

2013 Tax Tips

TAX RETURN LODGEMENT

You can do it yourself using the Individual Tax Return Instructions 2013 which is available on tablets this year from the Apple app store and Google Play store. It can also be downloaded from the ATO website: [Instructions](#). You can use the Australian Taxation Office's secure electronic tax return preparation and lodgement software e-tax 2013 to prepare and lodge your tax return.

E-TAX

E-tax lets you prepare and lodge your tax return online. E-tax is a free service provided by the Tax Office. Most people find e-tax easy to use. In 2012, over 2.6 million Australians lodged their tax return using e-tax. E-tax 2013 is now available from the ATO website. By law you are required to lodge your tax return by no later than 31 October 2013. Failure to lodge your tax return by this time means you may be subject to a failure to lodge penalty. Some of the various benefits of using E-tax are as follows:

- *free preparation and lodgement of your tax return*
- *safe and secure and available 24 hours a day 7 days a week*
- *most refunds issued in 12 days with tax debts not due before 21 November, even if you lodge as early as 1 July*
- *built in checks and online access to Tax Office publications and rulings that help make sure your tax return is completed correctly*
- *all calculations done for you and e-tax provides an on-the-spot estimate of your tax refund or debt*
- *e-tax software can be used by more than one member of a household while protecting the privacy of other users*

(Refer to www.ato.gov.au for more information)

Self Assessment

Self Assessment means that the Tax Office works out your refund or tax bill on the information you have given in your tax return. After the Tax Office sends out your Notice of Assessment, your return may be looked at in more detail. This is called a desk audit and it will help the Tax Office decide if the deductions you claimed are allowable and if you have kept all your receipts.

You may be penalised if you claim deductions that are not allowable or you cannot show you actually spent the money. In order for a deduction to be allowable, the taxpayer must establish a relationship between the earning of income and the expenditure for which a deduction is claimed.

ALLOWABLE DEDUCTIONS

Interest Deduction

Expenses incurred in earning any interest you have declared can be deductible, such as account-keeping fees, which can be claimed where the bank account is held for investment purposes.

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Refer to Instructions 2013/ Page 34.

Dividend Deduction

You can deduct expenses you incurred in earning any dividends and similar investment income, i.e. interest charged on money borrowed to purchase investments such as shares and managed fund etc. *Refer to Instructions 2013/ Page 34.*

Meals

Generally, you cannot claim the cost of meals, as this is a private expense. The only exception to this rule is if an overtime meal allowance is received as part of an industrial award or agreement. A deduction is then allowed up to the amount shown in the PAYG Payment Summary or the amount you spent, whichever is less.

For example, you can claim a deduction for meal allowances received if you worked between two shifts in a “double-header” or worked for two hours after the end of your normal shift.

To claim a deduction you will need written evidence such as receipts or diary entries if your claim is more than \$27.10 per meal. *Refer to Instructions 2013/page 32*

Motor Vehicle Expenses

You can claim the cost of using your car for work or business purposes, for example, if travelling directly from one place of work to another.

There are four methods you can use to work out your claim for car expenses;

- *Method 1. Cents per kilometre*
- *Method 2. 12% of original value of the vehicle*
- *Method 3. One third of actual expenses*
- *Method 4. Actual business expenses (logbook method).*

A significant portion of a taxpayer’s motor vehicle expenses may qualify for income tax deductions using the log book method. These can include interest, lease payments, petrol, oil, repairs, servicing, registration, insurance and depreciation. The maximum motor vehicle cost-base for 2012/13 upon which depreciation is deductible is \$57,466.

You should use the method that gives you the largest claim. For more detail on how to claim car expenses. *Refer to Instructions 2013/ Pages 26-27.*

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You can claim a maximum of 5,000 business kilometres when using method 1 above. Method 2 can be used if you have travelled a minimum of 5,000 business kilometres. Written evidence of all motor vehicle expenses is required when using methods 3 or 4 above.

Travel from one Place of Work to Another

For example, a waterside worker attached to the White Bay terminal is required to travel to Darling Harbour for the rest of their shift. You can claim the travel from White Bay to Darling Harbour and then back to the regular workplace.

Generally, you cannot claim travel to and from work even where public transport is not available. Taxpayer's who drive an exempt motor vehicle i.e. certain utility vehicles, may be entitled to claim travel to and from work. The cost of transporting heavy tools and equipment from home to site may also be claimed as a deduction.

Award Transport Payments

If you received an award transport payment that was paid under an industrial law or award in force on 29 October 1986, go to www.ato.gov.au and enter 'Claiming a deduction for car expenses – award transport payments' in the 'Search for' box at the top of the page for information on how to claim it.

Overseas and domestic travel expenses

In certain circumstances, overseas and domestic travel costs may qualify as an income tax deduction. The broad principles are:

- *the expenditure needs to be for business/employment purposes (not private)*
- *the expenditure must generally be for ongoing business or employment and not for the establishment or expansion of a business or profession*

Recording details of the itinerary and the allocation of time between business and any private component is critical to the success of any claim.

Parking Fees, Bridge Toll Fees

You can only claim these fees if your travel was part of an approved trip as outlined in the motor vehicle expense section of this brochure. You should keep details of these costs in a diary.

Protective Clothing & Uniforms

Protective clothing is any clothing, which protects you from personal injury (i.e. safety boots, safety goggles) or protects your uniform/conventional clothing from damage/tarnish (i.e. overalls). Protective clothing is supplied in most cases. However, if you have to supply your own protective clothing without reimbursement, this is an allowable deduction.

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Uniforms are clothing, which have your employer's identifiable name, emblem, or logo attached to them. The cost of purchasing and maintaining these uniforms is an allowable deduction. If the uniform is supplied or maintained by your employer, then you will not be entitled to a deduction.

You cannot claim the expense of purchasing, maintaining or altering normal or conventional clothing. *Refer to Instructions 2013/Page 28-29*

Laundry and Dry Cleaning Expenses

You can claim the cost of washing, drying or ironing of your uniform or protective clothing.

If the amount of your claim for laundry expenses is less than \$150 and your total claim for work expenses is no more than \$300, you do not need any written evidence for your laundry expense claim. You do however; need a reasonable justification for your deductions.

The cost of dry cleaning your uniform or protective clothing is also deductible and you must have written evidence for your claim if your total claim for work expenses exceeds \$300. *Refer to Instructions 2013/Page 28-29*

Sun Protection Expenses

You can claim the actual cost of sunscreen lotion, sunglasses or a hat that you have purchased to protect yourself while at work. You have to be able to substantiate your claim.

Refer to Instructions 2013/Page 32

Professional Indemnity Insurance

You can claim a tax deduction for the cost of any annual premiums you incur for insurance against the **loss of your income** (and you should note that any payment you receive under such a policy for loss of income is itself assessable income).

You cannot claim a deduction for a premium, or any part of a premium that you paid under a policy to compensate you for such things as physical injury suffered. Documentary evidence is required as proof of expenditure.

Telephone Calls

The costs of work calls made from home are allowable deductions. The cost of telephone rental is not generally an allowable deduction, unless you are required to be on call or are required to contact your employer on a regular basis.

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There is no method for calculating the business usage of a private telephone. Although there is no obligation to keep a telephone log book, the more detailed the records, the more chance there is that the estimate will be accepted. No deduction is allowable if records are not kept.

Keep your telephone bills as evidence of your telephone expenses. Calls made from a public telephone booth should be recorded in a diary.

Union Fees and Levies

You can claim the cost of union fees and levies. The recording of union fees on a PAYG Payment Summary is accepted as proof of payment, otherwise a receipt from the union will be required.

If you pay levies to a strike fund, you can claim these only if the fund is used solely for maintaining or improving the contributors' pay.

Computers and Software

You can claim a deduction for the work related proportion of depreciation and repairs on the cost of computers. If you use your computer for private purposes you must apportion the depreciation and repair expense between private use and work related use. Visit the ATO website www.ato.gov.au and ATO publication [Guide to Depreciating Assets 2013](#) to calculate your depreciation claim.

Home Office Expenses

If you work from home you can claim the running expenses of a home office. You can claim actual expenses or alternatively use a fixed rate of 34 cents per hour for home office expenses for heating, cooling, lighting and depreciation of furniture. Diary records of time spent working from home is acceptable evidence.

Donations

You can claim a tax deduction if you made:

- *A gift or donation of \$2 or more to an eligible organisation*
- *A contribution to an eligible organisation of \$150 or more in respect of a fundraising event*
- *A gift to an approved organisation of shares listed on the ASX whose value did not exceed \$5,000*
- *A contribution of \$2 or more to a registered political party, an independent candidate in an election for parliament or an independent member of parliament*
- *An approved cultural bequest*
- *Entering into a conservation covenant*

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Generally, you cannot claim a deduction for a gift or donation if you received something in return (for example, raffle tickets or dinner).

Internet access:

A deduction is allowable for the 'time usage cost' of researching work-related matters on the Internet. This includes the work-related portion of the service provider recurrent costs or costs associated with accessing web sites. Installation and connection costs of an Internet environment are not allowable deductions.

Professional library:

A deduction is allowable for depreciation of a professional library to the extent of its work-related use. The content of reference material must be directly relevant to work-related activities.

Technical or professional publications:

A deduction is allowable for the cost of buying, or subscribing to, journals, periodicals and magazines that are not general in nature and have a content specifically connected to a taxpayer's work-related activity. *Refer to Instructions 2013/ page 32*

Study Expense Deductions for Youth Allowance, Austudy and ABSTUDY

The law has been changed to stop deductions being claimed against all government assistance payments from 1 July 2011. This includes claims for study expenses by students receiving Austudy, ABSTUDY or Youth Allowance.

You cannot claim a deduction for study expenses this year if you received Youth Allowance, Austudy or ABSTUDY. See question D4 for more information on www.ato.gov.au/studyexpensechanges.

Newstart and Youth Allowance Recipients who were actively seeking Paid Work

The law has been changed to stop deductions being claimed against all government assistance payments from 1 July 2011. This includes claims for job search expenses by job seekers receiving Newstart Allowance or Youth Allowance.

You cannot claim deductions for expenses you incurred in actively seeking paid work if you received Newstart allowance or were a Youth allowance job seeker.

NON-ALLOWABLE DEDUCTIONS

Driver's Licence

The cost of a driver's licence is a private expense and you cannot claim a deduction for this. However, you can claim the extra cost of specialist driver's licences, such as those for forklifts, etc. If your employer pays you an allowance to cover the cost of your licence, then you must show this as income in your tax return.

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Car Parking

You cannot claim a deduction for expenditure incurred for car parking where the car is parked at or in the vicinity of the employee's primary place of employment for more than four daylight hours (During 7 am to 7 pm) and the car was used for travel from home to work.

Clothing and Footwear

You cannot claim the purchase, replacement, cleaning or maintenance of conventional clothing or footwear (even if your employer tells you to wear them).

Allowances

All allowances received by waterside workers or seafarers are fully assessable as income. You cannot claim a deduction for allowances that are paid for inconvenience, e.g. "dirt", "rain", "stoop", or "isolated establishment".

What records do I have to keep?

Claims for employment related expenses by employees of more than \$300 in total must be supported with documentary evidence.

Written evidence must be kept to prove the total amount, not just the amount over \$300.

- Whilst expenses totalling less than \$300 do not need to be supported by documentary evidence, they must still be reasonable, based on the requirements of your occupation.
- Where expenditure is incurred on items costing less than \$10, and the total of those expenses is below \$200, you can maintain your own records of expenditure in a diary and don't need to provide written evidence from a supplier.
- The \$300 rule does not apply to claims for car expenses, meal allowance, travel allowance expenses and award transport payments allowances. These claims have their own special rules (as discussed above where appropriate).
- Where documentary evidence is required, it must contain the following minimum information:
 - *The name of the supplier*
 - *The amount of the expense*
 - *The nature of the goods and services*
 - *The day the expense was incurred*
 - *The date of the document*

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Where a document does not describe the nature of the property, goods or services, you are allowed to add the appropriate information to the document, using other supporting evidence such as bank statements, credit card slips or similar independent evidence.

- You must keep substantiation records for a period of 5 years, or if you lodge your return later than this, 5 years from the date of lodgement.

REBATES/OFFSETS

Dependant Spouse

If your spouse was born on or after 1 July 1971, you can no longer claim a dependent spouse tax offset for them at question T1. You may still be able to claim for them at question T8 if you are entitled to a zone or overseas forces tax offset, or at question T10 if your spouse is an invalid or carer spouse.

If your spouse was born before 1 July 1971 you can claim a tax offset if your adjusted taxable income (ATI) for 2012-13 was less than \$150,000 or your spouse's ATI for the year was \$9,973 or less.

Refer to Instructions 2013/ pg 39

Senior and pensloner tax offset

If you were a male aged 65 years or more or a female aged 64 years and 6 months or more on 30 June 2013 you may be eligible for this rebate. If you are a war veteran or war widower then age limits are reduced to 60 years for men and 59 years and 6 months for women. *Refer to Instructions 2013/pages 74*

For more information about the offset *Refer to Instructions 2013/pages 41*

Superannuation Contributions Co-Contribution

There have been changes for this year's co-contribution for people who made an eligible personal super contribution to a complying superfund and were under 71 year of age on 30 June 2013, with total taxable income (including any fringe benefits) of less than \$46,920, the government will co-contribute \$0.50 for every \$1.00 a taxpayer contributes to their superfund out of their own pocket.

The maximum co-contribution that the Tax Office will make is \$500 per annum. The full \$500 is available for people with taxable income of \$31,920 or less. The co-contribution will reduce gradually for people with taxable incomes between \$31,921 and \$46,920. Visit www.ato.gov.au for full details.

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Net Medical Expenses Rebate

A tax rebate applies for eligible net medical expenses over \$2,120 in the financial year. The rebate applies to bills paid to doctors, hospitals, dentists, optometrists and chemists in respect of illness or operations. The maximum rebate on the excess of net medical expenses over \$2,120 is 20%. This amount is reduced for income earners above \$84,000 for singles and \$168,000 for families. There is no upper limit on the claim.

Claim the Net Medical Expenses Rebate by completing the 2013 tax return for individuals (Supplementary section). The Supplementary section of the tax return is located in the back of *Instructions 2013 Supplement*. Copies of the *Instructions 2013 Supplement* are available from the Australian Tax Office website.

Medicare Levy Surcharge

You will have to pay the Medicare levy surcharge if you do not have private health insurance or you are:

- *A single person with taxable income greater than \$84,000.*
- *A family with a combined taxable income greater than \$168,000. The family income threshold increases by \$1,500 for each dependent after the first.*

The Medicare levy surcharge starts at 1% of your taxable income and increases where income exceeds the thresholds up to a maximum of 1.5%. This is in addition to the normal 1.5% Medicare levy. *Refer Instructions 2013/ to Pages 49-52*

From 1 July 2014, the Medicare levy will increase from 1.5% to 2%.

Private Health Insurance Rebate

If you had Private Health Insurance during the year where the premium was paid by either you or your employer you may be entitled to a rebate. The rebate can be claimed as:

- *a reduction in your private health insurance premium through the health fund or*
- *a cash or cheque rebate from Medicare or*
- *a rebate at the end of the financial year through your tax return or*
- *a combination of all options*

Your level of income WILL affect the amount of rebate you are entitled to, new as of 1 July 2012.

Refer www.privatehealth.gov.au

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OTHER

Capital Gains

Did you make a Capital Gain or Capital Loss during the year?

There are a number of common Capital Gains Tax (CGT) events if you sell or give away an asset such:

- *Land & buildings – (not your home)*
- *Shares*
- *Units in unit trust or managed investment fund*
- *Collectables e.g. Jewellery*

Individuals will be entitled to a 50% concession on any capital gains tax arising if the investment/asset was held for at least 12 months.

Refer to Instructions 2013/Supplement and ATO Publication *Personal Investors guide to Capital Gains Tax*.

Employee Share Scheme

Did you acquire any shares or rights on a discount under an employee share scheme for 2012-13?

If so, it would generally be included as your assessable income in the year which you have received it. These amounts should be included in your tax return unless a deferral of tax liability is possible.

Where's my refund?

The current ATO standard for processing tax returns posted to the Tax Office is six weeks. Tax returns lodged electronically (including e-tax) will be processed within 12 days, however if the return was lodged between 1 – 14 July, the standard processing time is 28 days.

If you received a family tax benefit (FTB) payment from the Family Assistance Office (FAO), or you claimed it from the Tax Office, your e-tax tax return may take longer to process. This additional time is necessary to make sure that you are paid the correct amount of FTB.

If you sent your tax return by ordinary post please wait seven weeks before phoning to check on the ATO's progress with your tax return. If you lodged over the internet, please wait three weeks. After that time you can use the automated self-help service on **13 28 65** (available 24 hours a day, every day) to check the progress of your tax return. You will need to key in your tax file number (TFN) using your telephone keypad.

To the members of the Maritime Union of Australia

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Harveys Disclaimer

This information was prepared based on information available at the time and is provided to the members of the Maritime Union of Australia on the recommendation that before making any decisions about your 2013 tax return you carefully consult the 2013 instructions, the ATO website and/or a registered Tax Agent.