

Teachers Checklist

Keep Receipts

By far the biggest tax tip around is to simply keep receipts. The problem is some taxpayers don't think about this other than tax time when it is usually too late. If in doubt keep the receipt anyway. Some examples of claimable items for teachers are; stickers, prizes, sunscreen, sunglasses, sunhats, photos, reference books, stationery, tapes, seminars related to teaching, craft materials, costs associated with a classroom pet, first aid supplies and courses. Union and professional association membership fees are deductible but not the initial joining fees if applicable. Also consider electricity when marking papers at home if you are doing so in a separate room from the rest of the family. This is claimable at a rate of 20 cents per hour and also covers the wear and tear on carpets, paint, furnishings etc in the office. You will need to keep a diary for 1 month to substantiate this. A phone diary may also be worthwhile. STD and mobile calls are easily calculated with reference to the phone bill but local calls are not itemised so you need to keep a phone diary for a month to record the ratio of work related local calls to private local calls. Computer and internet use should also be recorded in a diary for one month to determine the ratio of work related to private use and the phone calls to connect to the internet that are deductible. Newspapers and Magazines are deductible when they are purchased in relation to school work. Though if the newspaper or magazine content is general in nature the ATO will try to argue that the primary purpose of the purchase was for private use and the school related use merely incidental so not deductible.

TR 95/14 is an ATO ruling issued specially for Teachers; this is available on the ATO web site www.ato.gov.au. There is sometimes a fine line between what is deductible and what is not for example, according to TR 95/14 a stopwatch is deductible but a conventional watch with a stopwatch function is not. Prizes for students are deductible but individual gifts to students to meet their education needs because they do not have the appropriate resources are not. So be careful how you package anything you supply to the students. It is best to make resources available for them all to use than to give a disadvantaged child a set of pencils.

Try to keep equipment purchases to under \$300 to qualify for an immediate write off rather than have to depreciate it over its expected life. If your employer reimburses you for a piece of equipment, for example a computer or camera you are not assessable on the money you receive as a reimbursement and you are still entitled to claim a tax deduction for depreciation on this equipment to the extent it is used for work purposes. So both you and your employer claim a tax deduction for the same item. Refer TD 93/145 and our FBT Booklet. If the item your employer reimburses you for is an exempt benefit such as a laptop you still both get the deduction and your employer does not have to pay FBT on the provision of the benefit.

Work Related Travel

It is not normally worthwhile for a Teacher to keep a full log book and receipts unless they are itinerant. Usually a teacher will do less than 5,000 deductible kilometres per year. To claim these the kilometre method can be used which does not require receipts or a log book but simply a detailed reasonable estimate. If the Teacher travels to similar areas each term or month a record of the purpose of each journey and the kilometres travelled in the period multiplied to cover the whole year is a sufficient record. Also keep a record of one off trips. For the 2003 year you will be entitled to 50 cents per kilometre if your car has a cubic capacity of 1.6 litres or less. Over 1.6 litres up to 2.6 litres 60 cents. Over 2.6 litres is 61 cents per kilometre.

If you do over 5,000 kilometres a log book may be beneficial but usually a better claim is available by rotating cars if you have more than one car. For example you are a member of a couple and use you spouses car sometimes. You can claim up to 5,000kms per car under the kilometre method. You must be the owner of the car to claim it under the kilometre method. If the car is only in your spouses name you can make a declaration of joint ownership. If the car is in your parent's name but you pay all the associated costs because it is really your car you are considered the owner of the car.

You cannot claim a deduction for travel between home and your normal school unless you carry bulky equipment. A trip from work to home carrying bulky papers to mark would not be deductible if you take them home as a matter of convenience. That is you could mark them at school but you would prefer to work at home.

TR 95/34 covers a lot of the circumstances where a car can be claimed as a work related expense. Of particular interest to teachers would be paragraphs 23 to 35. This ruling is available on the ATO web site. Tax deductible work related travel falls into the following categories:

Itinerant - In FC of T v Wiener 78 ATC 4006; (1978) 8 ATR 335 a teacher was required to teach at a minimum of four different schools each day, and comply with a strict timetable that kept her on the move throughout each of these days. The court found that she was itinerant and therefore able to claim her travel costs from the moment she left home until she returned home. A minimum of two workplaces in one day will class you as itinerant unless one was your normal workplace. If you first go to your normal workplace you can only claim for travel after you reach there.

Travel After You Have Started Work If you go out from your normal workplace and then return you can claim for that trip but not the trip to and from your home and your normal workplace. Examples of this sort of travel would be meetings at other schools, inspecting sporting fields etc. If you go home, rather than back to your school, after these meetings etc you can also claim the trip home.

Abnormal Workplace - Taxpack at item D1 and MT 2027 paragraphs 32 to 35 discuss claiming travel to an abnormal workplace. It is important to note that you must first have a normal workplace to have an abnormal one. You can claim for travel from home to an abnormal workplace and back home or to another workplace or vice versa. In FC of T v Genys (1987) 17 FCR 495; 87 ATC 4875; (1987) 19 ATR 356 the Federal court made it clear that if you are a relief teacher without a normal workplace you cannot make this claim if you only visit one school for the day. For a teacher with a permanent position the abnormal workplace claim would cover travelling to other schools for meetings, inspecting sports grounds, excursions, etc. even if they spent the whole day there. In other words the travel was merely home to work travel but because they have a normal workplace and this travel is to an abnormal workplace they are entitled to claim home to work travel. If you regularly teach at one school on Monday and Tuesdays and another the rest of the week both these schools would be considered your normal workplace so no abnormal workplace claim is available for either place.

Home as Base of Operations - In case W4 a semi retired University Lecturer was allowed a claim for home to work travel because he did not have an office at the University where he could prepare his Lectures so his home was the base where most of his work was performed. This case is very narrowly interpreted by the ATO.

Bulky Equipment - In case S29 it was accepted by the court that equipment weighting more than 20kg was considered bulky. If there is no safe storage at work you may be able to claim a deduction for taking your equipment to and from school. Relief teachers may be able to have a field day with this one. Safe storage means somewhere you can lock up your belongings that other people do not have a key to. It is not sufficient that you take the equipment home for your own convenience it must be out of necessity. Bulky equipment does not have to be heavy it can just be impossible to transport on public transport, for example a ladder or drum kit.

Transporting Students - Whenever you are transporting students in relation to your work the trip is tax deductible including the leg between their home and yours. This is the case even if you are transporting them to your normal place of work. TR 95/14 gives an example of a coach picking up players on his way to his normal school for a Saturday football match. He is entitled to claim the whole trip from when he leaves home to pick up the students

Work Related Tasks on the Way to or From Work - MT 2027 states that the task cannot be insignificant such as dropping off the mail at the post office. Though if you drop off the mail on the way home you can claim for the distance off the track this takes you. Also refer TD 96/42 and TD 96/43 available on the ATO web site. If you perform a significant work related task on the way home you can claim the whole trip. For example checking the condition and availability of a sports ground on the way to work will make the whole trip deductible.

Casual Teachers - In FC of T v Genys (1987) 17 FCR 495; 87 ATC 4875; (1987) 19 ATR 356 an agency nurse was not permitted to claim the cost of attending a different hospital each day because it was merely home to work travel. She only went to one hospital each day and as she had no normal workplace she could not claim travel to an abnormal workplace. Casual teachers can claim their travel to and from work if they attend more than one school during a day without returning home. The most likely justification a casual teacher will have for claiming home to work travel is the transportation of bulky equipment. For example, if they are only in the school for a day they will need to take teaching supplies with them. It is then a matter of getting these supplies up to the state of "bulky". An example would be a guitar, story books and sports equipment.
If you have salary packaged the car you use for deductible purposes you cannot claim a deduction for these trips in your income tax return because you are not the owner of the vehicle.

Relocation Costs

The cost of relocating your home when you are transferred to a different school is not considered by the ATO as tax deductible even though a taxpayer in case T92 was successful in claiming her relocation expenses. Nevertheless, a simpler method is to salary sacrifice the relocation costs as they are exempt fringe benefits to your employer. This will mean that you will be paying for the relocation out of before tax dollars, which is exactly the same as receiving a tax deduction for that amount. Relocation costs covered under the FBT exemption include:

- Travel, Meals and Accommodation en route including family members
- Temporary Accommodation in the old or new location
- Home sale and purchase costs. For example Stamp Duty, Legal Fees and Commissions.

Make sure your employer pays the actual costs. No exemption is available if you are only given a relocation allowance rather than reimbursement for the actual expenses.

Self Education

To be deductible against your teaching income the course you are doing must be related to your teaching obligations either because it is improving the skills you need in your current job or keeping you up to date. You can also claim for expenses that will qualify you for advancement with your current employer but you cannot claim expenses relating to study that will lead to a job with a different employer. If you quit work to undertake the study or work is simply as a result of your study i.e. prac no deduction will be available.

If you attend a place of education as opposed to a professional membership body that also provides some courses on the side, you can not claim the first \$250 of Text books, stationery, Car expenses under the log book or 1/3 method, Student Union and Course Fees. But there are many ways that you can use up this \$250 without having to reduce your claim. For example;

1. Expenses that you do not have receipts for or are related to the study but not deductible such as child care costs, still reduce the first \$250.
2. The cost of capital items purchased that year reduces the first \$250 as well as qualifying for a depreciation deduction.
3. Car expenses calculated under the kilometer or 12% method reduce the first \$250 as well as being claimable.
4. Refer below for deductible travel in relation to self education. The journeys not covered by this can be utilized to reduce the first \$250. For example travel from the place of education to work.

The following journeys are deductible:

- Home – Place of Education – Home
- Work – Place of Education - Work
- Work – Place of Education – but not the home journey if next
- Home – Place of Education – but not the work journey if next

Uniforms

Some schools have introduced a uniform for teachers in order for them to be able to claim a tax deduction for the clothes they wear to school. To be able to claim a deduction for the purchase and/or laundry of clothing it must fit into one of the following categories:

Compulsory Uniform – A uniform is compulsory if there is a strictly enforced policy compelling you to wear it. To the extent that if you did not turn up to work in it you would be reprimanded or sent home. It needs to be unique and distinctive to your organization. For example have the school's name on it. Once you have met the requirements of a compulsory distinctive uniform other items of clothing can also be claimed if the uniform policy specifies their colour style and type. This extends to shoes, socks and stockings.

Non Compulsory Uniform – If the uniform is not compulsory you will only be able to claim for items of clothing that are part of a registered design. Information on registered designs is available on the Ausindustry web site www.ausindustry.gov.au

Protective – This can be to protect either yourself or the clothes you are wearing underneath.

Occupationally Specific – A graduation gown is about the only thing a teacher could claim here (TR95/14).

Excursions and Social Events

Even though attendance to formals and other social occasions are required as part of teaching duties no deduction is allowable for any admission or meal costs. The key here is whether the activity is entertainment or not. For example the cost of admission to a museum on a school excursion would be deductible.