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2012/13 Individual Tax Return Checklist

Your Checklist

- Claims for deductions ✓
- Receipts for deductions ✓
- Car claims and log books ✓
- Car record keeping ✓

Please review the information below and contact our office if you need assistance.

Tax saving strategies prior to 1 July 2013

A good strategy to reduce tax payable is normally to accelerate any income tax deductions into the current income year, which will reduce overall taxable income in the current year.

The tax rates for resident individual taxpayers for the **2012/13** income year are as follows (note that the tax rates will remain the same in the 2013/14 income year):

Income threshold	Tax payable
0 – \$18,200	Nil
\$18,201 – \$37,000	19% of excess over \$18,200
\$37,001 – \$80,000	\$3,572 + 32.5% of excess over \$37,000
\$80,001 – \$180,000	\$17,547 + 37% of excess over \$80,000
\$180,001 and over	\$54,547 + 45% of excess over \$180,000

Note: The Medicare levy of 1.5% generally applies in addition to these rates.

Common work-related claims made by individuals

The following outlines common types of deductible expenses claimed by individual taxpayers, such as employees and rental property owners, plus some strategies that can be adopted to increase deductions for the 2012/13 income year.

1. Depreciable plant, etc. costing \$300 or less

Salary and wage earners and rental property owners will generally be entitled to an immediate deduction if certain income-producing assets costing \$300 or less are purchased before 1 July 2013.

Some purchases you may consider include:

- fax machines;
- books and trade journals;

- briefcases/luggage or suitcases;
- calculators, electronic organisers;
- electronic tablets;
- software;
- stationery;
- tools of trade.

2. Clothing expenses

Purchase or pay for work-related clothing expenses prior to the end of the income year, such as:

- compulsory (or non-compulsory and registered) uniforms, and occupation specific and protective clothing;
- other expenses associated with such work-related clothing, such as dry cleaning, laundry and repair expenses.

- Advertising.**
- Fringe benefits** – any benefits to be provided, such as property benefits, could be purchased and provided prior to 1 July 2013.
- Superannuation** – contributions to a complying superannuation fund, to the extent contributions are actually made (i.e., they cannot be accrued but must be paid by 30 June).

Note that, since 1 July 2007, no limit applies to the amount of tax-deductible contributions an employer can make for an employee. However, an employee who receives employer contributions in excess of their own concessional contributions cap may have to pay more tax.

Accrued expenditure – non-SBE

Non-SBE taxpayers (and some SBE taxpayers) are entitled to a deduction for expenses incurred as at 30 June 2013, even if they have not yet been paid.

The following expenses may be accrued:

- ◆ **Salary or wages and bonuses** – the accrued expense for the days that employees have worked but have not been paid as at 30 June 2013.
- ◆ **Interest** – any accrued interest outstanding on a business loan that has not been paid as at 30 June 2013.
- ◆ **Commercial bills** – the discount applicable to the period up to 30 June 2013, where the term of the bill extends past 30 June.
- ◆ **Commissions** – where employees or other external parties are owed commission payments.
- ◆ **Fringe benefits tax** – if an FBT instalment is due for the June 2013 quarter, for example, but not payable until July, it can be accrued and claimed as a tax deduction in the 2013 income year.
- ◆ **Directors' fees** – where a company is definitively committed to the payment of a director's fee as at 30 June 2013, it can be claimed as a tax deduction.

Maximising deductions for SBE taxpayers

Deductions can be maximised for SBE business taxpayers by **accelerating expenditure** and **prepaying** deductible business expenses. Former STS taxpayers who have continued to use the STS cash method since before 1 July 2005 cannot accrue expenses, but other SBE taxpayers on an accruals basis *can* accrue expenses (see above regarding accruing expenditure).

Accelerating expenditure – SBE

Former STS taxpayers who have continued to use the STS cash method since before 1 July 2005 and who qualify as an SBE are generally only entitled to deductions if they have **paid** the amount by 30 June.

All SBE taxpayers can choose to write-off depreciable assets costing less than \$6,500 (previously \$1,000) in the year of purchase. Also, assets costing \$6,500 or more can be depreciated at 15% (which is half the full rate of 30%) in their first year (and cars have even more favourable treatment).

Note: Prior to 1 July 2012, different depreciation rates could apply depending on the effective life of the asset, but this differential treatment has been removed.

Therefore, where appropriate, SBE business taxpayers should consider purchasing/installing these items by 30 June 2013.

Also, it should be noted that SBE taxpayers choosing to use the SBE depreciation rules are effectively 'locked in' to using those rules for all of their depreciable assets.

Prepayment strategies – SBE

SBE taxpayers making prepayments before 1 July 2013 can choose to claim a full deduction in the year of payment where they cover a period of no more than 12 months (ending before 1 July 2014). Otherwise, the prepayment rules are the same as for non-SBE taxpayers.

The kinds of expenses that may be prepaid include:

- Rent** on business premises or equipment.
- Lease payments** on business items such as cars and office equipment.
- Interest** – check with your financier to determine if it's possible to prepay up to 12 months interest in advance.
- Business trips.**
- Training courses** that run on or after 1 July 2013.
- Business subscriptions.**
- Cleaning.**

Information Required

This is some of the information we will need you to bring to help us prepare your income tax return:

- Stocktake details as at 30 June.
- Debtors listing (including a list of bad debts written off) as at 30 June. *Note: In order to claim a deduction, the debt must be written off on or before 30 June.*
- Creditors listing as at 30 June.