



BAN TACS OFFICES

QUEENSLAND

Brisbane 1300 911 227
brisbane@bantacs.com.au

Caboolture 07 5497 6777
admin@bantacsningi.com.au

Mackay 07 4951 1848
mackay@bantacs.com.au

Ningi 07 5497 6777
admin@bantacsningi.com.au

Toowoomba 07 4638 2022
toowoomba@bantacs.com.au

NEW SOUTH WALES

Sydney 1300 367 688
sydney@bantacs.com.au

Burwood 1300 367 688
burwood@bantacs.com.au

Crows Nest 1300 790 535
crowsnest@bantacs.com.au

Central Coast 02 4390 8512
centralcoast@bantacs.com.au

SOUTH AUSTRALIA

Adelaide 08 8352 7588
adelaide@bantacs.com.au

VICTORIA

Melbourne 03 9111 5150
melbourne@bantacs.com.au

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This edition of Newsflash helps you make the most of this last month to maximise your 2018 tax deductions. Also make sure you read our 2018 Year End Tax Strategies booklet, see link end of page 2.

ATO Raises The Bar

This year there is a definite move by the ATO to not just require proof of a claim, but to try in every way to undermine the legitimacy of that claim whether it is reasonable or not. It is no longer enough to have a receipt. The ATO then want you to back that up with a bank statement to show you were the one that actually paid the expense. Then they are asking you to prove that your employer did not reimburse you. And yes, you can expect trouble if your spouse bought the item for you. You will need a letter from your employer saying that you did need the item to do your job and that they have not reimbursed you.

As the audit can happen anytime in the next 2 years it would be wise to get the letter now, just in case you leave the job or your supervisor leaves. It is now also important that you pay with a credit or debit card so that you have proof it was you who paid the amount.

Last Chance To Make The Most Of Your Tax Deductions for 2018

The first step, is to keep a diary for one month if you want to claim a deduction for using your home study, home internet, a phone you do not get a detailed statement for, regular trips in your motor vehicle, a computer or laptop that has both private and work use. June is your last chance. To make this as easy as possible for you we have reduced the price of our diary spreadsheet to zero! Just click here <http://www.bantacs.com.au/shop-2/diary-template/> to download and start keeping those records please. We take great joy in claiming nice fat refunds, but they have got to be legitimate.

The free diary covers items like home office, home phone, claiming a car under the 5,000km method, ratio of private to business use of computers and internet. It includes instructions. All these items need a full one month diary so start now!

To claim your mobile phone you also need a full representative month of all your calls appointed between private and work use. So go through the next statement you get and highlight the work calls. If you don't receive detailed statements from your mobile provider work out how to download your recent calls off your phone for the last month. Print them and then write beside each one whether it is private or work related.

Without a log book you can only claim up to 5,000kms per car at 66 cents a kilometre. You are required to have a detailed reasonable estimate of the deductible kilometres travelled. If the journeys are repetitive just keep a one month diary and multiply the kilometres by the relevant number of months (don't forget holidays). For one offs it is better to list each one of them with a date, where and why. If you forgot to set the trip meter www.whereis.com is a great help.

If you want to claim more than 5,000kms you need to base your claim on a percentage of the actual expense incurred which means you need to keep receipts (fuel can be calculated) all year, each year and a log book for 3 months every 5 years to work out the portion that will be tax deductible. It is sufficient to start the log book before the end of the financial year in which you are making the claim. For more detail see further reading below.

Travel Allowances

This is certainly an area the ATO have tightened up on, substantiating work related travel claims especially when you are claiming back more than your employer has paid you as an allowance.

Every year the ATO issue a ruling listing what it considers a reasonable travel allowance. The idea used to be if your employer paid you a travel allowance and you did not claim more than what was reasonable against it then you didn't need to keep receipts for all the expenses you incurred. You needed of course to be able to convince an ATO auditor that you did actually incur expenses around the level of the reasonable travel allowance. We can no longer expect the ATO to be reasonable in this regard. TD 2017/19 makes it clear that they intend to try to find anything they can, to deny your claim. It is now more difficult to claim under the reasonable allowance method than to just keep receipts for all your travel expenses.

For more detail of how the ATO have used their web site and TD 2017/19 to override legislation read our blog, there is a link at the end of this newsletter. By the way they can't override legislation but of course you will need to fight the ATO's unlimited taxpayer funded legal team as they just appeal through the courts when they don't get their way.

So if you are travelling in this last month of the year, please keep receipts for all your meals and incidentals, and if you can't get a receipt write it in your diary, this will at least give you a representative sample. Pay for everything on a credit card and keep the statement. The ATO now want you not just to have a receipt but to also be able to prove it was you who paid for the item! No basis of law here but who can afford to fight them? You will also need to record in that diary the time you departed on the travel, the time you arrived back home and the time you ate each meal. Pretty obvious they just want to set the bar above the records anyone is likely to keep.

At 30th June make sure you get a letter from your employer listing your periods of travel and that it was part of your job. Also stating that you were not reimbursed for your meals, etc and how much allowance you were paid. Don't wait for an audit you may have changed jobs by then.

Employee Truck Drivers

Truck drivers need to also be very concerned about the changing of the wording of the reasonable amounts ruling, more detail in the blog link below. Keep your log books for evidence of your trips, get that letter from your employer verifying what you have been paid in allowances and that you haven't been reimbursed. This month keep receipts for everything as a representative sample. Even when you pay for a shower, yep that is now required, only food is covered under the reasonable amount. Pick up the menus from places you normally stop at so you have examples of the type of expenses you would incur. Next year just keep receipts for everything.

Further Reading:

Blog on Reasonable Allowance Concessions <http://bantacs.com.au/Jblog/reasonable-allowance-concessions-effectively-abolished-by-the-ato/#more-159>

Claiming Cars [http://www.bantacs.com.au/booklets/Claiming A Motor Vehicle Booklet.pdf](http://www.bantacs.com.au/booklets/Claiming_A_Motor_Vehicle_Booklet.pdf)

2018 Year End Tax Strategies

<http://www.bantacs.com.au/booklets/Year%20End%20Tax%20Strategies%20Booklet%202018.pdf>

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