

2014 TAX YEAR END CHECK LIST

INCOME

- ✓ PAYG Payment Summaries – Salary & Wages, ETP (Termination Payments)
- ✓ Government Allowances/Pensions/Paid Parental Leave Statements
- ✓ INTEREST Earned from Bank / Investment
- ✓ PENSION / ALLOWANCE Summaries – Age, Self Funded – Annuity Statements
- ✓ RENTAL PROPERTY DETAILS – Property Manager Annual Summaries (or Monthly Statement)
- ✓ OTHER Investments – Trusts, Managed Funds / Partnerships
- ✓ FOREIGN INCOME / ASSETS – From Shares/Property Owned Overseas
- ✓ Share INCOME – Dividend Advices
- ✓ Share SALES – Purchase/Sale Contracts
- ✓ EMPLOYEE Share Schemes – Statements from your Employer
- ✓ BUSINESS INCOME – Partnerships or Sole Trader Operations (please discuss with us)

DEDUCTIONS

- ✓ WORK-RELATED CAR EXPENSES - See Next Page for Explanations
- ✓ WORK-RELATED TRAVEL EXPENSES - See Next Page for Explanations
- ✓ UNIFORMS/PROTECTIVE CLOTHING – For Provided Uniforms or Protective Clothing – Laundry/Cleaning
- ✓ UNION FEES / PROFESSIONAL SUBSCRIPTIONS
- ✓ WORK-RELATED EDUCATION – Courses Studied/Attended , How Connected, Related Costs
- ✓ OTHER WORK-RELATED EXPENSES
 - Tools, Consumables, Stationery (Diary), Computer Usage / Expenses
 - Trade Licences (Not Driver's Licences)
 - Home Office Costs, Phone/Internet Use
- ✓ DONATIONS – Registered Charities / Receipts
- ✓ INCOME PROTECTION INSURANCE – Salary Replacement Costs Only (Not TPD/Trauma)
- ✓ PERSONAL SUPER CONTRIBUTIONS – inc Super Fund Statements Including Contributions for SPOUSE

OTHER INFORMATION

- ✓ PROOF OF IDENTITY DOCUMENTS (Driver's Licence or Passport) - NEW CLIENTS ONLY
- ✓ PRIOR YEAR Tax Return(s) - NEW CLIENTS ONLY
- ✓ SPOUSE DETAILS – MARRIAGE DATE
- ✓ HEALTH INSURANCE STATEMENTS
- ✓ MEDICAL EXPENSES – ONLY If you claimed Offset in 2013
- ✓ CHILD SUPPORT PAID BY YOU
- ✓ DETAILS OF HECS/HELP Debt

WORK RELATED EXPENSES

WORK RELATED EXPENSES - DEDUCTIBILITY

To be deductible, the expense must be incurred in gaining or producing assessable income ie. There must be a direct connection between the expense and your income earning activities. To make a claim for the 2013/2014 year you must have incurred the expense after 30/6/2013 and before 1/7/2014. E.g. an expense incurred on 25 June 2014 and paid for on 25 July 2014 is deductible in the 2013/2014 tax year.

Expenses will not be deductible if they are not incurred in gaining or producing assessable income. The ATO have issued rulings specifying that they consider certain items to be non-deductible even if they are work related. Whether or not the Courts will endorse all these rulings is a matter of doubt.

Some of the items considered **not deductible** by the ATO for most employees are: shoes and hosiery (unless part of a distinctive compulsory uniform), grooming, clocks and watches, most travel to and from work, daily newspapers, English language courses etc. Reasonable overtime meal allowances are not taxable to the employee and are not usually shown on the group certificate.

WORK RELATED EXPENSES – SUBSTANTIATION

If your total claims for work-related expenses are more than \$300 you must keep receipts to prove your claims.

If the total of your claims is \$300 or less you do not need to keep receipts but you must have spent the money to earn your income. You should keep a diary of your expenses and a record of how you worked out your claims.

For work-related expenses, the records you must keep are receipts, invoices or similar documentary evidence except where a diary is sufficient. A diary may be used to prove your claims for expenses that are not more than \$10 each and add up to no more than \$200 or for which it was unreasonable to expect to get a receipt.

Special substantiation rules apply to claims for car expenses and travel expenses. The diary must show the name of the supplier and the date, amount and nature of the expenditure. Please call if you have any questions.

CAR EXPENSES

If you used your car for **work related travel** you may be able to claim for car expenses using either:
Under 5000km: CENTS/KM **Over 5000kms:** LOG BOOK METHOD (%), 1/3rd Expenses, 12% Cost of Vehicle

For each year you need:

- the **MAKE, MODEL, ENGINE CAPACITY, REGO & OWNER** of the car
- odometer readings for the **START** and **END** of the period being claimed (Tax Year)
- receipts or other documents showing **FUEL & OIL expenses**, or a reasonable estimate based on odometer readings
- receipts or other documents showing **OTHER expenses** for your car – for example, registration, insurance, lease payments, services, tyres, repairs, interest charges.
- **IF LOG BOOK METHOD** - business usage percentage based on your logbook
- **Explanation of how you used your car, what sort of travel involved.**
Generally NOT Between Home and Work place – some exceptions Bulky Tools and No Storage, Travel to Clients, Suppliers

Each logbook you keep must contain the following information:

- when the logbook period begins and ends
- the car's odometer readings at the start and end of the logbook period
- the total number of kilometres the car travelled during the logbook period
- the number of kilometres travelled for work activities based on journeys recorded in the logbook - if you made two or more journeys in a row on the same day, you can record them as a single journey
- the business use percentage for the logbook period.

Entries in the logbook for each business trip must be made at the end of the journey (or as soon as possible afterwards) and show the:

- date the journey began and ended
- odometer readings at the start and end of the journey
- kilometres travelled on the journey
- reason for the journey.

Excel spreadsheets or GPS Logs from Iphone/Android Apps are also acceptable.

Each logbook you keep is **valid for five years**, but you may start a new log book at any time.

Log book must be recorded for at least 12 weeks every 5 years for each car claimed but can be transferred to a new / replacement car if changed.

TRAVEL EXPENSES

• Claims to Travel Against Allowance Received

In order to POSSIBLY claim travel expenses against an allowance the allowance MUST BE SHOWN ON YOUR PAYG SUMMARY and needs to be included as income. Receipt of an allowance DOES NOT **entitle** you to a claim.

Travel needs to be in the course of performing your employment duties and must be Sleep Away from home overnight. Transport of bulky equipment where there is no adequate storage provided by your employer at your work place may also justify claims for work related car expenses

LOG BOOK METHOD

If this is the first year you have used the logbook method, you must keep a logbook during the income tax year for at least 12 continuous weeks. If you started to use your car for business purposes less than 12 weeks before the end of the income year, you can continue to keep a logbook into the next year so it covers the required 12 weeks.

If you want to use the logbook method for two or more cars, the logbook for each car must cover the same period. The 12-week period you choose should be representative of the car's business use.

If you use this method to claim **work related car expenses**, you:

- can claim the business use percentage of each car expense, based on your logbook records
- must keep a logbook so you can work out the percentage
- must have written evidence of your fuel and oil costs or odometer records on which your estimates are based
- must have written evidence for all your other expenses.

If you **operate your business as a sole trader or a partnership** that includes at least one individual, you can claim a:

- **full deduction for a business-purpose vehicle** - a truck or van, or a smaller vehicle, such as a ute, wagon or panel van that has been heavily modified for business use, or where private use is restricted to home-to-work travel and very minor other use
- vehicle expense deduction for a vehicle you own, lease or hire under a hire purchase agreement - for an ordinary car, station wagon or four-wheel drive, or for most other vehicles designed to carry less than one tonne or fewer than nine passengers.

SeeL <http://www.vehiclelog.com.au/> (Iphone App for Log Books)

Disclaimer: This information has been extracted from the ATO website and publications and is not intended to apply to all possible situations. Readers should confirm their own understanding of the above by referring to the ATO themselves.

Would a combination of the following items constitute a valid log book for the purposes of calculating FBT on a car using the operating cost method?

1. *A record of travel undertaken over a representative 12 week period, recorded by an electronic device (perhaps using GPS functionality), such as a smart phone app or an electronic device that plugs into the car and records distances travelled; and*
2. *A detailed document recording the details of client visits on each of those days, perhaps in a diary format – for example, a sales representative's record of sales made or not made at each visit*

The definition of 'log book records' is to be found in sub-section 136(1) of the FBTAA. The definition is as follows: "**log book records**, in relation to a car held by a person (in this definition called the **holder**), in relation to a period, means a daily log book or similar document in which, in respect of each business journey:

(a) that is undertaken in the car during the period; and

(b) that the holder, or a person acting on behalf of the holder, chooses to record in the document for the purpose of demonstrating the pattern of use of the car during the period;

an entry setting out particulars of:

(c) the date on which the journey began and the date on which it ended; and

(d) the respective odometer readings of the car at the beginning and end of the journey; and

(e) the number of kilometres travelled by the car in the course of the journey; and

(f) the purpose or purposes of the journey;

is made in the English language at, or as soon as reasonably practicable after, the end of the journey."