



Top Benefits For Using a Tax Calculator

Do you want to find out how much income should remain in your pocket and how much income tax you'll pay to the Australian Taxation Office (ATO)? Our tax calculator will help work the basics out. Simply enter your gross income (before-tax income) to find out how much tax you'll be required to pay. Compare this to how much tax you've already paid by looking at your income statement. This should give an indication of how much tax you can expect back.

Our tax calculator should only be used for general advice. It doesn't take into account your personal or financial situation, Medicare levies, HECS-HELP repayments, any capital gains tax you may need to pay or any extra tax deductions you'll be able to make.

If you have deductions to claim, a tax agent can help you correctly claim your expenses and increase the amount of tax you'll receive back from the ATO. You'll also be able to claim the tax agent fees!

How is your tax calculated?

The Australian Taxation system uses a progressive tax scale to work out how much taxpayers will have to pay. This is broken down by the amount a taxpayer earns. Australian residents are taxed differently to holiday makers and non-Australian residents.

Resident tax rates 2019 - 20

Taxable Income	Tax On This Income
0 - \$18,200	Nil
\$18,201 - \$37,000	19c for each \$1 over \$18,200
\$37,001 - \$90,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$90,001 - \$180,000	\$20,797 plus 37c for each \$1 over \$90,000
\$180,001 and over	\$54,097 plus 45c for each \$1 over \$180,000

What is taxable income?

Your assessable taxable income is the amount left over after calculating your gross income, less your expenses from earning your income. Assessable income - allowable deductions = taxable income.

Your assessable income may include:

- interest received from bank accounts
- dividends and other income received from investments
- bonuses and overtime received by an employee
- commission a salesperson receives
- rent
- government payments such as the age pension, newstart allowance and youth allowance
- salary and wages

Some income streams, such as some allocated pensions, some government pensions and some education payments are not assessable income. A tax advisor can help you work out your legal calculations.

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What are some common expenses?

It pays to deduct as many expenses as you can. This will reduce your assessable taxable income and reap you a tax bigger return. Be aware though, that incorrectly claiming any expenses will result in fines and penalties from the ATO. As long as your expenses are work-related and have been incurred to earn your income, you'll be able to claim them as tax deductions.

There are many deductions to make. Here are some common tax deductions you may be eligible for:

- **Courses, self education and conferences.** Self-education expenses, such as courses and certificates should directly relate to your profession. You might also be able to claim car and travel expenses, laptops, phone and internet expenses
- **Tools and work-specific clothing.** If you need specific clothing to do your job, or a clearly marked uniform with a logo or company name that you have not been reimbursed for by your employer, you'll be able to claim. This includes tools that tradesmen use, equipment that hairdressers use, special shoes such as steel cap boots
- **Safety items.** Safety items are deemed needed and used for self-protection when doing your job e.g. sunscreen and sunglasses if you are required to work outside
- **Laptops and mobile phones.** You can claim these items if you have used them for work. You'll also be able to claim utility costs to run them, such as internet and electricity. Only claim your work-related portion.

Working from home

If you work from home, you'll be eligible to claim more tax deductions. Only claim the work-related portion, as personal expenses cannot be claimed. Careful calculation is required especially when dividing up work and personal costs when working from home.

- **Cleaning costs.** The expenses incurred from cleaning office space at home.
- **Office furniture.** Purchase, repair and cleaning costs for office furniture and fittings required to do your job at home.
- **Phone bill.** Landline, mobile phone calls and internet related to work matters
- **Utilities.** Electivity, heating, cooling and gas can be claimed
- **Occupancy Expenses.** Such as rent, mortgage, home insurance as long as you have a dedicated office space.

Car and working-from-home expenses can be tricky. A tax agent will help you work out your expenses to maximise your tax return and can save you a lot of time and stress. They'll also offer your tax tips for organising your finances and minimising tax time drama.

Make sure your expenses are accurate and only include the work-related portion. Capital gains tax might be incurred on any capital that has been claimed. A tax agent will help you to ensure you're claiming correctly.

Use a tax agent

A lot of Australian use a tax agent to make sure their claims are accurate. The fee from a tax accountant is 100% tax deductible. A tax agent will know everything you'll be entitled to claim and might even be able to add to your list of tax deductions!

Understanding how much tax you'll need to pay and keeping your expenses up to date and in order will help you budget and keep your finances under control. Speak with an ITP The Income Tax Professional and see how to minimise your tax today.

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.



THE INCOME TAX PROFESSIONALS