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LEADING ACCOUNTANTS AND BUSINESS ADVISERS

Year-end tax planning insights for individuals

- These days the office no longer exists only at work. Many of us now work from home and there is an array of deductions that may be available to employees that also work from home. Remember to keep receipts for items that have work related use components, such as internet usage, mobile phone and laptops. The ATO also lets you claim for work related use of your home office (eg electricity & gas and depreciation on your office furniture) based on a fixed rate of 45cents per hour.

- The ATO has issued many guides on things that can be claimed for various occupations. For example teachers, police officers, travel agents, nurses, hairdressers and flight attendants. Be sure to search the ATO website for the guide that covers your occupation.

- Frequently travelling to visit clients for work in your own car? Consider keeping a logbook for your motor vehicle usage. The logbook needs to be kept for 12 weeks and should be indicative of your general travel for the year. The logbook lasts for 5 years as long as your work related use does not decrease by more than 10%. The percentage claimable is based on the amount you use your vehicle for work related purposes, so the more you use your vehicle for work, the more you can claim!

- If you are travelling overnight for work, you may be entitled to claim the cost of meals, accommodation and incidentals eg for when going to a work conference.

- Thinking of purchasing an investment such as shares or an investment property? Talk to your accountant about how to structure the investment to help you maximise asset protection and legally minimise tax payable. There are many options and structures available here so seeking specialist advice is a must.

- Have you sold any shares or investments? If you have generated a capital gain, are there any others that you are considering selling that might incur a capital loss? If so, it could be worthwhile selling those also before 30th June so that you can use the capital losses to offset your capital gains.

- If you are negatively gearing a property, consider a PAYG withholding variation. The amount of tax your employer withholds from your salary is set by the ATO, but if you prepare a PAYG withholding variation, the amount of tax withheld from your wage can be reduced to reflect your level of income. This is particularly beneficial to clients that have a negatively geared property as it allows them to receive more of their income throughout the year, rather than a large lump sum at the end of the year. Many taxpayers prefer this approach as it gives them access to their money now, rather than waiting for their tax returns to be lodged.

- If you are saving towards a new house, the Federal Government has recently announced their First Home Super Saver Scheme. This allows employees to salary sacrifice up to $30,000 (but no more than $15,000 per year) of their income into superannuation. The benefit of this is that super contributions are only taxed at 15% whereas if you earn more than $18,200 per year, you are likely being taxed at 19% or higher. There are also concessions available when the money is released to make the proposition more attractive. Please talk to your financial adviser to get the full details on how this scheme works.

- Feeling generous? Deductions made to Deductible Gift Recipients can be used to reduce your taxable income.

- If you are earning more than $90,000 as an individual or $180,000 as a family, you may be charged the Medicare Levy Surcharge. One way to avoid this is to obtain an appropriate Private Health Insurance policy to exempt you from the Medicare Levy Surcharge.

- The amount of concessional (tax deductible) contributions that can be contributed to super is limited to $25,000 for all individuals, regardless of age. Avoid additional tax and administrative fees by making sure you don't exceed this limit. Talk to your accountant or financial planner about how to maximise your Retirement Savings.