



PLANNING FOR YOUR INDIVIDUAL TAX RETURN

With 30 June 2008 fast approaching, it's time to get serious about looking at what shape your tax affairs are in so you are prepared for this year's tax return.

Four step guide to return preparation

Step 1: Get your records straight

To help prepare your tax return so you can be confident that it accurately reflects your optimum tax position, the starting point is assembling all your tax records. You will need to put together all the relevant records, which will include things like evidence of:

- your income (eg, Payment Summaries for your salary and wages, dividend and interest income statements, rental property income, and any information on the sale of any of your assets during the year like the sale of an investment property or shares); and
- your allowable deductions (eg, invoices, receipts of expenditure).

WORK RELATED DEDUCTIONS

If you are going to claim more than a total of \$300 worth of work-related deductions, you will need to be able to substantiate how you worked out the full amount. If the total amount of your work related expenses is \$300 or less, you don't need written evidence to prove your claim – but the ATO can still ask you how you worked it out!

Step 2: Identify your assessable income

Keep in mind that your total assessable income could well be more than just your salary. If you have investment income (eg, interest or dividends) or cash income (eg, tips and gratuities), make sure you keep a record of them and let us know about them.

If you're not sure whether some income you have received is taxable, it's best to tell us about it so we can work out the correct tax treatment for you. Here is a checklist of some of the more common types of assessable income:

- salary and wages
- tips, bonuses and gratuities
- interest income
- dividends
- allowances provided by your employer
- pensions or annuities
- lump sum payments
- capital gains on any asset sales during the year.



Step 3: Maximise your tax deductions

As an employee, you may be able to claim a range of work related expenses, as well as some non-work related items like donations of more than \$2 to an approved charity.

Here is a checklist of some of the more common work-related deductions:

- special work clothing
- subscriptions and union dues
- self education expenses relevant to your current employment
- work-related travel expenses
- home office expenses.

Step 4: Make the most of tax offsets

As with previous years, the ATO is still finding that taxpayers are not taking advantage of a number of rebates (now called “tax offsets”) and other concessions.

Tax offsets can reduce any tax you may have to pay on your taxable income and can in some instances even result in a refund.

Make sure you get advice to ensure you are not overlooking an offset that may be of benefit to you (such as the *medical expenses offset*).

ATO targets hot-spots

In preparing the information for your 2007-08 tax return, you should be aware that the ATO continues to have a number of data-matching programs on the boil at present.

Financial information data matching (like interest and dividends) is on the cards again this year.

Also, **the ATO is targeting owner builders**, starting out with matching NSW Fair Trading and Victoria’s Building Commissioner records on 75,000 builders against data collected from other sources.

Consider some forward planning

This is also the time of year when you should be considering some forward planning in readiness for the next tax year. Given the expected changes to the personal income tax rate scales over the next couple of years, it would be prudent for you to review your current salary packaging arrangements with your employer now in readiness for the new financial year.

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