

TAX TIPS FOR EMPLOYEES



THE FIELD GROUP - ACCOUNTING
SUITE 10, 1 East Ridge Drive
3116 Chirnside Park
info@fieldgroup.com.au

TABLE OF CONTENTS

CLAIM WORK RELATED DEDUCTIONS	4
CLAIM HOME HOME OFFICE EXPENSES	4
CLAIM SELF-EDUCATION EXPENSES	4
CLAIM DEPRECIATION	5
MAXIMISE MOTOR VEHICLE DEDUCTIONS	5
CLAIM DONATION	6
REPORT INCOME & EXPENSES FROM ANY SIDE HUSTLES	6
CONSIDER SALARY SACRIFICE ARRANGEMENTS	6
SUPERANNUATION CONTRIBUTION LIMITS	7
CONSIDER THE SUPER CO-CONTRIBUTION	7
CLAIM A DEDUCTION FOR YOUR SUPERANNUATION CONTRIBUTIONS	8
CHECK OUT THE SUPER CHANGES FROM 1 JULY 2019	8
CONSOLIDATE YOUR SUPER	9
FIRST HOME SUPER SAVER SCHEME	9
MAXIMUSE TAX OFFSETS	10
BEWARE OF BIG PROMISES AND VERY LOW FEES	11

INTRODUCTION

Do you know the tax deductions and offsets for which you might be eligible this financial year?

The following tips may help you to legitimately reduce your tax liability in your 2018-19 return. With so much information being pre-filled into your tax return this year, it's best to wait until all the data is finalised before lodging.

For example, check that your income statement from your employer says 'tax ready' and your private health insurance statement is available before visiting your tax agent. Otherwise, you're potentially lodging your return with unfinalised data and due to this you may need to amend your tax return and pay additional tax.

Just remember that for an expense to qualify:

- you must have spent the money yourself
- it must be directly related to earning your income
- it must not have been reimbursed
- you must have the relevant records to prove it.

The ATO has been given additional funding to close the \$8.7 billion individuals tax gap and part of its focus is on employee claims. The ATO will also receive the details of your work-related deductions data from your tax return, whether lodged through an agent or by yourself.

If you've used the myDeductions tool in the ATO app, you can email your data or upload it to prefill your tax return. If you use a tax agent, they can access your uploaded data through their practice management software.

Notes

CLAIM **WORK-RELATED DEDUCTIONS**

Claiming all work-related deduction entitlements may save considerable income tax. Typical work-related expenses include employment-related mobile phone, internet usage, computer repairs, union fees and professional subscriptions that the employee paid themselves and for which they were not reimbursed.

Be aware that the ATO has received a large boost in funding that enables a stronger focus on ensuring taxpayers claim only the work-related expenses to which they are entitled.

Some of this additional funding will go to improving the checking of claims in real time, additional audits and prosecutions.

CLAIM **HOME OFFICE EXPENSES**

When you are an employee who regularly works from home and part of your home has been set aside primarily or exclusively for the purpose of work, a home office deduction may be allowable. Typical home office costs include heating, cooling, lighting and office equipment depreciation.

To claim the deduction, you must have kept a diary of the hours you worked at home for at least four weeks.

Explore [more information](#) on home office expenses or talk to your tax agent.

CLAIM **SELF-EDUCATION EXPENSES**

Self-education expenses can be claimed provided the study is directly related to either maintaining or improving current occupational skills or is likely to increase income from your current employment. If you obtain new qualifications in a different field through study, the expenses incurred are not tax deductible.

Typical self-education expenses include course fees, textbooks, stationery, student union fees and the depreciation of assets such as computers, tablets and printers.

Higher Education Loan Program (HELP) repayments are not deductible. You must also dis-

CLAIM **DEPRECIATION**

Immediate deductions can be claimed for assets that cost under \$300 to the extent the asset is used to generate income. Such assets may include tools for tradespeople, calculators, briefcases, computer equipment and technical books purchased by an employee, or minor items of plant purchased by a landlord.

Assets costing \$300 or more that are used for an income producing purpose can be written off over a period of time as a tax deduction.

The amount of the deduction is generally determined by the asset's value, its effective life and the extent to which you use it for income-producing purposes.

MAXIMISE **MOTOR VEHICLE DEDUCTIONS**

If you use your motor vehicle for work-related travel, there are two choices of how you can claim.

If the annual travel claim does not exceed 5000 kilometres, you can claim a deduction for your vehicle expenses on the cents-per-kilometre basis. This figure includes all your vehicle running expenses, including depreciation.

The allowable rate for such claims changes annually; this year's rate can be obtained from the ATO or your tax agent.

You do not need written evidence to show how many kilometres you have travelled, but the ATO and therefore your tax agent may ask you to show how you worked out your business kilometres. The ATO has flagged concerns that taxpayers are automatically claiming the 5000-kilometre limit regardless of the actual amount travelled.

If your business travel exceeds 5000 kilometres, you must use the log book method to claim a deduction for your total car-running expenses.

You can contact your tax agent to clarify what constitutes work-related travel and which of the above methods can be applied to maximise your tax position.

CLAIM **DONATIONS**

The ATO will pre-fill your tax return with the gifts and donations information they have received. Make sure to add in any donations not included where the receipt shows your donation is tax deductible.

If you made donations to an approved organisation through workplace-giving, you still need to record the total amount of your donations at this item.

Your payment summary, or other written statement from your employer showing the donated amount, is sufficient evidence to support your claim. You do not need to have a receipt.

REPORT **INCOME AND EXPENSES FROM THE GIG ECONOMY AND ANY SIDE HUSTLES**

If you drive people around, do odd jobs, rent out your possessions, run social media accounts or sell products, your income from such activity may be assessable and your expenses deductible. This can include barter and cryptocurrency payments as well.

The ATO is receiving data from a range of websites including AirTasker, Uber, AirBnB and eBay which is matched against tax returns. Make sure you keep records and report correctly.

For some activities such as online selling, you'll need to first determine whether you are in business. View more information or talk to your tax agent.

CONSIDER **SALARY SACRIFICE ARRANGEMENTS**

You may wish to review your remuneration arrangements with your employer and forego future gross salary in return for receiving exempt or concessional fringe benefits and/or making additional superannuation contributions under a valid salary sacrifice arrangement.

You should consult a licensed CPA Australia financial planner to consider the merits of exploring these options.

SUPERANNUATION **CONTRIBUTION LIMITS**

Watch your superannuation contribution limits. You may wish to consider maximising your concessional or non-concessional contributions before the end of the financial year, but keep in mind the contribution caps were reduced from 1 July 2017.

The concessional contribution cap for the 2018-19 financial year is \$25,000. Concessional contributions include any contributions made by your employer, salary sacrificed amounts and personal contributions claimed as a tax deduction by self-employed or substantially self-employed persons.

If you're making extra contributions to your super, and breach the concessional cap, the excess contributions over the cap will be taxed at your marginal tax rate, although you can have the excess contribution refunded from your super fund.

Similarly, the annual non-concessional (post-tax) contributions cap is only \$100,000 and the three-year bring forward provision is \$300,000. Individuals with a balance of \$1.6 million or more are no longer eligible to make non-concessional contributions.

High-income earners are also reminded that the contributions tax on concessional contributions is effectively doubled from the normal 15 per cent rate to 30 per cent if their combined income plus concessional contributions exceeds \$250,000.

Importantly, don't leave it until 30 June to make your contributions as your super fund may not receive the contribution in time and it will count towards next year's contribution caps,

CONSIDER **THE SUPERANNUATION CO-CONTRIBUTION**

An individual likely to earn less than \$52,697 in the 2018-19 tax year should consider making after-tax contributions to their superannuation to qualify for the superannuation co-contribution if their circumstances permit.

The Government will match after-tax contributions fifty cents for each dollar contributed up to a maximum of \$500 for a person earning up to \$37,697. The maximum then gradually reduces for every dollar of total income over \$37,697 reducing to nil at \$52,697.

CLAIM **A TAX DEDUCTION FOR YOUR SUPERANNUATION CONTRIBUTIONS**

Claiming a tax deduction for personal superannuation contributions is no longer restricted to the self-employed. The rules changed on 1 July 2017 and anyone under the age of 75 will be able to claim contributions made from their after-tax income to a complying superannuation fund as fully tax deductible in the 2018-19 tax year.

Any contributions you claim a deduction on will count towards your concessional contribution cap. Such a deduction cannot increase or create a tax loss to be carried forward.

If you're aged 65 or over, you will have to satisfy the work test to contribute and if you're under 18 at 30 June you can only claim the deduction if you earned income as an employee or business owner. Other eligibility criteria apply.

To claim the deduction, you will first need to lodge a notice of intent to claim or vary a deduction for personal contributions form with your superannuation fund by the earlier of the day you lodge your tax return or the end of the following income year.

CHECK **OUT THE SUPER CHANGES COMING IN FROM 1 JULY 2019**

From 1 July 2019, there are changes to superannuation.

No super fund will be able to charge more than 3 per cent on balances below \$6000 and exit fees will also be removed if you choose to move your money into a new fund.

Insurance will be provided on an opt-in basis for members with balances below \$6000 or who are under 25 or who have not touched their account for 16 months. If this applies to you, you'll need to contact your fund by Sunday 30 June if you wish to keep insurance.

CONSOLIDATE **YOUR SUPER**

For most employees, it makes a lot of sense to have your entire super in one place. You'll reduce the amount of fees you're paying, only receive one lot of paperwork and only have to keep track of one fund.

Consider consolidating the super funds you do have into one fund. Compare your funds to work out which best suits your needs. Important things to look at are fees and charges, the investment options available and life insurance cover.

In particular, if you have insurance cover in a fund check you can transfer or replace it in the new fund so you don't end up losing the benefit altogether. You can look at past investment performance as well, but remember it is no guarantee of how the fund will perform in the future.

Once you've chosen the fund you want to keep, contact them and they can help transfer the money from your other super funds.

Superannuation providers excluding SMSFs and small APRA funds will report and pay inactive low-balance accounts to the ATO by 31 October 2019.

From November, the ATO will proactively consolidate these unclaimed super monies into eligible active super accounts, if an individual hasn't requested a direct payment or for it to be rolled over to a fund of their choice. You will be notified by the ATO if this has been done.

FIRST **HOME SUPER SAVER SCHEME**

The First Home Super Saver (FHSS) Scheme allows you to save money faster for your first home with the concessional tax treatment of super. You can make additional voluntary salary sacrificed superannuation contributions up to \$15,000 per year (and \$30,000 in total) into your complying superannuation fund which can be withdrawn to help finance a first home deposit.

Compulsory superannuation employer contributions and contributions in respect of defined benefit funds are not eligible for the FHSS scheme. Various other eligibility conditions must be satisfied.

The FHSS scheme is primarily aimed at low to middle income earners – speak to your tax agent for more information.

BEWARE OF BIG PROMISES AND VERY LOW FEES

Like most things in life, you tend to get what you pay for and tax is no different. You should be careful about who you ask to prepare your return to ensure that your tax affairs are reported correctly and that you are able to prove your claims if the ATO ask any questions. If your refund is too good to be true, then you – or your agent – have probably broken the law.

Firstly, [check](#) that your tax agent is registered with the Tax Practitioners Board.

Every tax agent is legally obliged to take reasonable care. This means checking your tax history, ensuring you have documentation such as receipts, and asking questions about your income, expenses and assets. They should provide a tailored service and only include information that you have provided to them.

- Things you should watch out for include agents who:
- offer a very low fixed fee
- promise large refunds
- charge a percentage of your refund as a fee
- spend very little time with you or on your tax return
- don't ask for receipts
- don't ask questions or enter information that you can't substantiate
- ask you to sign blank or incomplete returns, or blank voluntary disclosure forms.

Make sure that you check the tax return in detail before signing. All of your assessable income should have been reported and your deductions correctly recorded. Ensure that you can back up every dollar of the claims.

Remember that ultimately, it's your responsibility as to what gets lodged and you are the one who has to pay the extra tax plus penalties and interest if anything is wrong on your tax return.

MAXIMISE TAX OFFSETS

Tax offsets directly reduce your tax payable and can add up to a sizeable amount. Eligibility for tax offsets generally depends on your income, family circumstances and conditions for particular offsets.

Taxpayers should check their eligibility for tax offsets which include, among others, the low- and middle-income tax offset, senior Australians and pensioners offset and the offset for superannuation contributions on behalf of a low-income spouse.

This document contains general advice only and is prepared without taking into account your particular objectives, financial circumstances and needs. The information provided is not a substitute for legal, tax and financial product advice. Before making any decision based on this information, you should speak to a licensed financial advisor who should assess its relevance to your individual circumstances. While The Field Group believes the information is accurate, no warranty is given as to its accuracy and persons who rely on this information do so at their own risk. The information provided in this bulletin is not considered financial product advice for the purposes of the corporations Act 2001.

OUR SERVICES

POPULAR

SME Business Accounting

POPULAR

Tax Consulting

Audit & Assurance

The Field Group – Accounting has expertise in providing a full range of Audit and Assurance Services including:

- Corporate financial statement audits
- Self Managed Superannuation fund audits
- Not-for-profit organisation audits
- Real estate and Solicitors trust account audits
- Fraud investigations
- Internal control reviews

- Asset protection advice
- Business name registrations
- Business structuring advice
- Preparation of business plans
- Advice and assistance in buying and selling a business
- Business valuations
- Business key data analysis
- Benchmarking
- Business consultancy
- Business succession planning
- Annual or periodical financial statements
- ABN, GST and other Australian Tax Office registrations

Payroll Services

From timesheets to the preparation of pay slips and payment of salaries and superannuation, payroll is a time consuming activity.

Accrual and recording of annual and sick leave is a headache most employers can do without.

The Field Group Accounting processes your payroll on time and accurately. We offer a reliable time saving service that keeps your company compliant with all relevant legislation.

SMSF Administra-

We currently manage approximately 250 SMSF's with our scope limited to :

- Administrative and compliance assistance including preparation of financial statements, tax returns and lodgements
- Facilitating the annual independent audit

Start-up Setup & Advice

If you're in a startup, it can be an exciting time full of creativity and innovation. But while it's great to do something you're passionate, you also need to make a living.

The Field Group accounting has helped thousands of small business get the best start by guiding entrepreneurs and founders with their accounting needs.

From basic tax compliance to complex budgeting & forecasting, we can put the processes in place to keep your start up business running smoothly.

OUR COMPANY



“We exist to help our clients grow, manage and protect their financial position.”

OUR VISION

Our Vision is to be the undisputed first choice financial services group in Melbourne’s outer east providing the highest quality strategic advice and service to our clients.

OUR EXPERTISE

Our expertise in accounting has come from working with large corporations but we’ve found a way to introduce accounting to Small-Medium Enterprises (SME) that turned small into BIG. By specialising in providing our services to SMEs, we are able to offer accessible rates and a growth-oriented approach that is hard to come by in the market.

OUR VALUES



In today’s evolving financial environment, personal and business interests frequently overlap. Taxation and wealth creation used to belong to the world of commerce, but we now see, more than ever, the complexities that exist between our personal and business relationships.

The Field Group’s origins date back to 1951. From those humble beginnings the firm has established a culture of personal service and advice that goes beyond simply preparing a tax return or buying some shares.

We endeavour to build a strong trusting relationship with our clients & aim to help our clients achieve their long-term wealth, business and personal goals.



PROFESSIONAL TEAM

Our experienced and friendly team of small business accounting professionals are ready to help you achieve your personal & business goals. We love to support the local community & help small businesses grow!



ON TIME SERVICE

We understand that time is valuable. With your help we guarantee to perform our work on time and before ATO deadlines. The Field Group provides experienced professional advice and services that you can always rely on.



PASSIONATE WORK

We don’t sit behind computers and throw numbers through the same process each time. We don’t believe in one solution for every small business. Our service is personalised and will help your business experience a one-of-a-kind accounting solution that fits your (and only your) parameters perfectly.