



## *Common myths about work expense tax deductions in Australia*

It's a creative world out there, and there's a time and a place to explore your creativity. Paint a picture. Enrol in a pottery class. Take a dance class, but the Australian Taxation Office (ATO) draws the line at creative writing tax claims.

What are the most common tax deduction myths?

**Myth:** *Certain claims are just 'automatic'. The ATO lets everyone claim \$150 for clothing and laundry, 5000 km under the cents per kilometre method for car expenses, or \$300 for work-related expenses, even if they didn't spend the money. It's a given.*

**Fact:** The ATO doesn't have 'automatic' or 'standard deductions'. While you don't need receipts for \$300 for work-related expenses, \$150 for laundry expenses (this is for laundry expenses only and does not include the clothing expenses) or if you are claiming 5,000 km or less for car expenses under the cents per kilometre method, the actual expense must have been incurred and you must be able to explain how you incurred the expense and how it relates to your income.

**Myth:** *I can just use my bank or credit card statement, I don't need a receipt*

**Fact:** The ATO requires certain facts to show what you spent your money on, how you spent it and who your supplier was. Your receipt will show the relevant information they need to see, while bank statement alone might not contain all of the information required. You don't need to contain drawers filled with paper. You can keep electronic receipts if it is a true and clear representation of the original.

**Myth:** *Sunscreen in makeup? Claimable - because I work outside!*

**Fact:** Sunscreen in cosmetics does not make it tax deductible. The percentage of sunscreen in the product rarely has a high enough rating for it to be considered tax deductible. Cosmetics, even if they do contain a sunscreen element, are considered a personal expense.

**Myth:** *I need to be fit for work so I can claim my gym membership*

**Fact:** There are no occupations where gym memberships are allowed. Some occupations are allowed however, to claim gym classes paid on a pay as you go basis. To be eligible, you would need to work in the Australian Defence Force as a special