



A Quick Guide To Income Tax In Australia

Aside from the changes in your environment, culture and neighbours, moving to a new country also means familiarising yourself with their tax process. Different countries all around the world have different rules for how they go about their taxes, and while they may slightly vary, they all essentially require the same things. Here is a guide to help walk you through our country's tax process.

All About Tax Season

If you're looking to process your personal income tax, one of the first things you may ask is when do you actually need to do so. Australia's financial year runs from July 1st to June 30th and working people can lodge a tax return with the tax office any time between July 1st and October 31st. If you have not yet worked for that year, you'd need to file for a Tax File Number and Non-Lodgement Advice.

Another important question to ask is how much is tax in Australia or how much tax do I pay? It's difficult to give an accurate answer for that, as the amount of tax you pay is dependent on your amount of income. You can consult tax accountants or reliable sources to compute how much you should actually pay. Personal income tax is often paid by your employer by subtracting the amount from your pay.

All employees receive a Payment Summary from their employer that reflects their income, allowances and superannuation payments received. This is important as you would need them to declare your income. You need to supply these summaries (either paper or electronic), along with records of your other sources of income, to the ATO when lodging your tax.

Lodging Tax Returns

There are three ways to lodge your tax return, through an online tax agent, a traditional tax agent in Australia or through the ATO's myTax platform. Online tax agents can vary in their skill and reliability, so it's important to select one that can offer a fast, secure and user-friendly service. Online agents can be relatively cheaper than traditional ones, as they don't have to pay for a commercial space. They don't require appointments as well, so you can do your taxes conveniently.

The myTax platform, on the other hand, allows you to lodge a tax return online. To do so, you'll need to create a myGov account, enter your details into the platform and lodge directly yourself. While there's no fee for this service, you won't be able to have your details checked before submitting.

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Making an appointment with a tax agent ensures that all your details and supporting documents are checked properly. This helps reduce the chances of having to re-file your tax returns because of a missed detail. Lodging your tax return directly can be quite complicated, even for non-first timers, easy to miss out on deductions or leave out things to declare when doing it alone, and while traditional tax agents charge a fee for their service, they can give you the peace of mind that you are less likely to have any issues with the ATO.

Tax Deductions and Tax Refunds

After you've lodged your tax return, there are some cases when you may have overpaid tax and when this happens the ATO will refund you the excess amount. Since the ATO will pay your excess funds directly into your Australian bank account, it's crucial that you enter your bank account details correctly. It's very difficult, even impossible, to recoup funds that have been transferred to the wrong bank account. If all your details are correct, you can expect to receive your tax refund within 10-14 days. A refund may take longer during very busy periods or if the ATO flags your tax return. If you are worried about your tax return, you can ask your agent to check its status but keep in mind that the ATO won't accept any queries until 30 days after it was lodged.

Aside from recording your income, tax returns can also be used to claim deductions on certain expenses that you have incurred within the year. These can reduce your taxable income and is one of the main reasons why you get tax refunds. Not all expenses, however, can be claimed. The most common ones are those related to the money you spent on work such as purchasing uniforms or paying for travelling that has not been reimbursed by your employer. It's important to claim only what you are entitled to. If you are unsure of what you can and cannot claim, you can ask your tax agent or personal tax consultant.

With the right guidance, you will find that filing your taxes, although quite troublesome, is actually simple. ITP The Income Tax Professionals' team of expert tax accountants in Australia aims to help people maximise their tax returns. If you're moving to Australia, drop by our nearest office today and we'll help you get started!

ITP The Income Tax Professionals are more than tax agents. They have been helping Australian individuals and businesses with their business accounting and advice for 50 years and offer a wealth of knowledge. Speak to a Professional today and see how your business can be more profitable.



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