

# 2023 TAX GUIDE

## MAXIMUM REFUND WITH MINIMUM STRESS...

### 2023 FINANCIAL YEAR

Welcome to the end of the 2022/23 Financial Year!! Now is a great time to grab a cuppa and read up on what has changed since last year. As always there are more changes!

### EMAIL ADDRESSES ARE IMPORTANT

As technology evolves and develops so does our interaction with our clients through our software and our paperless office processes, as does the Australian Taxation Office's. So, keeping your details up to date is more important than ever.

**PLEASE UPDATE your INDIVIDUAL EMAIL, BANK ACCOUNT (we want to make sure you get your refund), ADDRESS & CONTACT details if they have changed during the year. You will need your own individual email address to be able to digitally sign documents.**

### GOLDEN RULES FOR DEDUCTIONS

The three golden rules to getting your 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 to keep the receipt for at least 2 years

### 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 GOOD RECORDS!**

### GETTING YOUR 2023 TAX RETURN DONE:

These are your options:

- Email us at; [admin@proactivetax.com.au](mailto:admin@proactivetax.com.au)
- Post your information to; PO Box 443, Mansfield VIC 3724
- If you feel you need an appointment, please phone us on 03 5775 2713
- Upload via Document Hub
- [www.proactivetax.com.au](http://www.proactivetax.com.au) – select Client Portal
- Drop off your information to 2/1 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 ATO app 
- Visit our website [www.proactivetax.com.au](http://www.proactivetax.com.au)



**PROACTIVE**

TAX AND BUSINESS SERVICES

## MOTOR VEHICLE EXPENSES

### You can claim:

- Using 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 up to a maximum of 5,000 business kilometres per car using this method.
  - Your claim is based on 78 cents per kilometre
  - You don't need a logbook, but you need to be able to show how you worked out your business kilometres (for example by diary records of work-related trips)
- **Logbook 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, depreciation, and interest on vehicle loans

## 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.

## 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. This does not include self-education to change career paths.

### 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

## WORK RELATED EXPENSES.....NO SUCH THING AS STANDARD DEDUCTIONS

You must keep any receipts for work-related expenses such as logo'd 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. You must also be able to demonstrate that your employer required you to incur the expense.

You can claim up to \$300 without receipts but must be able to demonstrate what you spent it on and how it is connected to your work.

## WORKING FROM HOME

- To be eligible to claim a deduction for working from home expenses you must:
  - Incur additional running expenses as a result of working from home
  - Be working from home to fulfill your employment duties
  - Keep records at the time you work to prove you incur the cost
- There are 2 methods to claim under – Fixed Rate (changes in 2023) and Actual Cost
  - **Fixed Rate (changes in 2023)**
    - 67c per hour
      - You no longer require a dedicated home office to use this method
      - Expenses included in this rate (ie no other separate claims)
        - Data and Internet
        - Mobile phone and home phone usage
        - Electricity and Gas
        - Computer Consumables
        - Stationary
      - It does not include (so you can continue to claim separately)
        - Decline in value of assets used while working from home, such as computers and office furniture
        - The repair and maintenance of assets
        - Cleaning (if you have a dedicated home office space)
      - From 1/03/2023 a record of all hours worked from home is required
    - **Actual Cost**
      - The actual cost method allows you to claim a deduction for the actual expenses you incur as a result of working from home these include:
        - Data and Internet, mobile phone and home phone usage
        - Electricity and gas
        - Computer consumables & stationary
        - Decline in value of assets, such as computers and office furniture, as well as repairs and maintenance of these items
        - Cleaning (if you have a dedicated office space)
      - For the actual cost method, you must keep records of the time you work from home, either by way of daily recording of hours for the year or a continuous 4-week period that represents your usual pattern of working at home.

## GROWING YOUR SUPER – TAX DEDUCTIBLE CONTRIBUTIONS

### Super Deductions

Have you thought about the tax benefits of Super contributions? PAYG employees are able to boost their superannuation by making a tax-deductible contribution into their super fund. Here are the limits and rules that apply in relation to contributions you can claim a deduction for:

- 2022/23 \$27,500 Total Concessional Contributions, including Super Guarantee Charge, Salary Sacrifice and Personal Contributions (2023/24 \$27,500)

## GROWING YOUR SUPER – CARRY FORWARD CLAIMS & CO-CONTRIBUTIONS

### Super Carry Forward Claim

- You could get the tax benefit of contributing more than the \$27.5K per the limits above **IF your total super balance is less than \$500,000**. Unused concessional contributions are available for a maximum of five years and will expire after this. For example, a 2018/19 unused cap amount that is not used by the end of 2023/24 will expire. **Please contact our office to ensure you are accessing the correct limits.**
- We will **need to lodge a notice of intent to claim your deduction**, so please provide us with your super fund name, member number and the amount you have contributed for us to prepare the form on your behalf. Your fund will issue you with an acknowledgement of your personal contributions letter once they have processed the intent to claim form. Before we can lodge your return, we require this letter.

### Co-Contributions

The Government contributes (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.
- The lower threshold is \$42,016 (2022/23) (\$43,445 2023/24) and higher threshold \$57,016 (2022/23) (\$58,445 2023/24)
- 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.

## 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 \$700 applies if your taxable income is \$37,500 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 (i.e. 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 above \$32,279 up to \$50,119). For couples rebates of up to \$1,602 each (phasing out at taxable income above \$57,948 up to \$83,580 combined)
- **HEALTH INSURANCE REBATE:** We will obtain your health insurance premium and rebate information from your ATO prefill report, so no need to provide the statement this year.
- **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.

### On the down-side...

- NOTE that the Low & Middle Income Tax Offset (LAMITO) of up to \$1,500 no longer applies. That means in most cases, tax refunds will be quite a bit smaller this year.