



## ***Tax On Home School Expenses***

COVID-19 has brought many changes to the Australia work force – as well at schools. Although students are slowly returning to school, many parents in Australia opt to home school their children full time rather than send them to school.

Home school can be expensive. From purchasing small items such as stationery and workbooks to big ticket items, such as laptops, tablets, screen to internet and power costs of running the equipment. When it comes to your children’s education, there are no tax breaks. Unfortunately, schooling expenses can’t be claimed as tax deductions.

The ATO has a very clear stance when it comes to tax deductions. Claims can only be made on expenses that directly relate to earning an income, and as children’s schooling doesn’t generate an income, the expense is deemed private and therefore not claimable.

### **Three Golden Rules**

When claiming expenses, the ATO has three golden rules:

1. The expense must be directly related to earning an income
2. You must provide proof of the expense
3. The expense must already have been incurred.

### **Working From Home**

There are a range of expenses that can be claimed if a parent is working from home and generating an income. Running and occupancy expenses can be claimed. The ATO has introduced a new flat rate of 80 cents per business hour to claim running expense (normally 52 cents per business hour), such as heating, cooling, phone and internet as a bulk claim, rather than calculating specific running expenses as normally required.

Multiple people can claim this flat rate, with no nominated working space within the home. This shortcut method will be in place from March 1 – June 30 and will make it easier for people who don’t normally work from home to claim. You’ll need to keep a log book of your work hours as evidence of your claim. Working from home claims prior to March 1 must be claimed using the existing approach.

Claiming either 52 cents per business hour or actual expenses can still be claimed under the usual rules:

- Actual business versus personal use
- Allocated business space within the home
- A logbook of business hours
- A log book must be kept in order to claim running costs as well as being able to depreciate capital items
- Receipts of your expenses must be kept to back up your claims

## Self Education

If you have undertaken study that directly relates to your job, expenses that are not reimbursed from your employers can be claimed. The course must specifically maintain or improve your skills or knowledge you require in your current employment and should result in an increase in your income from your current employment to be eligible.

General expenses that can be claimed include:

- Tuition fees, if paid directly by you
- computer consumables (eg printer cartridges)
- textbooks
- trade, professional or academic journals
- stationery
- home office running costs
- internet usage (excluding connection fees)
- phone calls
- postage student services and amenities fees
- travel costs, including car expenses, between home and the place of education and between your workplace and the place of education
- fees payable on some Higher Education Loan Program (HELP) loans, but not the loan itself
- Car expenses from your home to your place of education and back, or work to your place of education and back.

You may also be eligible to claim depreciation costs on the equipment you've bought for your study. Depreciating assets that cost more than \$300 are usually claimed over the life of the asset (decline in value). However, if you have a depreciating asset that cost \$300 or less – you can get a deduction for the full cost of the asset to the extent that you used it for study in the tax year you bought it.

**Pro Tax Tip:** Keep your receipts in one handy place, or use an app or accounting software package to make sure your records are in good order.

*If you're unsure which method of claiming your expenses will yield the better tax return, ITP Tax Accountants will provide you with tailored advice based on your personal circumstances. ITP have helped Australian individuals and businesses for 50 years. Speak to an ITP Tax Accountant for business and tax advice. The difference could save you thousands.*

*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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