

What are the different types of deductions you can claim?

Vehicle and travel expenses

The most important thing to remember when it comes to work related vehicle and travel expenses is that you must keep records. This will make life a lot easier for you come tax time.

If you use your car for work you are entitled to claim the expenses that relate to the cost of using your car to do your job. There are a number of methods you can use to claim the car expenses. You must own the car to claim under any of these methods and the record keeping requirement is detailed for each method.

Travelling to and from work on a daily basis cannot be claimed as this is considered as private travel.

You cannot claim the cost of normal trips between home and work because that travel is private even if:

- You do minor tasks on the way to work, such as picking up the mail
- You travel back to work for a security call out or parent teacher interviews
- You work overtime and no public transport is available to use to get you home

Work related clothing and laundry expenses

Do you need to wear a suit to work? Or perhaps you need to wear a uniform emblazoned with your company's logo? Perhaps you work in a clothes shop and have to come to work wearing clothes bought in that store?

Whatever the case, you have to conform to your employers dress policy so there might be an expectation that you'll be treated the same way by the taxman when it comes to claiming tax deductions for your work clothing. However, this is not the case. In order to claim a deduction for the cost clothing worn to work, the clothing must meet specific criteria.

What clothing can be claimed?

Clothing can only be claimed if it is either:

- Specific to your occupation. For example chef's pants. You cannot claim the cost of purchasing or laundry for clothes that are not specific to your occupation, such as black pants and white collar shirts.
- Clothing or footwear that you wear to protect yourself from illness or injury in the performance of your work duties. For example sun protection can be claimed if you work outdoors.
- Uniform specific clothing. For example, the clothing has your company's logo attached or if it sits inside your employer's enforced uniform policy.

Working from home deductions

If you carry out all or part of your employment activities from home, then some portion of the home office expenses can be claimed as a tax deduction. You do not need to have a room set aside for your home office claim, as there are a few different methods used to claim these expenses, depending on how you work from home and the records you have kept.

As with anything [tax related keeping records for your home office is critical](#). If you work from home you may be entitled to expenses such as computers, phone or any other electronic devices you need for work. You can also deduct running costs for any electricals.

As a general rule you can claim home office equipment such as computers up to \$300 or a decline in value for items costing \$300 or more. You can also claim your phone bill if it is used in part for work related expenses.

Mobile phone use

If you use your own phone for work purposes, you can claim a deduction if you paid for these costs and have records to support your claims. If you use your phone for both work and private use, you will need to work out the percentage that reasonably relates to your work use. You can't double-dip and claim for phone expenses that have been reimbursed by your employer.

To work out your deduction, you need to choose a typical four-week period from some point in the tax year.

If you have a phone plan where you receive an itemised bill, you need to determine your percentage of work use over that 4-week period. You can then apply that to the full year.

You need to calculate the percentage using a reasonable basis.

Professional associations, magazine subscriptions and trade union fees

As a part of your profession, you may be a member of an association – the good news is, you can claim your subscriptions. If you're part of a trade union, your fees are also deductible.

Magazines can make a dent in your return, as can subscriptions to mags associated with your line of work. If you're an investor, financial publications and research services are claimable. Think ahead and prepay next year's fees before June 30 and claim your deduction now.

Gifts and Donations

Gifts or donations can only be claimed if the organisation you donated to has the status of deductible gift recipients (DGRs). There are four key criteria to claim a tax deduction for a gift:

- The gift must be made to a DGRs
- Whatever you are gifting it must truly be a gift
- It must be money or property and includes financial assets
- The gift must comply with any relevant conditions. Some DGRs have different conditions so it is always best to check

The amount that can be claimed depends on the type of gift. For money, it must be \$2 or more. For property the rules vary depending on the type and value.

How much to claim

For gifts of money, you can claim a deduction where the amount of the gift is \$2 or more. For gifts of property, there are different rules, depending on the type of property and its value.

You can claim the deduction in the tax return for the income year in which

the gift is made. In some circumstances you may be able to spread the deduction over a period of up to 5 years. Your receipt – which you will need to substantiate the deduction – should tell you whether or not you can claim a deduction.

If you used the internet or phone to make a donation over \$2, your web receipt or credit card statement can be used to substantiate the deduction. If you donated through third parties, such as banks and retail outlets, the receipt they gave you is also sufficient. If you contributed through 'workplace-giving' your payment summary shows the amount you donated.

Interest and investments

Deductions can be claimed for expenses incurred earning interest, dividends or other types of investment income. For interest income expenses, you can claim account keeping fees for investment purposes. Something to be mindful of though is if you have a joint account, you can only claim your share of the fees.

For shares and dividends you can claim a deduction for interest charged on money borrowed to purchase shares. If the money borrowed was used for both private and income producing purposes you must portion it between each purpose.

Income protection insurance

Insurance premiums that you take out against loss of income can be included in your deductions. But don't make the mistake of incorporating life insurance, critical care insurance or trauma insurance because these are not eligible elements for deduction. Policies paid for out of your superannuation contributions are also not allowed.

Self-education expenses

Self-education expenses can be claimed if your study is directly linked to your work. The course you undertake must lead to a formal qualification that meets the below criteria:

- the course must maintain/improve skills and knowledge required in your current job
- result in or is likely to, an increase in your income

You cannot claim self-education expenses that do not have a significant enough connection to your current employment.

You can claim the following expenses in relation to your self-education:

- accommodation and meals (if away from home overnight)
- computer consumables
- course or tuition fees
- decline in value for depreciating assets (cost exceeds \$300)
- purchase of equipment or technical instruments costing \$300 or less
- equipment repairs
- fares
- home office running costs
- interest
- internet usage (excluding connection fees)
- parking fees (when parking at training venue)
- phone calls
- postage
- stationery
- student union fees
- student services and amenities fees
- textbooks
- trade, professional, or academic journals
- travel to-and-from place of education (only for work-related claims)

If an expense is partly for your self-education and partly for other purposes, you can only claim the amount that relates to your self-education as a deduction.

Tools and equipment

You can claim a deduction for some or all of the cost for tools and equipment you require for work purposes. If the tools are used for both work and private purposes you need to divide what you can claim. The cost of the asset will affect the type of deduction you can claim:

- items that cost \$300 or less and don't form part of a set you can claim an immediate deduction
- items that cost over then \$300 or form part of a set, and the total cost of the set was more than \$300 you can claim a deduction for their decline in value.
- You can also claim the cost of repairing and insuring tools and equipment if need be.

If you are an employee, sole trader or contractor and pay for the cost of COVID-19 tests -polymerase chain reaction (PCR) test or other tests in the Australian Register of Therapeutic Goods, including rapid antigen test (RAT) kits - for a work-related purpose, such as to determine if you can attend or remain at work, you can claim a deduction.

You may be able to claim a deduction for the cost of buying face masks to wear at work if your employment duties require you and other employees to be at your place of work and you need to wear a mask as your duties bring you in close contact with other people including clients, customers and work colleagues. You may also be able to claim a deduction for other items of PPE such as gloves, sanitisers or antibacterial spray if your work duties bring you in close contact with clients or customers or involve you cleaning a premises.

Tax preparation fees and travel to see your accountant

Last year, if you were smart enough to [enlist a tax professional](#) to complete your return, you can claim for that this year. You can also declare your travel costs in getting to and from these consultations.

Always remember to prove your purchase

It is important to remember that anything you spend money on to earn income you can usually claim it, either as an immediate deduction or over time. That said it has to be a legitimate claim. You must be able to prove purchase, use the item at work and the expense is not private or domestic.