

# Checklist of employee claims 2006/07

**This checklist is a guide only. The results may vary depending on individual circumstances.**

A deduction may only be claimed if –

- the expense has been incurred in earning the person's assessable income;
- it is not private (domestic) or capital expenditure; and
- the person holds the relevant written evidence (see 'written evidence' at 6.120).

How much of the expense is allowed as a tax deduction will depend on the extent the expenses are incurred in earning the person's assessable income.

Note: All references mentioned refer to the 2006/07 Tax Summary.

Tax deductible?	Yes	No
<b>Admission fees</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
For lawyers and other professionals. Disallowed as capital cost.		
<b>Airport Lounge membership</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Deductible to the extent used for work related purpose		
<b>Annual practising certificate</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Applies to professional persons and other contractors who must pay an annual fee to practice in their chosen field.		
<b>Bank charges</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Deductions are allowed if account earns interest. Not private transaction fees.		
<b>Bribes to Government officials and foreign Government officials</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Also exclude from the cost base and reduced cost base of CGT assets and cost of depreciating assets.		
<b>Briefcase</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If used for work and/or business purposes the cost is fully deductible if \$300 or less. If more than \$300, it must be depreciated.		
<b>Calculators and electronic organisers</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If used for work and/or business purposes the cost is fully deductible if \$300 or less. If more than \$300, it must be depreciated.		
<b>Car</b> (see 'Travel' and 6.210)		
<b>Child care fees (see 2.120 for tax offset)</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Clothing, uniforms and footwear</b>		
• <b>Protective</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Must be used to protect the person or their conventional clothing.		
• <b>Occupational specific</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The clothing identifies a particular trade, vocation or profession eg. chefs and nurses.		
• <b>Compulsory uniform</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Uniform must be unique and particular to an organisation (eg. corporate uniform).		
• <b>Non-compulsory uniform</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If on a register kept by the Department of Industry, Science and Tourism.		
• <b>Conventional clothing</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
To be allowed, you would need to demonstrate abnormal circumstances.		
<b>Cleaning</b> of promotion clothing and uniform (see 'laundry') . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Club membership fees</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Coaching classes</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Allowed to performing artists to maintain existing skills or obtain related skills.		
<b>Computers and software</b> (see 6.155). . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Software is deductible if it costs less than \$300, otherwise deductible over 2.5 years.		
<b>Conferences, seminars and training courses</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Allowable if courses designed to maintain or increase employee's knowledge, skills or ability.		
<b>Depreciation</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tools, equipment, and plant used for work purposes for each item costing more than \$300. Items costing \$300 or less are deductible outright in the year of acquisition.		
<b>Donations</b> (see 'Gifts')		
<b>Driver's licence</b>		
• <b>Cost of acquiring and renewing</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• <b>Premium paid for endorsement</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<b>Tax deductible?</b>	<b>Yes</b>	<b>No</b>
<b>Dry cleaning</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Allowed if the cost of the clothing is also deductible.		
<b>Election expenses of candidates</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
No limit for Federal, State and Territory. Limit of \$1,000 for Local Government.		
<b>Employment agreements</b>		
• <b>Existing employer</b> (see TR 2000/5) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>New employer</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Fares</b> (see 'Travel expenses')		
<b>Fines</b> (see also 3.660 for deductible penalties) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Imposed by court, or under law of Commonwealth, State, Territory or foreign country (s.26-5).		
<b>First Aid course</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Provided it is directly related to employment or business activities.		
<b>Gaming licence</b> (Hospitality industry) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Gifts of \$2 or more</b> (see from 6.800) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If made to approved 'deductible gift recipient' body or fund. A full list is available at ato.gov.au. Gifts to clients are deductible if employee can demonstrate a direct connection with earning assessable income. Gifts to political parties. From 23 June 2006 this increased to \$1,500 and includes certain independents.		
<b>Glasses and contact lenses</b> (prescribed) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
These would qualify as medical expenses (see from 2.130).		
<b>Glasses and goggles</b> (protective only) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Grooming</b> (but moisturisers are allowed for airline flight attendants) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Home office expenses</b> (see from 6.600)		
• <b>Running expenses</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(For example, heat, light, power and depreciation on depreciating assets.)		
• <b>Occupancy expenses</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(For example, rent, insurance, rates and land tax.) Claims are only deductible to the extent that home or study is used as a place of business.		
<b>Income continuance insurance</b> (see from 6.600) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Allowed only if the proceeds are assessable.		
<b>Interest</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Allowed if money borrowed for work-related purposes or to finance income earning assets. Interest paid on underpayment of tax (eg. general interest charge) is deductible. Fines and administrative penalties are not deductible. Interest on capital protected loans deductible except for non-deductible capital protection component (see 6.960)		
<b>Internet and computer equipment</b> (see 6.155) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Expenses allowed to the extent incurred in deriving individual's work-related income, carrying on a business or earning investment income (eg. share investing).		
<b>Laundry and maintenance</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Allowed if the cost of clothing is allowable (see 'Clothing'). Reasonable claims of up to \$150 do not need to be substantiated.		
<b>Meals</b>		
• <b>Eaten during normal working day</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• <b>Overtime meals (if allowance received under award)</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>Meals acquired when travelling overnight for work-related purpose</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>Meals when travelling (not overnight)</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Medical examination</b> - only if from the referral of a work-related business licence . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Motor vehicle expenses</b> (see 'Transport expenses')		
<b>Newspapers</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Claims may be allowed in limited cases if the publication is directly related to income producing activities.		
<b>Overtime meal expenses</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Only if award overtime meal allowance received.		
<b>Parking fees and tolls</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Includes bridge and road tolls (but not fines) paid while travelling for work-related purposes.		
<b>Photographs</b> (performing arts)		
• <b>Cost of maintaining portfolio</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>Cost of preparing portfolio</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Practising certificate</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Applies to professional employees.		
<b>Prepaid expenditure for tax shelter arrangements</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
They must be spread over the period in which the services are provided (see 8.190)		

Tax deductible?	Yes	No
<b>Prepaid expenses</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Non-business individuals and STS taxpayers claim is fully deductible if services are to be performed in period not exceeding 12 months. All other taxpayers must apportion claim over the period of service (see 8.190).		
<b>Professional association fees</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Professional library</b> (books, cds, videos etc)		
• <b>Established library</b> (depreciation allowed) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>New books</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Full claim if cost \$300 or less (includes a set if total cost is \$300 or less).		
• <b>New books</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Depreciation if cost over \$300 (includes a set if total cost is more than \$300).		
<b>Removal and relocation costs</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If paid by the employer, may be exempt from FBT, but deductible.		
<b>Protective equipment</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Includes harnesses, goggles, safety glasses, breathing masks, helmets, boots. Claims for sunscreens, sunglasses and wet weather gear allowed if used to provide protection from natural environment (see 6.147).		
<b>Repairs</b> (income producing property/or work-related equipment) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Self-education</b>		
• <b>Costs</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Claims for fees, books, travel (see below) and equipment etc. only allowed if there is a direct connection between the course and the person's income earning activities. No claim for the first \$250 if course is undertaken at school or other educational institution and the course confers a qualification. However, that first \$250 can be offset against private expenses, eg. travel, child minding fees, etc. (see 6.700).		
<b>Seminars</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Including conference and training courses if sufficiently connected to work activities.		
<b>Social functions</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Stationery</b> (diaries, log books etc.) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Subscriptions</b>		
• <b>Publications</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If a direct connection between the publication and income earned by the taxpayer.		
• <b>Professional associations</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Maximum of \$42 if no longer gaining assessable income from that profession.		
• <b>Sports clubs</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• <b>Taxpayers Australia membership</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Sun protection</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Claims for sunglasses, hats and sunscreen allowed for taxpayers who work outside (see 6.147).		
<b>Superannuation contributions</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Claims allowed for employees and self-employed persons if their assessable and exempt income from salary or wages is less than 10% of their total assessable income from all sources, plus reportable fringe benefits total (see 6.460 - 13.090).		
<b>Supreme Court library fees</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Applies to barristers and solicitors if paid on annual basis.		
<b>Taxpayers Australia Inc membership subscription</b> (allowed under s.25-5) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Tax agent</b> (deduction can be claimed in the income year the expense is incurred).		
• <b>Fees</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>Travel and accommodation expenses</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If for travel to a tax agent or other recognised tax adviser to obtain tax advice, have returns prepared, be present at audit or object against an assessment.		
• <b>Cost of other incidentals</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If incurred in having tax return prepared, lodging an objection or appeal or defending an audit.		
<b>Technical and professional publications</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Telephones and other telecommunications equipment</b> (see 6.155) (Including mobiles, pagers and beepers.)		
• <b>Cost of telephone calls</b> (related to work purposes) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>Installation or connection</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• <b>Rental charges</b> (if 'on call' or required to use on regular basis. Work related percentage only) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>Silent telephone number</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Tools</b> (work related only)		
• <b>If cost is \$300 or less</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>If cost more than \$300</b> (the amount would be depreciable) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Tax deductible?	Yes	No
<b>Travel expenses</b> Including public transport, motor vehicles and motor cycles, fares, accommodation, meals and incidentals.		
• <b>Travel between home and work</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• where employee has no usual place of employment (eg. travelling salesperson) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• if 'on call' . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• if actually working before leaving home eg. doctor giving instructions over phone from home . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• must transport bulky equipment. . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>Travel from home (which is a place of business) to usual place of employment</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• <b>Travel from home to alternate work place</b> (for work-related purposes) <b>and return to normal work place</b> (or directly home) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>Travel between normal work place and alternate place of employment (or place of business) and return</b> (or directly home) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>Travel between two work places</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>Travel in course of employment</b> (see Substantiation rules at 6.160). . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• <b>Travel accompanied by relative</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
May be allowed if the relative is also performing work-related duties.		
<b>Union and professional association fees</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Vaccinations</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Watch</b> (unless job specific such as a nurse's job watch) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Self-education travel claims

Deductible as self-education expense?			
Home	→ Yes	→ Place of education	→ Yes → Home
Home	→ Yes	→ Place of education	→ No → Work
Work	→ Yes	→ Place of education	→ No → Home
Work	→ Yes	→ Place of education	→ Yes → Work
Home	→ No	→ Work	→ Yes → School

## Year end tax planning checklist for individuals

Following is a general list of hints and traps to keep in mind when completing your end of financial year tax planning.

- Retain pay slips and check these against your payment summary (previously called group certificates). Keep invoices and receipts to ensure deductions can be substantiated and retain banking and investment records so you declare only that income earned during the year.
- Remember, you are not required to pay tax in this financial year on wages and other income earned after 30th June.
- Declare all your interest, rent and dividend income, including any capital gain made on the disposal assets, such as shares. The Tax Office receives complete details from all companies and financial institutions of interest and dividends paid during the income year, and changes in share holdings. That information is matched (by computer) against the income declared in your return. The Tax Office also receives information from State Land Titles offices.
- Do not claim work-related expenses unless you have receipts or other documentary evidence to support those claims at the time you lodge the return. Failure to have that evidence means you will have penalties imposed (or you may even be prosecuted) if you are audited.
- If you are self-employed, you must be able to substantiate all claims for travel and motor vehicle expenses. There is no exemption for expenses of \$300 or under.
- If you travelled overseas, or you were away for more than 5 nights on business travel within Australia, you must have kept a travel diary. Claims will not be allowed if that diary hasn't been maintained. The diary can be any document (including an itinerary) if it shows –
  - the place the activity occurred;
  - the nature of the activity;
  - the date and time the activity took place;
  - the duration of the activity; and
  - the date the entry was made.

- The cost of conventional clothing (eg. suits, dresses and other clothing used for everyday wear) generally cannot be claimed as a tax deduction.
- Claims can be made for the cost of purchase, cleaning, dry-cleaning, and maintenance only if the clothing falls into one of these categories –
  - Protective clothing used mainly to reduce the risk of death, injury or disease to the wearer (or other person), or reduce the loss or damage to other clothing or surgical aids worn by the wearer. This includes sunglasses and sunhats for extended outdoor work.
  - Compulsory uniform;
  - Non-compulsory uniform if the design has been entered on the Registrar of Approved Occupational Clothing of the Department of Industry, Science and Technology;
  - Occupational clothing (eg. nurses' uniforms or chefs' checked pants); or
  - Abnormal expenditure (claims for conventional clothing are allowed, but only if there is excessive and abnormal wear and tear not usually associated with that occupation).
- Prepay expenses such as rent, lease payments, interest on loans and any other expenses if you are an individual or small business operator (that has elected to enter the Simplified Tax System). Expenses can be prepaid up to 12 months in advance. The effect of the prepayment reduces your taxable income. This can be an effective strategy if it reduces your taxable income down to a lower marginal rate. If you adopt this strategy it must be justifiable on commercial grounds, and allowed under the contract. That could include discounts for advance payments.
- If you are about to receive a large payment for termination of employment, explore whether employment can continue to 1 July 2007.
- If you are intending to salary package in the 2007/08 financial year, make arrangements with your employer before 1 July. Salary packaging must be prospective to be effective for FBT purposes.
- Those with private health insurance cover are entitled to a tax offset based on 30% of the premiums paid. This is based on the actual amount of premiums paid up to 30 June. If you did not claim it as a reduction in premiums, your private health insurance fund will provide you with details of the amount against which you can claim.  
Unlike many other tax offsets, any unused part of this tax offset is refundable.  
Do not however double dip by claiming the tax offset and receiving the lower premium amount.
- Check carefully your assessment when issued by the Tax Office. Make sure you receive full credit for –
  - PAYG withheld from salary or wages;
  - PAYG instalments (this is a common problem - for example, a taxpayer might receive a credit of \$13.50 when they actually claimed \$1,350);
  - Dependant and other tax offsets (including the \$150 low income tax offset);
  - Any withholding tax withheld on investments, eg. because the TFN was not quoted; and
  - Imputation credits on franked dividends.
- Lodge a complaint (called an objection) if you believe the Tax Office has made a mistake. Even if you inadvertently omitted to make a claim, you can still lodge an amended return or an objection to have that claim included. You may also be entitled to interest if you are correct.
- Keep a copy of the return and all the working papers you used when preparing the return - you may need these if you are audited.
- Consider applying for a binding ruling (called a private ruling) if you are unsure of a claim. Taxpayers with simple tax affairs can obtain a binding oral ruling. If you contact the Tax Office enquiry area and receive advice there will be no penalty if you relied on information that was incorrect.  
Make sure you record –
  - the exact nature of the enquiry;
  - the name of the enquiry officer;
  - the date you made contact; and
  - the exact answer you received.
- Finding it all too hard? Seek professional help. The cost is tax deductible and if you approach a tax agent before 31 October (different lodgment dates apply from other entities), your return can be included under their lodgment program which extends to May. Most tax agents lodge their returns electronically, which means that refunds can be processed on average within 14 days.