terms.

■ Timing – Some expenses must be claimed over a number of years.

■ Apportionment – Apportion your claim where your property was rented out for part of the year or only part of your property was rented out, where you used the property yourself or rented it below market rates. You must also apportion in line with your ownership interest.



### 3. Keep records to prove it all

You should keep records of both income and expenses relating to your rental property, as well as purchase and sale records.

Making sure you get the most out of your investment property at tax time is important. Here's an overview to get you started:

### Declaring Rental Income:

When you lodge your tax return, you need to let the Australian Taxation Office (ATO) know how much rent and rental-related income you received over the financial year.

### Rental-related income can include:

- Rental bond money that you are entitled to keep (e.g. if your tenant defaulted on rent or caused damage to your property)
- Insurance payouts, in some circumstances (e.g. when you receive a payment to compensate for damage to your property)
- Letting and booking fees you received
- Any amount a tenant pays you to cover the cost of repairs
- Government rebates for purchasing a depreciating asset

### What rental expenses can you claim?

You can claim tax deductions for several expenses while your property is rented or available for rent. Some expenses can be claimed immediately, and some must be claimed over several years.

### Claimable expenses may include:

- Management costs (e.g. property agent fees and commission)
- Land tax
- Body corporate fees and charges
- Maintenance costs (e.g. cleaning, gardening, pest control, repairs, and maintenance)
- Property loan interest expenses
- Insurance (e.g. building, contents and public liability)
- Some legal expenses
- Depreciation

### What rental expenses can't you claim?

You can't claim tax deductions on:

- Expenses someone else has paid (e.g. electricity bills paid by your tenant)
- Property purchase costs (e.g. stamp duty)

### What about GST?

Generally, goods and services tax (GST) doesn't apply to rental payments you receive. You also can't claim credits for the GST included in any costs relating to the rental, such as agent's commission or repairs and maintenance on the premises. This is true whether you're registered for GST or not.

Optimising your rental expense claims is a complex process with many expenses being subject to timing considerations and apportionment. Make sure that you are not overlooking opportunities to claim by speaking to one of our professional accountants.



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*At GAT, we give advice to help you properly understand what you can and can't claim to ensure you meet the ATO guidelines AND get the maximum possible benefits on your tax return. Don't do it alone – give our friendly team of experts a call!*

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**Free Financial Health Check with all Tax Returns**

Call today for an appointment with our qualified and experienced team.

# TAX TIME TIPS 2021



## Individuals

### WORK RELATED EXPENSES

3 Golden rules to claiming work-related expenses:  
(You can only claim if:)

1. You have spent the money & were not reimbursed.
2. It was directly related to earning your income.
3. You have a record to prove it.



### WORKING FROM HOME CLAIMS

- Keep diary of your working from home hours.
- Keep receipts for purchases of home office items.
- If using a personal mobile phone & internet - you can only claim a portion for business use.

### CAR EXPENSES

You can only claim a deduction for the cost of using a car if you own, lease or hire, when you drive:

- Between separate jobs on the same day.
- To & from an alternative workplace for the same employer on the same day.
- From home directly to an alternate workplace.

YOU CANNOT CLAIM A DEDUCTION FOR:

- Normal trips between your home & work.
- Car expenses that have been salary sacrificed or where you have been reimbursed.

\*Keep a logbook to claim all your car expense claims



### RED FLAGS

ATO red flags include:  
High claims - the ATO compare claims across industries & where claims are unusually high - they will take a second look!  
Where someone hasn't adjusted their claims from the previous year.

## Our Newsletter

The information and any advice provided in this newsletter has been prepared without taking into account your objectives, financial situation or needs.

Because of that, you should, before acting on the advice, consider the appropriateness of the advice, having regard to those things.



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