DEDUCTIONS(D1-D15)





D1: WORK RELATED CAR EXPENSES

- **Definition**: motor vehicle that carries a load of **less than 1 tonne and fewer than 9 passengers** (including the driver)
- Must **own** or **lease** the car.
- Expenses must be for work related trips.
- Can't claim for trips between your home and place of work but can claim for trips between workplaces or to perform your work duties.
- Private arrangement.(Substance over form)
- **Methods:** 2 methods to calculate

  1/ Cents pe Kilometre Method

  2/ Logbook Method

D1: WORK RELATED CAR EXPENSES

Cents Per Kilometer Method:

- Number of work-related kilometres * **rate per kilometer** for that income year
- 2022–23: use **78 cents** per kilometer
- can claim a **maximum of 5,000** work-related kilometers per car.
- Cover following expenses.

1/ Decline in Value

2/ Registration

3/ Insurance

4/ Maintenance

5/ Repairs

6/ Fuel Costs



D1: WORK RELATED CAR EXPENSES

Logbook Method:

- Keep a logbook that shows your work-related trips for a continuous period of at least 12 weeks (your logbook is valid for up to 5 income years)
- Keep receipts of car expenses such as : registration, insurance, lease payments, services, tyres, repairs, electricity expenses and interest charges.
- can't claim capital costs, such as the purchase price of your car, the principal on any money borrowed to buy it, or improvement costs (for example, adding paint protection or tinted windows).
- Consider that method which is most beneficial for the assesse.



D2: WORK RELATED TRAVEL EXPENSES

- Travel expenses you incur in **performing your work as an employee.**
- 1/ public transport, air travel and taxi fares.

2/ bridge and road tolls, parking fees and short-term car hire.

3/ meal, accommodation and incidental expenses you incur while away overnight for work.

4/ expenses for **motorcycles and vehicles.**

5/ actual expenses, such as petrol, repair and maintenance costs, that you incur to travel in a car that is

owned.



D3: WORK RELATED CLOTHING

- Can claim expenses incurred for

  1/ protective clothing

  2/ uniforms

  3/ occupation-specific clothing

  4/ laundering and dry-cleaning of clothing listed above.

- Limit:

  You must have written evidence for your laundry and dry-cleaning expenses if:

  1/ in the case of laundry expenses, the amount of your claim is greater than $150, and

  2/ your total claim for work-related expenses exceeds $300. The $300 does not include car and meal allowance, award transport payments allowance and travel allowance expenses.

NOTE: can also claim the cost of renting, repairing and cleaning any of the above work-related clothing only.

D4: WORK RELATED SELF EDUCATION EXPENSES

- Can claim deduction if

1/ the course maintained or improved a skill or specific knowledge required for your

then current work activities, or

2/ You could show that the course was leading to, or was likely to lead to, increased income from your then current work activities.

- Exception:

1/ relates only in a general way to your current employment or profession, or

2/ will enable you to get new employment.



D5: OTHER WORK-RELATED EXPENSES

What it includes:

- union fees and subscriptions to trade, business or professional associations
- overtime meal expenses (subject to conditions)
- professional seminars, courses, conferences and workshops
- reference books, technical journals and trade magazines
- the **work-related portion of tools and equipment** and professional libraries(**claim an immediate deduction for an item that cost $300 or less,)**
- the work-related portion of items that protect you from the risk of injury or illness posed by your work or your work environment such as

1/ hard hats, safety glasses and sunscreens

2/ face masks where you are required to wear a mask at work because of COVID-19 etc.

D5: OTHER WORK RELATED EXPENSES

Working From Home Expenses:

- From FY 2023, only 2 methods applicable.

  1/ Revised Fixed rate method

  2/ Actual Cost Method
- Short-cut method is abolished from 01/07/2022
- Revised fixed rate method is 67 cents per work hour and is available from 01/07/2022
- Can also separately claim a deduction for work related use of depreciation assets such as office furniture and computer.
- Requirement for a dedicated home office space has been removed.

D5: OTHER WORK RELATED EXPENSES



- **Additional running expenses** included such as

1/Home and mobile internet or data expenses

2/Mobile and home phone usage expenses

3/Electricity and gas for heating, cooling and lighting

4/Stationery and computer consumable such as printer and ink paper

Change in record keeping requirement

1/**Representative record** for e.g. a 4-week diary of total number of hours worked from home for 2022-23 income year only during 01/07/2022 to 28/02/2023

2/ Record of total number of **actual hours** worked from home for the period 01/03/2023 to 30/06/2023.



D6: LOW VALUE POOL DEDUCTIONS

- **Applicability:**

1/ can claim a deduction for the decline in value of low-cost and low-value assets you used in the course of producing income

- Low-Cost Asset: are depreciating assets that cost **less than $1,000.**
- Low Value Asset: are depreciating assets that are **not low-cost assets but which, on 1 July 2022, had an opening adjustable value of less than $1,000 under the diminishing value method.**
- Do not add any asset in the pool if the same has been in D1 to D5 earlier.

Exceptions:

- assets previously claimed deductions for using the prime cost method
- assets that cost $300 or less for which you can claim an immediate deduction
- assets for which you deduct amounts under the simplified depreciation rules
- horticultural plants
- a portable electronic device (such as a laptop, portable printer etc.

D6: LOW VALUE POOL DEDUCTIONS



work out your low-value pool deduction using a diminishing value rate



A rate of 37.5% is generally applied to the pool balance.

D7: INTEREST DEDUCTIONS



- Can claim expenses you incurred in earning any interest you declared at **item 10**.
- **What it includes:**

1/ bank or other financial institution account-keeping fees for accounts held for investment purposes

2/ management fees and fees for investment advice relating to changes in the mix of your investments

3/ interest you paid on money you borrowed to purchase income-producing investments.

- **Exceptions:**

1/ expenses incurred in earning foreign source interest (show at item 20 or D15 on your tax return)

D8: DIVIDEND DEDUCTIONS

- Can claim expenses you incurred in earning any dividend you declared at **item 11.**
- **What it includes:**

1/ management fees and fees for investment advice relating to changes in the mix of your investments

2/ interest charged on money borrowed to purchase shares or similar investments

3/ costs relating to managing your investments, such as travel and buying specialist investment journals or subscriptions.

- Exceptions:

1/ expenses incurred in earning foreign source interest (show at item 20 or D15 on your tax return)



D9: GIFTS OR DONATIONS

Can claim deduction for

- voluntary gifts of $2 or more made to an approved organisation
- a net contribution of more than $150 to an approved organisation for a fund-raising event
- contributions of $2 or more to

  1/ a registered political party

  2/ an independent candidate in an election for parliament

Can not claim deduction for

- a gift or donation if you received something in return

Note: Always check **ABN lookup for deductible gift recipient status.**



D10: COST OF MANAGING TAX AFFAIRS

What can be claimed:

- managing your tax affairs, including fees paid to a recognized tax adviser
- Interest charges owed by ATO
- amounts ATO charged for underestimating a varied goods and services tax (GST) instalment or pay as you go (PAYG) instalment.

Basis of chargeability:

- purely on cash basis and not on accrual basis.

What can not be claimed:

- cost of tax advice given by a person who is not a recognized tax adviser.
- tax shortfall and other penalties for failing to meet your obligations.

D11: DEDUCTIBLE AMOUNT OF UNDEDUCTED PURCHASE PRICE OF FOREIGN PROPERTY

- UPP is the amount you contributed towards the purchase price of your pension or annuity (your personal contributions).
- Only if you showed income from a foreign annuity or pension at label 20
- That part of your annual pension or annuity income which represents a return to you of your personal contributions is free from tax.
- This tax-free portion is called the deductible amount of the UPP.



D12: PERSONAL SUPERANNUATION CONTRIBUTIONS

What can be claimed:

- Tax deduction for personal super contributions that you made to your super fund from your after-tax income – for example, from your bank account directly to your super fund.
- Acknowledgement for **Notice of intent to claim or vary a deduction for personal super contribution is must**
- personal super contributions that you claim as a deduction will count towards your concessional contributions cap

What can not be claimed:

- superannuation contributions paid by your employer directly to your super fund from your before-tax income such as

  1/ Compulsory super guarantee

  2/ Salary sacrificing super amounts

  3/ Reportable employer super contributions

D12: PERSONAL SUPERANNUATION CONTRIBUTIONS

Limit for concessional contributions:

- From 1 July 2021, the general concessional contributions cap is $27,500 for all individuals regardless of age.
- Taxed at a rate of 15% in superfund.

Carry forward of unused concessional super contributions(Conditions):

- your total super balance at the end of 30 June of the previous financial year is **less than $500,000**
- you made concessional contributions in the financial year **that exceeded your general concessional contributions cap.**
- Unused cap amounts are available for a **maximum of 5 years** and will expire after this

Limit for non-concessional contributions:

- From 1 July 2021, the non-concessional contributions cap is being increased to $110,000.

D15: OTHER DEDUCTIONS

- Anything and everything which has not been claimed in D1-D14 will come here.

What can not be claimed:

- expenses relating to your work as an employee
- expenses relating to income from carrying on a business as a sole trader
- expenses relating to investment planning and advice involving shares, unit trusts
- losses from the disposal of shares or real property that are capital in nature.

THANK YOU

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