

## 10 TOP TAX TIPS



### 1. Work related motor vehicle travel:

Most people use their car at some time during the year for deductible work travel. Some examples include traveling to conferences, having to pickup parts of office supplies, deliver documents to clients or other businesses, travel with bulky equipment (must be bigger than a brief case – i.e. Cello, Tool box) etc or travel to a second job. You can claim up to 5,000kms for each vehicle based on a “reasonable estimate” - no log book is required however a diary record or list of dates & places traveled for work would be advisable to keep. The rates for 2008/09 year are:

- 75c/km for vehicles with engines >2600cc (commodore, falcon, Mitsubishi 360 etc)
- 74c/km for vehicles with engines 1601 to 2600cc (most mid sized 4 cylinder cars)
- 63c/km for vehicles with engines <1600cc (small 4 cylinder cars)

### 2. Overseas travel expenses:

If you travel overseas for predominantly work purposes (conferences, school excursion, research, to overseas agencies, travel agents) you need to keep a travel diary of each days activities during the trip to claim for the expenditure. Travel that coincides with a football grand final or other major event may be difficult to prove the predominant purpose of the trip was for work. There have been a number of recent cases in this area which have resulted in favorable outcomes for taxpayers.

### 3. Award travel and meal allowances:

If you receive an award travel or overtime meal allowance you can claim up to the amount the Taxation Office determines is reasonable with out substantiation. Each year the Commissioner of Taxation releases a ruling providing the rates he considers reasonable. This does not always align with the amount paid under the award - you should check with your accountant the current rates before claiming.

### 4. Foreign pensions - un-deducted purchase price:

If you receive a foreign pension then you probably are entitle to a deductible amount (or part of the pension may be tax free). The amount can either be calculated by contacting the pension payer to determine the ‘un-deducted contributions’ and claiming based on effective life tables. Alternatively the Commissioner has determined appropriate amounts for certain pensions (for example 8% for British National Insurance Scheme pensions, 25% for Netherlands Social Insurance System age and widows’ pensions). Other pensions include Italian, Belgian Swiss and Non BNIS pensions.

### 5. Laundry expenses:

You can claim for laundry of your work uniform or protective clothing (Dust coats, overalls etc) or occupation specific clothes (chefs checkered pants) even if your employer supplies them for you. You can claim \$1 per wash for laundry to a maximum of \$150 per year. This is in addition to any dry cleaning you may be entitled to claim.

### 6. Education tax offset:

This year you may be eligible for refund of up to 50% of various education expenses for primary & secondary school children. These include computers & accessories, internet, textbooks & software. See T6 of 2009 TaxPack for further information.

### 7. Replacement tools:

Employees receiving salary and wages can claim tools costing less than \$300ea. Small businesses can obtain an immediate deduction for assets costing less than \$1,000 ea. Assets costing more than these amounts need to be depreciated over their useful life .

### 8. Medicare levy:

A common mistake is to omit completing the number of dependants at ‘Y’ item M1 of the individual tax form. If you had a spouse and no children still write “0”. This triggers the family thresholds for calculating the Medicare levy payable.

### 9. Do I need to lodge a return?

If your taxable income was below \$6,000 you may not need to lodge a tax return. It is advisable to complete the form on page 101 of the 2009 Tax-Pack to notify the ATO. Higher limits apply to Senior Australians, Pensioners and Centrelink recipients.



### 10. Ask your tax accountant lots of questions - No you've got, Yes you might get.

**DISCLAIMER:** This is general information only and does not constitute tax advice. Should any of the items discussed here apply to you, please discuss your personal circumstances with your tax advisor or call **Compass Accounting 08 83862244**