



Top Tax Return Questions For The 2020-21 Tax Year

ITP The Income Tax Professionals have been in the business of helping Australian Individuals and Businesses with their taxes for 50 years. Over this time, we've been asked a lot of questions about tax and how to reduce the amount you're obligated to pay.

If you'd like tax advice for your unique situation, phone 1800 367 487 for a no obligation call with one of our friendly Tax Accountants. If not, hopefully you'll find the answer here in our Top Tax FAQ's

- When is the tax deadline?
- Will I be penalised for lodging my tax late?
- What are the tax rates for 2020-21?
- How Do I Lodge My Tax Return?
- How Long Does It Take For My Tax Refund?
- What Tax Deductions Can I Claim?

When is the tax deadline?

In Australia, the tax year is from 1 July until 30 June. You have four months in which to lodge your tax return, from 1 July until the 31 October. If you lodge with a Tax Agent, you'll have some extra time up your sleeve and have until 15 May to lodge your tax return, however you must have booked an appointment before 31 October with a Tax Agent to avoid late fees and penalties.

It's best to lodge your tax return when you have your income statement from your employer/s and other financial details for the financial year completed. Employers have until 15 July to upload your information.

In order to lodge your tax return, you'll need:

- Your current bank account details
- Your income statement or payment summaries from all of your employers
- Any payment from Centrelink you may have received
- Receipts of statement for the work expenses you will be claiming
- Your spouse's income (if applicable)
- Your private health insurance information

Will I be penalised for lodging my tax late?

Fees and penalties may apply if you lodge a late return by the deadline. The ATO will warn you by phone or in writing if you fail to lodge your tax return by the due date. If the ATO sends you a Failure To Lodge (FTL) penalty, they will contact you by phone stating the amount and due date.

The FTL penalty fee is \$222 per 28 days past the deadline date, and the ATO can charge you up to \$1,110 for 113 days or more.

A FTL penalty will automatically be applied to late-lodgement returns, reports and statements and include:

- Activity statements
- Tax returns
- FBT returns
- PAYG withholding annual reports
- Single Touch Payroll STP reports
- Annual GST returns and information reports
- Taxable payment annual reports

What are the tax rates for 2020-21?

The recent budget has brought forward changes to personal income tax rates. The personal income tax rates for 2020-21 for Australian residents for tax purposes are:

Taxable Income	Tax to be paid on this income
0 – \$18,200	Nil
\$18,201 – \$45,000	19 cents for each \$1 over \$18,200
\$45,001 – \$120,000	\$5,092 plus 32.5 cents for each \$1 over \$45,000
\$120,001 – \$180,000	\$29,467 plus 37 cents for each \$1 over \$120,000
\$180,001 and over	\$51,667 plus 45 cents for each \$1 over \$180,000

How Do I Lodge My Tax Return?

There are a few ways to lodge your tax return. This can be done through MyTax, or through using a tax agent. ITP have an online portal where you can lodge your tax return online without an appointment. A tax agent will go over your details, find all of your eligible deductions and lodge your tax return on your behalf to the ATO.

For a more complicated return, it's best to use the services of a tax accountant to help you manage your tax affairs and claim all of your eligible deductions. Some you may not even be aware of.

If you have a business and work as a sole trader, company, partnership or trust, it best to use the services of a tax agent as the rules governing business can complex and often change.

How Long Does It Take For My Tax Refund? (link to <https://itp.com.au/how-long-does-it-take-to-get-a-tax-refund-in-australia/>)

In order to receive your tax refund, you will first have to lodge it with the ATO. A tax accountant does this on your behalf to make sure there are no mistakes on it. Mostly, receiving your tax refund will not take long and will be issued within 12 working days.

There are five stages the ATO will classify your tax refund as it goes through the checking process:

- In progress – processing
- In progress – information pending
- In progress – under review
- In progress – balancing account
- Cancelled
- Issued

If you're worried about your tax returns progress and it's gone past 12 working days, your ITP tax accountant can check for you and will understand if it is held up and what the reasons may be.

You will received your tax refund when the ATO shows an 'issues' status. Paper tax return may take up to ten weeks to be processed, and some may even be longer. Make sure you have provided your up to date bank details so it doesn't slow down payments.

What Tax Deductions Can I Claim?

Tax deductions lower your overall tax bill and are calculated on the total of your taxable earnings before tax has been applied. Generally, you can claim work-related expenses. To be able to claim, you must have already spent the money, be able to prove that you incurred the cost and that the expense relates directly to your income.

If the expense is used for both business and private purposes, then the business portion can only be claimed.

The main categories of expenses are:

- Vehicle and travel expenses
- Clothing, dry-cleaning and laundry expenses
- Home office expenses
- Self-education expenses
- Tool equipment and other assets
- Other work-related deductions

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Most expenses can be claimed in the same year as they were incurred, while some might be subject to depreciation rules and take several years to deduct. Employees are not a tax deduction for businesses.

It's important to remember that everyone's position is unique. The answers above are general in nature and might not accurately describe your situation. It's best to chat with a Tax Accountant to see how you can better arrange your tax affairs and reduce your tax. The difference could save you hundreds, if not thousands.

Phone 1800 367 478 or book online today at www.itp.com.au