

EMBARGOED until 12.01am 17 June 2019

Tax Time Tips for 2019 from CPA Australia

With the Federal Election now behind us, the much-anticipated cut to the Reserve Bank's cash rate and the end of financial year fast approaching, CPA Australia has again turned its mind to Tax Time 2019.

CPA Australia is once more seeking to help Australians ensure they make the right economic decisions before year end, to claim what they are legally entitled to claim, and to provide some tips on what to watch out for this tax season.

For high-res images, please visit the Multimedia News Release:

<http://news.medianet.com.au/cpa-australia/tax-time-tips-2019-cpa-australia>

Tax can be confusing and with a complex and ever-changing system, there are always new issues and topics of which to be aware. CPA Australia's 2019 **Tax Time Tips** will assist you - whether you are a small business, an employee, an investor or even a student.

Each tax time brings the opportunity to review your tax affairs and get professional advice from registered tax agents, including CPA Australia public practitioners.

CPA Australia's head of external affairs, Paul Drum said "if you run a business then it's always wise to get your tax affairs in order and check that you're up to date on employee payments, superannuation contributions, asset purchases or trust obligations by 30 June. After 30 June is when you need to bring your records together and get to a tax agent to lodge your income tax return.

"It is important to be aware that the ATO is continuing its focus on small business and individuals through a number of compliance initiatives, and has additional funding to examine the cash economy and whether the information in tax returns is correct," he said.

"The ATO has indicated that small businesses are underpaying income tax by around \$10 billion per annum, while the tax gap for individuals is estimated at \$8.7 billion per annum. That's a lot of outstanding tax," said Drum.

Drum added "the increasing use of pre-filled data in tax returns from third parties such as banks and the shift to single touch payroll means that many tax returns may not be ready for lodgment until late July - or even mid-August if you have private health insurance. It's best to wait until you have all your appropriate data before lodging. Otherwise, you might need to amend your tax return and pay additional tax later."

To find out more, speak to a CPA Australia-registered tax agent about your specific circumstances.

To find a CPA in your local area, visit the CPA Australia [website](#).

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Further information: <https://www.cpaaustralia.com.au/professional-resources/taxation/tax-tips>

Media contact: Vanessa Richards on 0400 395 559 or media@cpaaustralia.com.au

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Tax tips for small business

Running a small business is always a challenge and tax can often be an afterthought. It's important to make time around the end of the financial year to look at your books, make sure you're up to date on your tax obligations and, most importantly, access any tax concessions that are available to help your business.

A visit to your tax agent can also give you the opportunity to step back, evaluate your business performance and prepare for the next financial year.

CPA Australia's head of external affairs, Paul Drum said that "When it comes to your tax return, keep in mind that the ATO has received additional funding through the Black Economy Taskforce to enhance its compliance checks and increase its audit activities. Small businesses should ensure their bookkeeping and lodgments are correct and up to date."

"It's also a good idea to be up-front and honest with your agent and the ATO. The ATO is getting smarter with its data, and taxpayers are increasingly being contacted regarding their income and expense claims, including where there are discrepancies in returns when compared against pre-fill data from third parties, such as banks or business benchmarks. With the ATO having access to increased resources to deal with the cash economy, the onus is on business owners to correctly report their income, claim their expenses and have the appropriate records" he said.

Your tax agent is required to take reasonable care when preparing your return which means they may ask you detailed questions about your cashflow, business performance, personal use of assets and records.

If you've made errors or need to correct your business records, speak with a CPA Australia-registered tax agent who can work with you and the ATO to get things right.

Drum also advised that all taxpayers should "remember to obtain professional tax advice, especially in areas where more complex tax issues arise. This includes structures, capital gains tax, personal services income, trust declarations and distributions, and private company loans."

Top 10 tax tips for small business

Before 30 June:

1. Check if you're entitled to the \$30,000 instant asset write-off for equipment first used or installed ready for use
2. Make trust resolutions
3. Document the streaming of trust capital gains and franked dividends
4. Review private company loans
5. Consider deferring certain income and bring forward certain deductible expenditure
6. Write-off bad debts
7. Pay employee bonuses and employee superannuation entitlements
8. Review your post-1 July 2015 losses to see if they satisfy the business continuity test
9. Check if the personal services income rules apply
10. Maintain good records, accurate account codes and properly account for private use.

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Further information: <https://www.cpaaustralia.com.au/professional-resources/taxation/tax-tips/small-business>

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Tax tips for employees

It's that time of the year again when you pick up your box of receipts – or maybe you've organised them in the ATO's [myDeductions](#) tool this time – and make an appointment with your tax agent to work out your annual refund.

CPA Australia's head of external affairs, Paul Drum said "this year is different - with so much information being pre-filled into your tax return by the ATO from external sources such as employers, banks and private health insurers, it makes good sense to wait until all that data is finalised before lodging."

"For example, for many employees, your income statement (formerly known as a payment summary or group certificate) may not be 'tax ready' until 31 July, while your private health insurance information may only be available by mid-August. If you lodge before that information is available, you're potentially finalising your tax return with different amounts and you may need to amend your tax return later and pay additional tax," he said.

Top 10 tax tips for employees

1. Make sure you have the required records and can substantiate your claims.
2. Claim your work-related deductions such as employment-related mobile phone, internet usage, computer repairs, union fees and professional subscriptions.
3. Claim home office expenses for the dedicated work area in your home such as heating, cooling, lighting and office equipment depreciation.
4. Where you pay for self-education relating to your current work activities, ensure you claim expenses such as course fees, textbooks, stationery, student union fees and the depreciation of assets such as computers, tablets and printers.
5. Claim depreciation on tools, equipment or other assets you purchase for over \$300 that help you earn your income, such as tools for tradespeople, calculators, briefcases, computer equipment and technical books purchased by an employee, or minor items of plant and equipment purchased by a landlord.
6. If you use your own car in performing your work-related duties, make sure you maximise motor vehicle deductions either using the cents-per-kilometre basis or the logbook method.
7. Remember that you can't claim the full amount of a deduction unless you have already spent the money.
8. Claim donations that aren't already pre-filled for you.
9. Report income and expenses from the gig economy and any side-hustles.
10. Get your superannuation in order – consider salary sacrifice, contributions, co-contributions and consolidation.

While there's nothing wrong with maximising your refund, just remember the ATO has been given additional funding to tackle incorrect deduction claims and the non-reporting of income. The ATO will receive the details of your deductions data from your tax agent or myTax which it checks against its data holdings.

So, before you claim, just remember that for an expense to qualify:

- you must have spent the money yourself
- it must be directly related to earning your income
- it must not have been reimbursed
- you must have the relevant records to prove it.

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Tax tips for investors

Putting your savings to good use through investing is an important strategy to maximise your wealth, and property, financial markets and other investments, both here and overseas, are popular ways to build wealth. But often the tax consequences can be forgotten, or even misunderstood. A CPA Australia-registered tax agent can help you navigate the often-complex rules and concessions related to your investments, including capital gains tax.

CPA Australia's head of external affairs, Paul Drum said "keep in mind that the ATO's data matching and information exchange capabilities continue to evolve and now cover many capital transactions and investment revenue streams in Australia and overseas. It is therefore more important than ever to report investment income, including from abroad, maintain accurate records, correctly calculate capital gains or losses on disposal and to ensure your tax affairs are in order."

"This year, the ATO has a specific focus on rental properties to ensure all rental income is reported and that rental expense claims are correct. The ATO's most recent random checks of rental claims found 90 per cent contained an error and it plans to double the number of audits on rental deductions," he said.

Top tax tips for investors

1. Claim your expenses for rental properties, including interest on investment loans, land tax, repairs and maintenance, agent's commission, and don't forget depreciation and capital works deductions.
2. Don't claim expenses for assets that were in the property at the time of purchase, or for travel expenses to visit your property.
3. Make sure that your property is being rented out or is ready and available for rent, especially for properties such as holiday houses.
4. Ensure you report any gains or losses from cryptocurrencies, especially as the ATO is now data-matching information from digital exchanges.
5. Ensure you report any income, expenses, gains or losses from foreign investments if you are an Australian resident for tax purposes. Also check your entitlement to any foreign tax credits for tax you paid overseas.
6. If there are multiple owners in an investment, ensure that income and expenses are correctly apportioned.
7. For capital gains tax events, make sure that you keep the asset for the 12-month holding period to be eligible for the discount, check your tax residency status and seek advice to ensure the gain is calculated correctly.
8. Keep proper records for all your investments and ensure that you keep them for at least five years after a capital gains tax event occurred.
9. Watch out for investments being promoted as 'tax effective' and seek independent advice before making a decision.

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Tax tips for students

If you're a student, lodging an income tax return may seem a bit daunting. Parents who may be helping can also find it challenging.

CPA Australia's head of external affairs, Paul Drum said that "while studying is probably your highest priority, many students take on part-time work, including small cash jobs, or might receive scholarships to assist them during their studies. You might be more entrepreneurial and have started selling your products or investing in financial assets on the side. Many forms of income come with tax consequences so it's best to get advice if you're unsure.

"You might also find that you have had tax withheld from payments to you, so you'll need to lodge a tax return to get any amounts that should be refunded back to you."

Top 10 tax tips for students

1. If you've had tax withheld from your salary or interest and your taxable income is below the tax-free threshold, lodge a return to get those amounts refunded back to you.
2. Set up your myGov account to access government services and get your income statement and superannuation information from your employer.
3. Identify all your sources of income, such as income from work including tips, investment returns, certain government payments, non-government scholarships, grants and awards as well as distributions from family trusts or partnerships.
4. Report income and claim expenses from gig economy jobs and any side-hustles. This can include income from Uber driving, running social media accounts, selling on eBay or AirTasker jobs.
5. Know your deductions, including work related expenses or self-education expenses. Remember self-education must be directly related to your work and that HELP debt repayments are not deductible.
6. Remember that income can include payments you receive in cryptocurrency or through barter transactions.
7. Report any gains or losses from cryptocurrencies, especially because the ATO is data-matching information received from digital exchanges.
8. Get your residency for tax purposes right as the tax rules are different to those used for immigration.
9. Check that you're getting your superannuation entitlements if you earn more than \$450 per month or, if you're under 18, work more than 30 hours per week.
10. Consider the special rules related to tax if you're under 18 for income such as trust distributions, interest, dividends, rent and royalties.

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