

# The Top 5 Forgotten Tax Deductions



**CORNERSTONE**  
WEALTH MANAGEMENT

### The Top 5 Forgotten Tax Deductions

Now is a great time to discuss tax deductions – especially those deductions often missed by taxpayers like you.

We surveyed our senior accountants and asked them “what are the top 5 forgotten deductions on individual tax returns?” – that is, deductions people can claim, but often forget or don’t know about

We’ve compiled the survey responses to create the Etax Accountants **Top Five Forgotten Tax Deductions**. Take a look below – do any of these deductions apply to you? Are you keeping proper records to make sure you get the best possible tax refund?

## 1. Tax agent fees are also a tax deduction

Did you use Etax.com.au or another tax agent to prepare and lodge your tax return last year? If you did, then you can claim the amount you paid last year – on this year’s return. On your tax return, simply put the amount you paid last year into section D10 – “Cost of Managing Tax Affairs”. The fees you pay for tax return help are always tax deductible.

## 2. Union/Membership fees are tax deductible

Are you part of a union? How about a membership body related to your profession? If you pay work-related union or membership fees you can claim the total cost of these fees.

## 3. Claim work related Car Expenses

If you are required to use your personal car for work-related reasons, apart from driving to and from work, you can usually claim fuel and maintenance costs as a tax deduction. There are now just two methods for calculating this deduction – you can either use a 12 week logbook (which generates numbers you can re-use for 5 years!) or the cents per kilometre method.

The ATO defines work-related kilometres as kilometres travelled in your car while you are earning your income. To be eligible, you must be the owner of the car and your travel must be part of your working day – e.g driving between offices, special trips to the post office or bank (not including stop-offs on the way home) or moving from one job site to another. Remember, you cannot claim trips between work and home unless you're carrying heavy equipment for work, or transporting heavy tools required to do your job.

### 4. Claim home office expenses

Do you ever find yourself working from home? How about checking and responding to your work emails in the evening or on the weekend? If you do, then you may be able to claim the cost of using your personal computer as a tax deduction. The ATO allows employees who have to work from home occasionally to claim part of their home office expenses.

Even better, if you work entirely from home (either self-employed or as a home-based employee) you can typically claim the "occupancy cost" of your home office space as a tax deduction. These expenses can include software, equipment, furniture and a percentage of your rent/mortgage and electricity.

The details on this can get a bit complicated, so it's a good idea to trust your Etax accountant to help get it right. Just give them honest info and they can take it from there to boost your tax refund.

### 5. Mobile Phone Tax Deduction

## The top 5 forgotten tax deductions

Using your personal phone to take and make work calls? Are you sometimes required to call clients or other staff members on your personal mobile phone?

If you answered yes, then you generally can claim the cost of these calls as a deduction on your tax return.

Remember, you can only claim the cost of your work related calls, not your entire phone bill. It's a good idea to keep a logbook or record (for at least one month) of when you use your personal phone, to determine the average percentage of your calls that are work-related.

### **Example:**

George pays \$49 per month for his mobile phone plan. He estimates that 50% of his monthly phone calls are work related. Therefore:

- $50\% \text{ of } \$49 = \$24.50 \text{ per month}$
- $\$24.50 \times 12 = \$294 \text{ per year}$

George can claim \$294 on his tax return as a deduction for mobile phone expenses

## Is it worth the trouble to claim my deductions?

While some of these items may seem small, when added together they could save you a decent amount of money. For example, if we used just the examples we listed in item 4 and item 5 we would have almost \$600 of extra deductions to add to a tax return. For someone earning \$50,000 per year this could see an increase in their tax refund by \$180!

When you start preparing for your 2019 tax return, make sure you don't forget any of these deductions!

### Bonus Forgotten Tax Deduction – Internet Expenses:

If you are required to work from home and you have your internet connection in your name, then it's likely you can claim part of your internet expenses as a deduction. How? Simply calculate your monthly work use, across one full month, then calculate the work-related portion as a percentage of the total household use.

#### **Example:**

Sally lives on her own and pays \$60 per month for her internet connection that is in her name. She kept a log for a month and found that 40% of her home internet use is for work purposes.

- $40\% \text{ of } \$60 = \$24 \text{ per month}$
- $\$24 \times 12 = \$288 \text{ per year}$

Sally can claim \$288 of Internet deductions on her tax return this year.

Please note: If you share the cost of internet with a spouse, partner or housemate, you should only calculate the percentage of total internet cost that applies to you. For example if you live with your partner it would be assumed, you each pay half of the bill. Therefore in the example above, Sally would only use 50% of the total Internet cost (\$30 per month) in her expenses calculation as her partner would use the other 50% on their tax return.

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