



## ***Work Related Expenses: Don't Get Caught At Tax Time***

*The Australian Tax Office (ATO) recently announced a plan to crackdown on work-related tax deductions in a bid to reduce the estimated \$2.5 billion lost each year to dodgy claims. High on the hit list will be false or overstated deductions on cars, travel, clothing, mobile phones, and internet and phone bills.*

If you're confused about what work expenses you can and can't claim and are worried about getting stung at tax time, read on.

### **General rules for work-related expenses**

Each year, you can claim deductions for various expenses you incurred while working. You can only claim a work-related expense if you meet all of the following criteria:

- The expense relates to your job.
- You paid for it out of your pocket.
- You have a receipt or other documentation to prove you paid for it.
- Your employer hasn't reimbursed you for the cost.
- You paid for it in the year for which you're claiming the deduction.
- Also, if the expense you're claiming is for both work and personal use, you can only claim the work portion of the cost.

### **Work-related expenses you can claim**

If you meet the above criteria, here are some of the expenses you may be able to claim.

#### **Vehicle and travel**

- Using your car for work-related travel. It's important to keep a record of when and where you travelled and how you arrived at the final figure to show the ATO if you're audited.
- Work-related travel expenses such as transport, accommodation and meals.

#### **Tools and equipment**

- Tools you need to do your job such as a mobile phone, computer or camera.
- The cost of repairing or insuring these tools and equipment.
- Software you need for work.

#### **Self-education**

- Work-related books, magazines or journals.
- Subscriptions and industry memberships relevant to your line of work.
- Attending a work-related conference, workshop or seminar.

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- Work-related self-education expenses such as short courses and tertiary qualifications provided by a professional association. You can only claim these if they closely relate to your current job and are likely to lead to an increase in your income.
- Other self-education expenses such as computer equipment, textbooks, stationery, internet usage, and travel to-and-from your place of education.

## Clothing and laundry

- The cost of buying and dry-cleaning a uniform that features your company logo or is part of your company's uniform policy.
- Buying clothing specific to your profession such as chef's pants or a nursing uniform.
- Protective clothing or footwear you need to do your job.

## Other expenses

- Income protection insurance.
- Meals and transport when you work overtime.
- Work-related mobile phone and internet use. Remember, if you use your phone for both personal and work use, you'll need to work out the percentage that relates to work and only claim that. And you'll need to keep a record of how you came to that figure.
- Home office expenses such as furniture and equipment, power, phone calls, internet, cleaning, stationery and rent. This can be a tricky area, so it's worth visiting the ATO website or speaking to a tax professional if you work from home.

## Work-related expenses you can't claim

Here are some work-related expenses people often try to claim but which are not allowed.

- Grooming expenses such as hairdressing and makeup
- Child care expenses
- A police check
- A driver's licence – even if you need it for work
- The cost of commuting to and from work
- Vaccinations against diseases
- Relocation costs

## Need more expert tax advice?

*This article provides a general overview of work-related expenses. If you'd like more expert accounting or tax advice, ITP can help. Our friendly and qualified tax accountants can maximise your return and make sure you don't get caught out at tax time. Contact us today to learn more.*

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