

# PALMER & ASSOCIATES

CERTIFIED PRACTISING ACCOUNTANTS

June, 2017

In this newsletter, we have compiled some general information for Individuals and the deductions that can be claimed. Often we forget the basics and need a little refreshing from time to time. Please do not hesitate to contact us if you require further information regarding the content of this newsletter and how it may impact you.

## Income you must declare

As we all know your income is declared on your tax return each year. Most of the information is prefilled from the details that are supplied to the ATO by employers and financial institutions, but there are some you will still need to remember to inform your accountant about.

Main Income to declare:

- Employment Income
- Super pensions and government payments
- Investment Income
- Business, partnership and trust income
- Foreign Income
- Bank interest
- Dividends

Ones you may not have realised to declare:

- Compensation and insurance payments
- Discounted shares under the employee share schemes
- Capital Gains Taxes (on sale of assets)

## Australia Resident Tax Rate for 2016-2017 Financial Year

Taxable Income	Tax on this income
0-\$18,200	Nil
\$18,201-\$37,000	19c for each \$ over \$18,200
\$37,001- \$87,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$87,001 - \$180,000	\$19,822 plus 37c for each \$1 over \$87,000
\$180,001 and over	\$54,232 plus 45c for each \$1 over \$180,000

*These rates do not include the 2% Medicare Levy*

## Foreign Resident Tax rate for 2016-2017 Financial Year

Taxable Income	Tax on this Income
0-\$87,000	32.5c for each \$1
\$87,001- \$180,000	\$28,275 plus 37c for each \$1 over \$87,000
\$180,001 and over	\$62,685 plus 45c for each \$1 over \$180,000

# Deductions

We often are asked, what can I deduct on my return?

This is not a straight forward answer, however, here are some basics that can help you out.

These can include:

- Car Expenses
- Uniform
- Home Office
- Tax Agent fees
- Donations

Want more? Well we can kick it up a notch and tell you that depending on your profession you can claim:

- Tools & Equipment
- Unions Fees or association subscriptions
- Meals & Travel
- Self- Education

## Car Expenses

What is a work-related car expense?

It is an expense you incur in the course of performing your job as an employee.

There are 2 ways to work out your car expenses.

### 1 Cents per kilometre method

The ATO have a base rate of 66c per kilometre and a maximum of 5,000kms can be claimed.

### 2 Logbook Method

This is where you can claim a percentage for business or work usage of your overall car expense. To work out the percentage of usage you need a logbook and the odometer readings for the logbook period. The logbook period is a minimum continuous period of 12 weeks. Expenses which can be included are; repairs and maintenance, registration and insurance. Once again a percentage of work related usage needs to be determined.

## Uniform

### Protective Clothing

The ATO classify protective clothing and footwear to protect yourself from the risk of illness or injury posed by your income earning activities or the environment in which you are required to carry them out.

Protective clothing can include

- Safety- coloured vests
- Non- slip nurses shoes
- Steel- capped boots
- Overalls
- Heavy duty shirts and pants

All these must pertain to your income-earning activities

### Work Uniforms

You can claim for a uniform, either compulsory or non-compulsory, that is unique and distinctive to the organisation you work for. Clothing is classified as unique if it has been designed and made only for the employer. Clothing is distinctive if it has the logo of the employer permanently attached and the clothing is not available to the public.

### Non-compulsory work uniform

You can't claim expenses incurred for non-compulsory work uniforms unless your employer has registered the design.

Shoes, socks and hosiery can never form part of a non-compulsory work uniform.

### Cleaning/ Laundry

You can claim a deduction of up to \$150 for cleaning or laundry of your uniform without any written documentation. The ATO have calculate the cost of doing the laundry at \$1 per load of work related clothing or 50 cents per load if other items are included.

If your claim is over \$150, written documentation is needed.

## Tools & Equipment

You can claim a tax deduction for work related equipment and tools that cost less than \$300 each, anything over this amount must be depreciated. If you use the tools or equipment for private use as well, you can only claim a portion for business related purposes.

## Union Fees or Association Subscriptions

### *Part of a union?*

You can claim your union fees as a deduction. Make sure you keep any written documentation for this. Some Unions and associations send members out a statement of the subscription paid.

## Meals and Travel

You may claim cost of meals when working overtime provided you have received a meal allowance from your employer and is shown separately on your PAYG certificate.

You can claim any parking, tolls, taxis and public transport, if you are travelling to or from meetings, seminars, conferences or training that is not being held at your usual place of work.

If you are required to stay away from home overnight for work, you may be eligible to deduct the cost of accommodation and any meals consumed.

## Self- Education

If you can show the link between your self-education and current work/ income generating activities, you can claim the expense incurred for your self-education providing the expense was incurred in the same year.

It is also possible to claim, stationery, software, internet access, text books.

### **Did you know?**

If you begin work before you have a TF, you have 28 days to get one and supply it to your employer. If you don't, your employer must take tax from your pay at the highest rate.

## Superannuation Contributions

Last year there were some changes made to Superannuation Contributions which affects us all.

Income Year	Your age	Your concessional Contribution Cap
2017-18	All ages	\$25,000
2016-17	30 June 2016	
	50	\$30,000
	50	\$35,000

***Any excess concessional contributions will be included as taxable income, it is taxed at a marginal tax rate plus an excess concessional contributions charge.***

### **HELP Debt**

If you live overseas and have a HELP debt, you have the same obligations as those who live in Australia. This applies if you already live or intent to live overseas for 6 months or more in any 12-month period.

You would need to contact the ATO within 7 days of leaving Australia. If you already reside overseas, you will need to update your details by 1 July 2017.

From 1 July 2017, if you are living overseas and earning an income that exceeds the minimum repayment threshold, you will be required to make compulsory repayments towards your debt.



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