



## Top 7 Tax Deduction Write Offs for Hairdressers

*Tax time. It could be a veritable bonanza – if you know what to claim. On average, Australians are missing out on an average of \$426 worth of tax deductions each year! Hairdressers are no different.*

### What Can a Hairdresser Claim on Tax?

Hairdressers can either work as employees or run their own business as a sole trader, partnership or a company. There are certain expenses and write offs for all types of businesses, but there are tax deductions that are common among all of them for hairdressers.

The ATO have three golden rules for claiming tax deductions:

1. You must have already spent the money
2. The expense must be directly work related. There are limits on what you can claim if you use your tools for personal use as well as work
3. You must be able to back up your claims with receipts and bank statements as evidence of your expense

### Common Hair Stylist Tax Write-Offs

If expensing all sorts of things sounds interesting to you (and it should!) the next question is: what can a hairdresser claim on tax?

#### 1. Car mileage

Car expenses like petrol, repairs and maintenance, and even the very purchase of your car can be seen as legitimate expenses for just about any self-employed person, including an independent hairdresser, however care must be taken to only claim the work-related travel.

You are eligible to claim your car expenses in two ways:

- Use a log book to track your travel over a three month period and average your costs throughout the year
- Use the cents per kilometre method to claim 62 cents per kilometre up to a maximum of 5,000 kilometres

You can't claim your car travel between home and work as that's considered private travel, but if you travel between clients or different salons on a particular day then you're generally good to go.

#### 2. Travel

You can claim a deduction for travel expenses if you are required to travel away from your home overnight in the course of performing your employment duties. This could include meals, accommodation, fares and incidental expenses that you incur.

You can't claim a deduction if the travel is paid for, or you are reimbursed by your employer or another person.

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Receiving a travel allowance from your employer doesn't mean you can automatically claim a deduction. You'll still need to show that you were away overnight, you spent the money yourself, and the travel was directly related to earning your employment income.

## 3. Training

As a hairdresser, your skills have to be sharp. You can claim extra training as long as it's directly related to your job and you derive an income from it. Course fees, union fees, stationery, text books and internet usage among other things can be claimed.

As well as your training, any magazines, journals, licenses, insurances or association fees are eligible claims!

## 4. Tools and supplies

When it comes to tax deductions for self-employed hair stylists, tools and supplies may be the easiest, and most common of all. These can include things from scissors, hair products, blow dryers, and smocks, to sinks, mirrors, and styling chairs, repairs and maintenance. Just make sure to keep your receipts, in case you get audited and only claim the work-related costs. If you use any tools for personal use, then you can't claim.

If you've outlaid costs for your business, you can instantly write off up to \$30,000 per item of capital, including furniture. Interest paid on expenses is claimable too.

## 5. Clothing

Some salons expect a certain look for their stylists. A uniform with a logo that you have outlaid costs for and haven't been reimbursed, are tax deductible.

You can claim a deduction for the cost of buying, hiring, mending or cleaning certain uniforms that are unique and distinctive to your job. You can also claim a deduction for protective clothing that your employer wants you to wear – for example, face masks and gloves.

However, you can't claim personal clothing you might opt to wear to work. Those cute jeans and heels? That's your private cost.

## 6. Office expenses

In general, many things related to running your office can serve as tax write deductions. In addition to your rent if you lease a space, these may include your internet connection, electricity, water, a cleaning service, and perhaps even a paint job every now and then.

## 7. Retirement plan

You may be young or new to the field, but rest-assured it's never too early to plan for the future. In fact, opting to salary sacrifice into your super is another one of the great tax deductions for hairdressers. Your contributions may be taxed at a much lower rate, which makes saving faster.

It's not just handy to save for retirement. If you're young and looking to buy your first home, you can use it to save up for your first home faster using the First Home Super Saver Scheme (FHSS). It's one of the biggest win-win situations out there.

Saving for your first home? Read our tips here ([link to FHSS blog](#))

There are great tax savings to be made each year – if you know them. If you prefer to concentrate on hair, it will be worth hiring a tax agent to help you. Their help is invaluable at tax time and also throughout the year. Not only will they keep your books in shape, they'll guide you with tips you otherwise might be missing out on. As a hair stylist or even business owner, you'll certainly want to be earning and saving as much as you can.

ITP The Income Tax Professionals have over 240 offices throughout Australia, and help over 300,000 individuals with their tax each year. Not only that, they're also experts at bookkeeping and keeping your business finances in order.

*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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