

2010 Individual Tax Return Checklist Tax Saving Strategies Prior to 1 July 2010

Accelerating Tax Claims

The tax rates for the **2010/11** income year are as follows:

Income Threshold	Tax Payable
0 - \$6,000	Nil
\$6,001 - \$37,000	15% on excess over 6,000
\$37,001 - \$80,000	\$4,650 + 30% on excess over \$37,000
\$80,001 - \$180,000	\$17,550 + 37% on excess over 80,000
\$180,001 and over	\$54,550 + 45% on excess over \$180,000

Note: The Medicare levy is in addition to these rates.

As from 1 July 2010 the income tax threshold on which 15% tax is payable will increase from \$35,000 to \$37,000. In addition the tax rate for income over \$80,000 but less than \$180,000 will reduce from 38% to 37%.

This will present an opportunity for taxpayers to reduce tax payable by accelerating deductions in the 2010 income year to take advantage of the reduction in tax rates.

Superannuation Co-contribution

If you earn less than \$61,920 a year, and make personal superannuation contributions, the Government will give you a helping hand with the Super Co-contribution.

If you earn \$31,920 or less a year, the Government will match your personal Super Contributions, up to \$1,000 a year based on \$1 for each \$1 personal contribution.

When you earn more than \$31,920 but less than \$61,920 a year, your Super Co-contribution will be adjusted based on your income and how much you personally contribute.

An eligible person (including self-employed) must have 10% or more assessable income (plus fringe benefits) attributable to carrying on a business or activities as an "employee" for super guarantee purposes.

Please note from 1 July 2009 reportable employer super contributions have been included in the income test for government super co-contribution. Reportable Employer Super Contributions are salary sacrificed contributions or other contributions that your employer makes to your superannuation fund on your behalf that are in addition to the minimum contributions they are required to make by law or an industrial agreement.

Common Work Related Claims Made by Individuals

The following information will outline the most common deductible expenses claimed by individual taxpayers. It also

includes strategies that can be adopted to increase deductions for the 2010 income year.

Clothing Expenses

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

- compulsory, non-compulsory (but registered), occupational specific and protective clothing; and
- other expenses associated with work-related clothing such as dry-cleaning and laundry expenses; and
- outdoor protection clothing such as, hats, sunscreen, sunglasses etc.

Depreciable Plant Costing \$300 or Less

Salary and wage earners and rental property owners will be entitled to an immediate deduction if plant costing \$300 or less is purchased before 1 July 2010. Some purchases you might like to consider include:

- books and trade journals;
- briefcases/luggage or suitcases;
- calculators, electronic organisers;
- software;
- stationery;
- mobile phones; and
- tools of trade.

Self Education Expenses

Purchase or pay for the following self education items before the end of the income year:

- course fees, student union fees, travel and tutorial fees; and
 - interest on borrowings used to pay for any deductible self education expenses.
- Note: HECS-HELP fees are not deductible
- Bring forward stationery and text book purchases (ie. those which are not subject to depreciation).

Other Work Related Expenses

Pre-pay any of the following expenses up to 12 months in advance prior to 1 July 2010:

- union fees;
- subscriptions to trade, professional or business associations;
- magazine and newspaper subscriptions;
- seminars and conferences;
- income protection insurance (excluding death and total/permanent disability);
- travel expenses for work purposes; and
- interest (subject to limitations).

Medical Expenses Over \$1,500-20% Tax Offset

If your medical expenses exceed \$1,500 (for singles / per couple or for a family) over the financial year you are eligible for a 20%

tax offset for the amount exceeding \$1,500.

Medical expenses generally include payments to Doctors, Chemists, Dentists, Optometrists, Chiropractors & Physiotherapists and other medical expenses. Payments to private health funds do not qualify.

Rental Properties

The following is a list of eligible deductions in relation to rental properties and the details that you will need to provide to us when completing your tax returns:

Rental Income:

- Provide details of rent received or all agents statements for the year, showing total rental income received
- Provide details of all other income received such as reimbursements from tenants, etc

Rental Deductions:

- Strata Maintenance/Management Fees
- Bank Charges & Interest on Loans
- Invoices for any repairs & maintenance performed
- Rates & Taxes (council, water, ESL, land tax)
- Invoices for any assets acquired (eg, carpets, blinds, hot water systems, etc)
- Insurance Policies
- Legal expenses/management fees
- Quantity Surveyor Reports (for depreciation claim purposes)
- Interest on loans used to purchase or improve the property
- Advertising expenses
- Telephone expenses
- Travel to:
 - > collect rent
 - > inspect the property
 - > maintain/undertake repairs to the property
 - > prepare property for incoming tenants

Information Required

Listed below is a checklist of items that will assist you, and Brentnalls SA, in the preparation of your tax return.

Income/Receipts

- government pensions and allowances;
- payment summaries for salary and wages;
- lump sum and termination payments;
- other pensions and/or annuities;
- allowances (eg. meal, car, etc.);
- interest, dividends and rent (refer to rental properties);
- distributions from partnerships or trusts including annual tax statements;
- details of any assets sold that were either used for income earning purposes or may be caught for capital gains tax. (provide purchase and sale contracts)

Other Possible Deductions You May Be Entitled to:

- award transport allowance claims;
- bridge/road tolls (travelling on business);
- car parking (when travelling on business);

- conventions, conferences and seminars;
- depreciation of library, tools, business equipment, incl. portion of home computer;
- gifts or donations;
- home office running expenses (percentage):
 - > cleaning
 - > cooling & heating
 - > lighting
 - > telephone;
- interest and dividend deductions:
 - > account keeping fees
 - > ongoing management fees
 - > interest on borrowings to acquire shares
 - > advice relating to changing investments (but not setting them up);
- interest on loans on equipment or income earning investments;
- motor vehicle expenses (business);
- overtime meal allowances;
- property expenses (refer to rental properties)
- superannuation contributions by sole traders/substantially unsupported taxpayers;
- tax agent fees;
- telephone expenses (business); and
- tools of trade.

Education Tax Offset

You may be eligible to claim 50% refund for eligible education expenses up to:

- \$750 for each child undertaking primary studies (maximum refundable offset \$375 per child, per year);
- \$1,500 for each child undertaking secondary studies (maximum refundable tax offset of \$750 per child, per year)

To be eligible for the Education Tax Offset parents must be entitled to Family Tax Benefit Part A for the child undertaking primary or secondary studies for the relevant financial year.

Eligible expenses include laptops, home computers, computer related equipment, textbooks, study guides, computer software for education use.

Please review the information contained in this checklist and contact our office if you require any assistance.

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Disclaimer: The information contained in this checklist neither represents nor is intended to be legal or professional advice. Whilst every care has been taken in its preparation no person should act specifically on the basis of the material contained herein. If expert assistance is required our professional advice should be obtained.

**Refer Disclaimer Issue 55 June 2010*

