

2018 TAX GUIDE

THE 2018 TAX GUIDE TO MAXIMISE YOUR REFUND

YOUR 6 STEP GUIDE



2018 FINANCIAL YEAR

Welcome to the new Financial Year!! Now is a great time to grab a cuppa and read up on what has changed since last year, yes as always there are more changes!

KEEP YOUR DETAILS UP TO DATE

UPDATING your information with us: in this busy day and age we strive to keep your client contact information up to date. Please take a moment to update your contact information – especially your email address, bank account details and phone number.

GOLDEN RULES FOR DEDUCTIONS

3 Golden rules to get deductions right: 1 – you must have spent the money yourself and not have been reimbursed, 2 – the claim must be directly related to earning your income and 3 – you need the receipt.

WORK RELATED EXPENSES

The ATO has announced that it will be closely examining claims for work-related expenses this tax year and their message is to make sure you KEEP RECORDS!

GETTING YOUR 2018 TAX RETURN DONE:

These are your options:

- Email us at admin@proactivetax.com.au
- Phone to make an appointment on 5775 2713
- Drop off your information to 1 Chenery Street, Mansfield.

TIPS TO MAXIMISING YOUR DEDUCTIONS

- Keep copies of all your expenses
- Take photos of your receipts
- Start a spreadsheet keeping track of all your expenses
- If you are unsure if it is deductible, just ask
- Use the myDeductions app



- Visit our website www.proactivetax.com.au

STEP 1: MOTOR VEHICLE EXPENSES

What you can claim:

- If you use your car in the course of performing your work duties
- Your travel directly between two separate places of employment
- REMEMBER – You can't claim a deduction for normal daily journeys between home and work except in limited circumstances (where you carry bulky tools or equipment)
- If any of these apply you have two choices when claiming motor vehicle expenses and they can be different each year for each car
- **Cents per Kilometre method:** You can claim a maximum of 5,000 business kilometres per car, using this method.
 - Your claim is based on 66 cents per kilometre
 - You don't need written evidence, but you need to be able to show how you worked out your business kilometres (for example by diary records of work-related trips)
- **Log Book method:** You keep a log book for 12 weeks and your claim is based on the **business** use percentage of expenses for the car.
 - Expenses include running costs and depreciation

STEP 2: TRAVEL ALLOWANCES

- **Overnight Travel** may be claimed (full substantiation required)
- In the case of an **award travel allowance** being received, a claim up to the ATO reasonable limit can be made, without full substantiation provided you can demonstrate the expense was incurred.
- **Overseas and domestic travel** for more than 5 nights requires a travel diary showing the work performed while away and apportioned for private use.

STEP 3: SELF EDUCATION

Self-Education expenses are deductible where the course you undertake leads to a formal qualification and has a sufficient connection to your current employment and either maintains or improves a specific skill or knowledge you require for your current employment or is likely to result in an increase in your income in your current employment or field of work.

WHAT CAN YOU CLAIM:

- Accommodation and meals (if away from home overnight), computer consumables, course or tuition fees, decline in value of depreciating assets (exceeding \$300), home office running costs, internet usage, stationary, student union fees, textbooks, journals, travel to and from your place of education

WHAT YOU CANNOT CLAIM:

- Repayments of HELP loans and SFSS loans

STEP 4: WORK RELATED EXPENSES.....NO SUCH THING AS STANDARD DEDUCTIONS

- You can claim up to \$300 without receipts but must be able to demonstrate what you spent it on
- You must keep any receipts for work-related expenses such as logoed uniforms, training courses and learning materials, protective or occupation specific clothing, professional association and union fees, home office expenses, work related equipment, telephone and internet, income protection insurance, tools of trade etc.
- The ATO this year has issued a warning that a hard-line approach will be taken in relation to work related expenses that are claimed in excess of the taxpayer's industry benchmarks. There will be an increase in audits where the ATO think there is an excessively high claim for work related expenses in comparison to the benchmark and your income.
- So, ensure that the deductions you claim have a direct relationship and are necessary to undertake your employment and ensure that you ALWAYS have copies of the receipts to prove the expenditure was actually incurred (a photo on your smart phone is proof!)

STEP 5: GROWING YOUR SUPER – CO-CONTRIBUTION OR SUPER DEDUCTIONS

Co-Contributions

The Government contributes (called a co-contribution) up to the maximum amount of \$500 to your super fund if:

- Your income is equal or less than the lower threshold and you make personal contributions of \$1,000 to your super fund (after tax); you will receive the maximum co-contribution of \$500.
- If your total income is between the two thresholds, your maximum entitlement will reduce progressively as your income rises.
- You will not receive any co-contribution if your income is equal or greater than the higher threshold.
- Lower threshold \$36,803 (2017/18) and higher threshold \$51,813 (2017/18)

Super Deductions

From 1 July 2017 PAYG employees are now able to boost their superannuation by making a tax deductible contribution into their super fund (without the need to salary sacrifice), up to \$25,000 (including your employer super contributions). Please let us know if you have made any tax-deductible contributions (separate from contributions you wish to receive the government co-contribution for) that we need to claim, or please speak to us for how this can benefit you in the coming financial year.

STEP 6: OFFSETS....UP TO 300% BETTER THAN A DEDUCTION

Offsets are not tax deductions. They can be worth more than deductions depending on your marginal tax rates. At a tax rate of 32.5%, the result can be 3 times more for a rebate than a deduction. If your rebates exceed your tax liability, you will not receive a refund, and they do NOT reduce your Medicare Levy.

- **LOW INCOME OFFSET:** The maximum tax offset of \$445 applies if your taxable income is \$37,000 or less, reducing to NIL when your income reaches \$66,667
- **ZONE OFFSET:** for those whose USUAL PLACE OF RESIDENCE is within a specified zone (ie not FIFO or DIDO workers) may be eligible for a variety of Zone Offsets, just ask when we are preparing your tax if you reside in an eligible zone
- **SENIORS AND PENSIONERS TAX OFFSET (SAPTO):** allows a single person who has reached Pension Age a rebate of up to \$2,230 (phasing out at taxable income of \$50,119). For couples rebates of up to \$1,602 each (phasing out at taxable income of \$40,790)
- **HEALTH INSURANCE REBATE:** you need the annual statement from your Health Insurance Fund to correctly calculate this rebate, so please send it in with your tax papers
- **NET MEDICAL EXPENSE OFFSET:** In 2018 this ONLY covers Disability Aids, Attendant Care and Aged Care expenses. Where your 'adjusted taxable income' is below \$90,000 and your net medical expenses are over \$2,333 you may be eligible for a 20% rebate. Where your 'adjusted taxable income' is above \$90,000 and your net medical expenses are over \$5,504 you may be eligible for a 10% rebate.
- **SPOUSE SUPER OFFSET:** 18% of up to \$3,000 in Super contributions to your Spouse's Super Fund (a rebate of up to \$540) subject to various income thresholds when spouse's income is below \$37,000 a full rebate will apply – reducing and then phasing out when spouse income reaches \$40,000.