



## ***Tax Deductions for Engineers***

***Engineering is a highly technical job which requires precise math and planning. Deducting your expenses from your taxable income is just as precise. The more precise you are, the less overall tax you'll have to pay. Every dollar does count. So what tax claims are Engineers able to make when it comes to tax time. Let's break it down.***

### **Car**

Engineers often travel for work and if you use your personal car for work-related trips, you'll be able to make some tax deductions. There are two methods to make your claim: The log book method and the cents per kilometre method

### **Logbook**

You'll be able to claim expenses on fuel, maintenance, cleaning and parking. The logbook method provides a way to work out the percentage of work-related costs you incur. A percentage of these costs can be claimed on each car. Using your logbook, you'll need to make a note of date, kilometres travelled and the reason for your trip for 12 consecutive weeks. Your expenses will then be averaged out for the year. Only work-related trips need to be noted in your logbook. Your fuel and oil expenses are calculated into the average cost if you use this method. A separate logbook will need to be kept per car and must be in the same time period.

### **Cents per kilometre**

A single rate of 68 cents per kilometre travelled up to 5,000 kilometres per year per car can be claimed for your work-related trips. You'll still need to provide written evidence that the kilometres travelled were for work, such as keeping a travel diary and your receipts.

You'll be able to make work-related deductions if you carry bulky tools for work purposes, if you attend conferences or meetings away from your normal workplace, deliver or collect supplies for work, travel between two places of employment or to an alternate place of work or if you travel to a client's premises. You won't be able to make any claims for your travel between your home and your workplace. The ATO deems that personal time and travel.

### **Travel**

As well as extra work-related trips using your own car, you might have the opportunity to travel for your job and there are a range of deductions you can claim. Travel expenses can include the cost of parking, tolls, taxis and public transport to attend seminars, meetings, or training courses not held at your workplace, as well as larger interstate or international trips. This includes your accommodation.

Keep those meal receipts. When you work overtime, when you travel or if you have to stay away from home overnight, you can claim your meals – but only if you haven't received an allowance from your employer. If you've received an allowance, this can be claimed as a bulk sum provided it is shown on your income statement. Remember the golden rule so you can make these types of claims: Keep your receipts!

Pro tax tip: You can keep your receipts electronically provided that it is a true and clear reproduction of the original.

## Clothing

High-vis, clearly branded work gear, safety clothing and goggles, boots, gloves. Need sunscreen for your job? Claimable. The claims you can make include the cost of cleaning and repairs to your uniform

## Phone

If you're on-site, chances are you'll need to make a phone call. Most people don't receive a work phone and have to use their own private phone. Whether you need to talk to your manager, your fellow workers or a client, make a note of your call. You'll be able to claim that as a work-related expense.

## Internet

Engineers don't necessarily stop working when they come home. You might have a tight deadline or you might need to do some more research for a particular project. If you use your computer at home, you'll be able to claim a percentage of your internet costs.

Use a home office? You might be able to claim your work-related costs. This includes stationery, internet, electricity, heating, cooling, lighting, equipment, repairs and cleaning of your office equipment.

## Education

There are always new things to learn, and you need to be on top of your game when it comes to your career. If you enrol in an educational course that directly

relates to your income, you'll be able to claim the cost of the course, stationery, travel expenses, parking, internet, phone and any tools and equipment you need to take the course.

## Membership

Memberships, subscriptions, trade union fees, machinery licenses as well as work-related books, magazines and journals can be added to your list of tax deductible claims.

## Three golden rules

The ATO has three golden rules when it comes to deducting claims:

1. You must have already incurred the expense - if you haven't spent it, you can't claim it
2. The expense must be work-related - anything of a personal nature or expense can't be claimed against your job. It remains a personal expense.
3. You must be able to prove your claim – keep your receipts! The ATO can ask to see your proof for up to five years after the expense has been claimed.

Everyone can claim a range of different tax deductions. It's not a case of one size fits all and each individual tax return will be different. It's best to speak with a tax professional who knows what you'll be able to claim.

There are a range of benefits when lodging your tax return through a professional, which extend beyond that of a better tax return and ultimately more money in your pocket. You'll have extra time to lodge your claim, if any amendments need to be made to your tax return, your tax accountant can legally make those changes, and your charges are tax deductible.

Not only can you maximize your claims, you get to claim your expense as a tax deduction.

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*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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