SWM Blog

September 2017

What can I claim against my tax?

It's tax time again. What can you claim to reduce your tax?

Deductions you can claim

According to the Australian Taxation Office (ATO) website, there are 3 things you need to claim a work-related deduction:

1. You must have spent the money yourself and weren't reimbursed;
2. It must be directly related to earning your income; and
3. You must have a record to prove it.

The ATO allows you to claim up to $300 for work related expenses without having kept any receipts – but you must have spent the money and it must be related to your employment.

If the expense was for both work and private purposes, you can only claim a deduction for the work-related portion.

If the cost of any item is over $300, it will have to be depreciated (a portion of the cost claimed each year over its effective life).

The importance of a fantastic tax accountant

Many accountants seem to be working for the ATO. Instead of trying to maximise what you claim, they're often too scared of upsetting the ATO rather than fighting to get you the largest legal tax deductions.

Rather than using an accountant who "works for the ATO" – use an accountant who works in your best interest.
At Strategic Wealth Management– we'll help you to claim every last dollar you can, and make sure you. Our team are aware of everything you can and can't claim and what you should do this year to give you a bigger tax refund next year. Our extraordinary accountants are all highly trained specialists at legally reducing your tax – so talk with us today!

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The "tax trap" you need to avoid

Everyone wants to increase their tax refund (or reduce their tax payable). We're here to help you to do this!

Tax saving strategies generally involve you spending money on "something" which creates for you a tax deduction. The "something" you spend your money on could be an expense, an asset, or an investment related payment (like superannuation or prepaid interest on an investment loan).

However – please don't fall into a common trap of spending money just to get a tax deduction. You only save tax based on the marginal tax rate proportion on the amount you spend, NOT the full amount you spend.

For example, if you earn say $85,000 a year, your marginal tax rate (including Medicare levy) is 34.5%. This means any extra dollar you earn will be taxed at 34.5%, and any extra dollar you claim as a deduction will save you 34.5%.

So, if you spend $100 on something that you can claim a deduction for, you will get back $34.50 from the ATO. But it will still cost you $65.50. So only spend money on what you NEED, not just to create extra tax deductions for yourself.

Links to more information about specific deductions

It's our job as your accountants to make the lodgement of your Tax Returns as easy and simple as possible.

We do this every day, so we know all the ins and outs of what to claim to make it easy for you.

If you want to have a look at some of the specific deductions you can claim, here are links to the ATO website (it's actually pretty good for the ATO):

- Clothing, laundry and dry-cleaning expenses
- Gifts and donations
- Home office expenses
- Interest, dividend and other investment income deductions
- Self-education expenses
- Tools, equipment and other equipment
- Vehicle and travel expenses – including travel between work and home
- Other deductions

We're here to help you!

To make an appointment with us to discuss and prepare your 2017 Tax Return , please call us on 02 9580 3353.

General advice disclaimer
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