

14th March 2015

Client: P G
Client Code
Interviewer
Interview Place

D1 - Work related car expenses

Travel between different workplaces

Have you travelled (in your car) between different places of work in the course of your employment?

Travel between different workplaces (i.e., during the course of the work day) is considered business travel. This travel may be for your second job, or between two alternative workplaces for the one job.

Alternative workplaces

Do you ever travel from home directly to an alternative workplace, rather than your ordinary workplace?

Travel between home and an alternative workplace (for example, a customer's premises) will be considered business travel, as will the travel from that alternative workplace to your normal workplace or directly home.

Method of car claim

Have you incurred work-related car expenses for a car you owned, leased or hired under a hire-purchase agreement?

If yes, expenses may be deductible under one of 4 methods:

- Cents per kilometre method (a maximum of 5,000km can be claimed) [Claim Code S];
- 12% of original value method (only available if work-related travel exceeds 5,000km) [Claim Code T];
- One-third of actual expenses method (only available if work-related travel exceeds 5,000km) [Claim Code O]; and
- Logbook method [Claim Code B].

D2 - Work related travel expenses

Transport expenses

Have you incurred travel expenses, such as public transport, airfares and taxi fares, that are directly related to your work as an employee?

Note that where an employer pays for an airfare, but the employee incurs unreimbursed expenditure for an upgrade (for example, from economy to business class), the cost of the upgrade will be deductible for the employee.

Overnight travel

Have you incurred meal, accommodation and incidental expenses while travelling overnight for work? If so, has an allowance been received and was it reported on your PAYG Payment Summary?

Generally, where a taxable allowance for overnight travel was received, there may be no need to fully substantiate the expense claims as long as a reasonable basis for working out the claim exists.

However, overseas accommodation must be fully substantiated and a travel diary must be kept if the travel was for greater than 5 nights.

Parking and tolls

Have you incurred work-related bridge and road toll expenses, or parking fees while travelling for work purposes?

D4 - Work related self education expenses

Self-education

Have you incurred self-education expenses in order to obtain a formal qualification, where the course:

- Maintains or improves a skill or specific knowledge required for your current employment activities;
- Can be shown to lead to (or likely lead to) increased income from your current employment activities; or
- Has a direct connection with your current employment activities.

Examples of expenses that may be deductible are course fees, textbooks, stationery, student union fees and car/travel expenses.

Where the self-education expenses were incurred by the taxpayer in connection with a "prescribed course of education" (e.g., a course provided by a school, college, university or other place of education for the purpose of gaining appropriate qualifications in business or employment), then the amount of deduction available is limited to the excess over \$250. In determining what deductible self-education expenses are reduced by the \$250, this amount is first absorbed by any self-education expenses that are deductible under specific provisions (such as depreciation) and also some expenses that are not actually deductible (such as the capital cost of buying a computer used for study purposes and net child care expenses).

A deduction cannot be claimed for self-education course fees that are contributions made under the Higher Education Contribution Scheme Higher Education Loan Program (HECS-HELP) or repayments under Student Financial Supplement Scheme (SFSS).

Refer to TR 98/9 for more information on self-education expenses.

D5 - Other work related expenses

Union fees and professional subscriptions

Have you incurred expenditure for union fees or subscriptions to trade, business or professional associations?

If the amount paid is shown on your payment summary, the payment summary can be used as substantiation.

Magazine/journal subscriptions

Have you incurred expenditure in respect of buying or subscribing to journals, periodicals and magazines that have a content specifically related your employment (and are not general in nature)?

Depreciation

Have you incurred expenditure on acquiring items of equipment?

Where the cost of the equipment is \$300 or less (and is not part of a set with the total cost of the set being more than \$300, and is not substantially identical to another item acquired during the year with the total cost of the substantially identical assets being more than \$300), you can claim an immediate deduction for the extent it is used for the purpose of producing income.

An immediate deduction is not available for equipment costing more than \$300 that is used for more than a year. A deduction for the equipment's decline in value (depreciation) may instead be claimed.

Conferences & seminars

Have you incurred expenditure relating to the attendance at conferences, seminars, workshops and other work-related events that relate to your income-producing activities?

If so, expenses such as the cost to attend the seminar, travel to/from the seminar, and parking while at the seminar will be deductible. Where you are required to stay away overnight as part of attending the seminar, the cost of meals and accommodation will also be deductible.

Telephone expenses

Have you used your telephone (home or mobile) for employment-related purposes?

You will need to keep a record of the time spent on employment activities. The record should cover a representative period and a reasonable time (generally one month).

Home office expenses

Have you incurred additional running expenses for a home office?

You may be able to claim a deduction by apportioning the actual costs incurred or using a fixed rate (34 cents an hour for the 2014 income year).

You will need to keep a record of the time spent in your home office on employment activities. The record should cover a representative period and a reasonable time (generally one month).

Internet

Have you incurred expenditure on internet subscriptions, where access to the internet is required for your employment purposes?

You will need to keep a record of the time spent on employment activities. The record should cover a representative period and a reasonable time (generally one month).

Stationery

Have you incurred expenditure for the cost of diaries, pens and other stationery used for work purposes?

Professional indemnity insurance

Have you incurred expenditure for the cost of professional indemnity insurance?

D6 - D15 - Non work related deductions

Low value pool deductions

Have you acquired depreciating assets that cost less than \$1,000 (but more than \$300), or have been written off to less than \$1,000 (under the diminishing value method) as at the beginning of the income tax year?

There is an option to pool equipment costing less than \$1,000 and equipment written down to less than \$1,000 under the diminishing value method. A deduction for the decline in value of equipment in such a low-value pool is worked out using set rates (37.5% for assets included in the opening balance of the pool and 18.75% for assets allocated to the pool during the current income year).

When an asset is allocated to a low-value pool, only the taxable use proportion is allocated to the pool. Additionally, once the decision has been made to use a low-value pool, all new eligible assets must be allocated to the pool.

Interest deductions

Did you incur expenses in earning assessable interest income? Such expenses may include:

- Bank or other financial institution account-keeping fees for accounts held for investment purposes; or
- Management fees and fees for investment advice relating to changes in the mix of your investments.

Dividend deductions

Did you incur expenses in earning assessable dividend income? Such expenses may include:

- Management fees and fees for investment advice relating to changes in the mix of your investments;
- Interest charged on money borrowed to purchase shares or similar investments; or
- Costs relating to managing investments, such as buying specialist investment journals or subscriptions.

Gifts or donations

Did you make a gift or donation of \$2 or more to an approved organisation?

Gifts made to 'bucket collections' conducted by an approved organisation for natural disaster victims can be deducted without a receipt, where the total of all such donations are no more than \$10.

Cost of managing tax affairs

Did you incur expenses in managing your tax affairs? The cost of managing your tax affairs include:

- Preparing and lodging tax returns and activity statements;
- Fees paid to a recognised tax adviser for preparing and lodging tax return;
- Travel to obtain tax advice from a recognised tax adviser;
- Buying tax reference material;
- Dealing with the ATO in regards to your tax affairs;
- Appeals made to the Administrative Appeals Tribunal or Courts in relation to your tax affairs;
- An interest charge imposed by the ATO on you; and
- Cost of valuations required for tax purposes (for example when making a donation of property).

A deduction cannot be claimed for the cost of tax advice given by a person who is not a recognised tax adviser, or for a tax shortfall and other penalties imposed by the ATO for failing to meet tax obligations.

Income protection insurance

Did you incur expenditure on income protection insurance?

You can claim the cost of any premiums you paid for insurance against the loss of your income. This does not include premiums paid under life insurance, trauma insurance and critical care insurance policies.

Frequently asked questions - Not deductible

Relocation expenses

Deductions cannot be claimed for the cost of relocation expenses for moving to a location near a new place of employment (for example the cost of transporting household items), even if required by your employer.

Note that employees may instead be able to tax-effectively salary sacrifice some of these type of deductions due to FBT exemptions that exist:

Home occupancy expenses

A deduction can only be claimed for occupancy expenses in regards to the family home (such as rent or mortgage interest) if an area of the home is used as a place of business.

For employees, a "place of business" would generally only exist where no other work location is provided by an employer, so it would be rare for an employee to be able to claim occupancy expenses. If the home is used to carry out income producing activities as a matter of convenience, a deduction is not allowed for occupancy expenses.

