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getting set for tax time 2010

As part of the latest Federal Budget, from 1 July 2012 individual taxpayers will have the option of claiming a \$500 standard work-related tax deduction to help trim the cost of managing our tax affairs. This standard claim will increase to \$1,000 from 1 July 2013. This may replace the traditional shoe box of receipts but as the curtain closes on the current tax year, it's still important to claim everything you're (legitimately) entitled to.

A survey by Bankwest found Australian workers expect an average tax refund of \$2,344 for the current year. That's not a bad windfall, and it's worth a bit of effort to make sure you're not paying more tax than you need to.

An important step in maximising your refund is knowing what you can claim on tax. There is a raft of work-related deductions for a whole range of occupations. Your accountant, registered tax agent or union representative can give you detailed information for your job but there are some handy pointers on the Tax Office website at www.ato.gov.au (click on 'Individuals').

An ongoing source of confusion for many people lies in knowing what a 'work-related' expense is compared to a 'private' expense. A good rule of thumb is that to claim an expense as a tax deduction it must relate to

earning assessable income. So, any expenses incurred in doing volunteer work, where you earn no income wouldn't be deductible.

That said, some costs like childcare or travel to and from work would seem to be work related, yet they cannot be claimed. For clarification in these muddy areas you need to talk to a tax professional or the Tax Office.

If you are claiming a total of \$300 or less in work-related deductions, you must keep a record such as a notebook, of how you worked out each of your claims. If you are claiming more than \$300 worth of deductions, you will need to have records such as receipts or invoices, for each individual deduction.

After spending hours poring over receipts and Tax Packs, the last thing you need is to make a mistake in your tax return. Not only could you delay the process of getting a refund, you could miss out on the full refund you're entitled to, or worse still make yourself a target for an audit, as sloppy or incomplete returns suggest the same approach to your record-keeping and income reporting.

While it may seem like an easy part of your overall tax strategy, do take care in completing your tax return. Be especially mindful to sign and

date the return (thousands don't and it delays your refund). Double check all your numbers, and remember to take a photocopy of the return and note the date it was forwarded on to the Tax Office.

If it all sounds too hard, it may be easier to use a registered tax agent. The plus here is that any fee you pay to have your return completed can be claimed in next year's tax return. Do note though, even if you use a tax agent, it is you, the taxpayer, who is responsible for information contained in the return.

Paul Clitheroe's 'Making Money' for the week beginning 14 June 2010



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