



# WENDY J. MACDONALD

ACCOUNTANT REGISTERED TAX AGENT

## 2011 TAX SEASON NEWSLETTER 10th EDITION



42 The Parkway, KLEMZIG

Phone 08 8261 9714

Fax 08 8266 2332

email :- [adminmac@chariot.net.au](mailto:adminmac@chariot.net.au) (please note this has changed)

### Changes in the Office

We have changed our email address to [adminmac@chariot.net.au](mailto:adminmac@chariot.net.au) as a large number of emails this year have not been received at the old address.

Please remember that we have a new office address, however our phone numbers and mailing address remain the same.

This year we farewelled Kerrin as she left for Canberra and Jacki as she left for full time studies.

Kayla has joined us and will be running the front office

We look forward to seeing you in the New Year.

Regards

### Budget Changes

Medicare Thresholds for 2011

Individuals	\$18839
Couples	\$31789

The new flood levy of .05% will begin in July on incomes in excess of \$50,000 and will be deducted weekly as part of your PAYG withholding.

The dependant spouse offset will be phased out from July 1st for taxpayers who have a dependant spouse born after 1<sup>st</sup> July 1971.

The Entrepreneurs Tax Offset will be phased out and replaced with a new immediate write off for the first \$5000 on the purchase of a new motor vehicle.

### General Information

The office staff will continue to confirm **Saturday** appointments via SMS. Please provide your mobile telephone number when making your appointment

Should you be unable to make your appointment please call the office as early as you can as we always having a waiting list of clients requesting an earlier time.

Taxpayers with HECS should note that the discount for voluntary payments will be reduced from 10% to 5% on amount in excess of \$500.00

The HECS/HELP repayments threshold for 2011 is \$44,912

## Administration Information

To ensure we are able to complete your tax return at your appointment please remember to bring all of the information on the checklist that is applicable to you.

Once again we will place a hold on completing your tax return until we receive the required information. Once we receive the information your tax return will be completed as soon as possible; however there may be other clients in the queue ahead of you so please be patient.

You will receive your original income tax return which is for your records, PLEASE KEEP THIS SAFE FOR 5 YEARS. Should you require a duplicate an additional \$25.00 + GST will apply.

If you do not have a requirement to lodge an income tax return for the 2011 financial year please notify us in writing as soon as possible so we can lodge the appropriate forms on your behalf.

## Payment of Fees

Our trading terms are on completion of work for individual tax returns and we are happy for you to use our EFTPOS facilities at no additional cost.

All accounts MUST be settled at the time of your appointment or your return will not be lodged the same day – business client accounts are due when the work is returned to us.

## Telephone Enquiries



As in previous years our phone policy has not changed. When we are with clients, or in fact working on a client's file, it is difficult to take phone calls immediately. Please help the front office staff by giving them as much information as possible about your enquiries so they can have details ready for us, and don't forget to leave your number, even if we already have it- it saves time

***Please remember the time I spend with you is your time; therefore the time I spend with another client is their time.***

We will continue to offer a mail returns service for tax return preparation for clients who are unable to attend an appointment, or who prefer this method.

A larger number of clients are using our email service-scanning and email documents to us. We can then prepare the return and email the finished product for signing.

## Fees

Please provide your BSB and bank account details to the front office staff when you arrive for your appointment so the ATO can deposit your refund directly into your account. This saves time and cuts down on the number of staff hours during peak processing times. If we already have your numbers, please check the details.

## Updating Information

Almost all of ATO correspondence is sent to our office on your behalf. If your details aren't kept current, important information may go astray.

Should your address change throughout the year, let our office know so we can keep you informed.

## 2011 APPOINTMENT TIMES

10am till 5.30pm Tuesday

10am till 7:30pm Thursday

7:30am till 5:30pm Saturday



Appointments outside these times may be available under certain circumstances.

## Information Checklist

- PAYG summary or Centrelink certificate for you and/or your partner
- Private health fund tax statement, whether you have claimed the rebate or not. **Important: we cannot lodge your return without the statement**
- Log books for your motor vehicle, telephones and home office hours
- Bank interest and dividend advice forms. Managed fund tax statements.
- Receipts for work related deductions including income protection insurance
- Rental property information (ie. Receipts and mortgage statements)
- Travel diaries

## **IMPORTANT**

THIS YEAR WE HAVE SEEN A NUMBER OF LATE LODGEMENT PENALTIES APPLIED TO CLIENTS WHO HAVE RECEIVED WARNINGS FOR BEING LATE IN A PRIOR YEAR.

OUR OUTSTANDING LODGEMENTS ARE AT A RECORD HIGH FOR 2010 SO PLEASE HELP US BY BRINGING YOUR WORK IN EARLIER FOR THE 2011 YEAR.

LODGEMENT PENALTIES STILL APPLY TO LATE RETURNS AND THE LODGEMENT DUE DATE FOR LATE LODGERS IS THE 31<sup>ST</sup> OCTOBER 2011. NO EXTENSIONS WILL BE GRANTED



## 2010 – 2011 INDIVIDUAL TAX RETURN CHECKLIST

Please review the information below and contact our office if you need assistance.

### Tax Rates for 2010-2011

Income Threshold	Tax Payable
0-\$6000	nil
\$6,001-\$37,000	15% on excess over \$6000
\$37,001-\$80,000	\$4650 + 30% on excess over \$37000
\$80,001-\$180,00	\$17550 + 37% on excess over \$80000
\$180,001 and over	\$54500 + 45% on excess over \$180000

**Please note: The Medicare Levy is in addition to these rates**

### Common Work Related Claims Made by Individuals

The following outlines common types of deductible expenses claimed by individual taxpayers, such as employees and rental property owners, plus some strategies that can be adopted to increase deductions for the 2010/2011 income year.

#### 1. Clothing expenses

Purchase or pay for work-related clothing expenses prior to the end of the income year, such as:

- Compulsory, non compulsory and registered, occupational specific and protective clothing;
- Other expenses associated with such work related clothing such as dry cleaning, laundry and repair expenses

#### 2. Self Education Expenses

Consider pre-paying the following self education items before the end of the year:

- Course fees (but not HECS-HELP), student union fees, and tutorial fees.
- Interest on borrowings used to pay for any deductible self education expense

Also bring forward purchases of stationary and text books (i.e. those that are not required to be depreciated)

#### 3. Other work-related expenses

Employees can prepay any of the following expenses prior to 1<sup>st</sup> July 2011.

- Union fees
- Subscriptions to trade and professional or business associations;
- Magazines and newspaper subscriptions
- Seminars and conferences;
- Income protection insurance (excluding death and total/permanent disability).

### Information Required

We will need you to bring some information to assist us in preparing you income tax return. Please check the following and bring along payment summaries, statements, accounts, receipts, etc. To help us prepare the return:

#### Income/receipts

- Payment summaries for salary and wages
- Lump sum and termination payments;
- Government pensions and allowances
- Other pensions and or annuities
- Allowances (e.g. entertainment, car, tools)
- Interest, rent and dividends
- Distributions from partnerships, trusts
- Details of any assets sold that where either used for income earning purposes or which may be caught by capital gains tax.

#### Deductions in addition to those mentioned above

- Award transport claims
- Bridge/road tolls (travelling on business)
- Car parking
- Conventions, conferences and seminars
- Depreciation of library, tools, business equipment, incl. portion of home computer
- Gifts or donations

- Home office running expenses  
A log of hours spent working from home for work purposes
- Interest and dividends deductions
- Ongoing management fees
- Interest on borrowings to acquire shares
- Advice relating to changing investments (but not setting them up)
- Interest on loans to purchase equipment or income earning investments;
- Motor vehicle expenses (business) log book method required
- Overtime meal allowances
- Rental property expenses – including:
  - Advertising
  - Council/water rates
  - Insurance
  - Land tax
  - Interest
  - Legal expenses/management fees
  - Genuine repairs and maintenance
  - Telephone expenses
  - Travelling to inspect property
- Superannuation contributions by sole traders or substantially unsupported taxpayers
- Sun protection items
- Tax agent fees
- Telephone expenses (business)
- Tools of trade



**WENDY J. MACDONALD**

Accountant Registered tax agent

P.O. Box 75, Greenacres, SA, 5086

Phone: (08) 8261 9714

Facsimile: (08) 8266 2332

## Some Important Information for You

### Tax office Targets for 2010 and Work Related Audits

#### A Note on Audit for 2011

The Taxation Office will be conducting more work related audits this year and the following information will give you some idea of where that focus may be.

Once again they are putting added effort into reviewing claims for work related expenses made in returns that are late lodged. (more reason for you to be on time with your work)

They will also focus on the following professions/trades

- Teachers
- Engineers
- Mechanics

Particular areas of focus include car expenses and in particular car log books/ownership of vehicles, travel expenses both domestic and overseas, uniforms, dry cleaning, self education and other work related expenses. Please review the following lists for the validity of your claim



#### Cars

Car expenses may be claimed using any one of the four methods below:

- Log book
- Cents-per-kilometre
- One-third actual expense
- 12% original value

##### Log Book Method

- Log books are required for at least a 13 week period in the first year, and then ever five years or every new car.
- Log books are required for additional cars acquired for which the log book method is used.
- Odometer records are required for the start and end of the period you owned or leased the car.
- Written evidence of all other expenses is required. E.g. Receipts

**Remember that you must provide your car log book and documents proving your ownership of the vehicle with your 2010-2011 tax return if you use the log book method for calculating work related car expenses this year.**

**You are unable to claim for a vehicle you do not own**



##### Cents per kilometre method

(if business use is 5,000km or less your claim is limited to 5,000km)

- The claim is based on a set rate for each business kilometre
- Substantiation records are required
- The number of business kilometres is based on reasonable estimate, but a log book is preferred.

##### 12% of original value method

(Where business use exceeds 5,000km)

- The claim for car expenses is based on 12% of the original value
- The value of the car is subject to luxury car limits.
- Substantiation records are not required
- The number of business kilometres based on reasonable estimation, but a log book is preferred.

##### One-third of actual car expenses method

(Where business use exceeds 5,000km)

- The claim for car expenses is based on one third of each car expense
- Logbook records are not required
- Fuel and oil expenses must be substantiated by written evidence or receipts as well as all other expenses

Before you claim car expenses, you need to ensure that the travel you are claim is work-related travel and is deductible. **You cannot claim the cost of normal trips between home and work as it is private and not deductible even if:**

- You do small tasks while travelling to and from work such as collecting mail
- You travel outside normal employment hour such as shift work
- You are required to be on call
- You live a long distance from your work place, or there is no public transport near your work

#### Self Education

You need to ensure that there is a sufficient connection between these expenses and your work activities at the time the expenses were incurred

You cannot claim a deduction for self-education expenses if the study is:

- To enable you to get employment
- To obtain new employment or
- To open up a new income-earning activity



#### Other Work Related Expense

##### Decline in Value

- You can only claim a deduction for the decline in value of any assets costing more than \$300 that you use in your work-related activities, however you can claim a 100% deduction for the cost of purchasing an item(s) which you acquire to use for your work-related activities, if the cost is \$300 or less

- You must apportion the amount of your claim where an asset has been used in part for private purposes or was not available for use during all of the financial year.

##### Apportionment

- You must apportion expenses, such as mobile phone calls, home telephone class and internet use between business and private use
- You need to keep either itemised accounts and/or a diary to support the basis of apportionment, you need to keep a record for representative period and a reasonable duration (generally four weeks) of the calls made and or time spent on the activity.



##### Home office expenses

- You can only claim occupancy expenses (such as interest on mortgage or rent paid) where your home office is considered a place of business. Refer to Taxation Ruling TR93/30-Deductions for home office expenses for further information about the limited circumstances in which you may claim for occupancy expenses and how to calculate your claim – more information at [www.ato.gov.au](http://www.ato.gov.au)

- Remember if your property was purchased after September 1985, it may become subject to Capital Gains Tax when you sell it

- If you are claiming minor use for your home office, you can calculate your claim by using a fixed rate of 26 cents per hour. You need to keep a record for a representative period and reasonable duration (generally four weeks) of the time spent in your home office on employment activities