FAJ TOP TAX TIPS 2023

Maximise your work related deductions As a general rule, if an item of expenditure is directly related to your current employment, you were not reimbursed for the expense and you have a record to prove it, you may be able to claim it as a deduction. For example, protective clothing, laundering uniforms, income protection insurance, union fees, tools, portable electronic devices used for work, subscriptions and journals are all deductible.

Turn work at home into tax deductions Your internet, phone, electricity and other running expenses may be tax deductible if you work from home. As of 1 July 2022, there are only two methods to claim home office expenses – the revised fixed rate method, or the actual cost method. Regardless of the method used, to be eligible you need prove that you have incurred additional running expenses as a result of working from home. Under the revised fixed rate method, you can claim 67 cents an hour for each hour you work from home. The rate now covers the work related use of your phone, internet, electricity, gas, and stationery and ink, but depreciable items such as laptops and desks can be claimed separately. In order to substantiate your home office claim, from 1 March 2023, you will need to provide a written record of every hour worked from home.

Maximise your travel related deductions Travelling between two jobs is tax deductible. Overnight travel and the expenses that go along with it may also be deductible. There might be other deductible travel you don't know about, such as travelling from home to work with bulky equipment. Keep a record of all work travel and expenses to allow us to claim the most for your travel. Ask us for a complimentary FAJ log book or use our app.

Boost your super balance and minimise tax You can claim a tax deduction for super contributions you made in addition to your employer's contributions. The total amount of contributions from you and your employer cannot exceed \$27,500. Any tax deductible super contributions that are not used in one year may be carried forward to the following year, provided your super balance is less than \$500,000. Speak to us while we are preparing your return for a calculation of how much tax you could be saving by making personal super contributions.

Turn charity donations into tax deductions You can claim a deduction for voluntary donations of \$2 or more made to approved organisations. Approved organisations include funds, charities or organisations registered in Australia as Deductible Gift Recipients. This includes school building funds, if they are registered.



Use your private hospital cover to reduce your tax surcharge If you earn more than \$90,000 per year personally or \$180,000 as a family and you do not have appropriate private health insurance, you will be liable to pay the Medicare Levy Surcharge. We can help you understand the tax saving you will receive as a result of taking out private health insurance. Please note, the thresholds increase to \$93,000 for individuals and \$186,000 for families in the 2023/24 year.

It's not just our fees that are tax deductible Did you know that as well as being able to claim the fees paid to FAJ for preparing your tax return you can also claim the cost of travelling to FAJ and parking fees?

Claim on work related education and training You can claim the cost of work related training courses that maintain or improve your ability to perform in your current job. This includes expenses such as conferences, seminars, licences, and short and long term courses that relate to your current employment. Costs incurred in attending TAFE (and in some circumstances, University) are also tax deductible, provided they relate to your current employment. Costs you can claim include course fees, travel, stationery, books, parking fees, and accommodation and meals if away from home overnight.

Get the most out of your property investment For tips on what you can claim and what it means to negatively gear a property, please download our checklist 'FAJ Top Tax Tips for Property Investors'.

When might deductible expenditure not be beneficial to you? Did you know only a percentage of an expense is recovered by claiming deductions? The lower your tax bracket, the lesser the tax benefit. If your taxable income is below the \$18,200 tax free threshold, there are no tax benefits to claiming deductions. It is not advisable to spend money on tax deductible items just to get the tax deduction.

ATO audit hot-spots In recent years the restrictions imposed as a result of COVID-19 had many people working from home, but in 2023 the ATO expects work from home deductions may reduce as taxpayers return to the workplace. The ATO will be looking for higher than expected deductions through their data analytics, and any claims that are inconsistent with your occupation or income could be flagged and you may be asked to provide evidence to support your claim. To avoid being flagged it is critical that you keep records of all deductions claimed, including appropriate records of hours that you worked from home in 2023. Further, you must ensure you claim only expenses that you paid for that weren't reimbursed by your employer.

Francis A Jones has developed these Tax Tips to help you get exactly what you're entitled to in your tax refund. You can make an appointment by filling out the online appointment form www.faj.com.au/taxreturns or phone FAJ on 9335 5211.



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