

Health and wellness initiatives - Lunch and Learn

Ticking all the boxes at tax time - Work from home deductions

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1. ATO MyTax facility
2. Methods to calculate work from home deductions
3. Other things to consider

AGENDA



MyTax

- Submit 1 July – 31 October
 - Later if using tax agent- But you must contact them by 31 October
 - Some information may not be pre-filled until 31 July
- Access & lodge your tax return through <http://my.gov.au>
- Select the check boxes that are relevant to you
 - Some check boxes may already be selected if information has been provided to ATO
- Your tax return is then personalised & partly filled with pre-filled information
- Check the pre-filled information is correct & all relevant information has been filled in
- Consider what deductions you might be entitled to claim
- The last step is to select the lodge button

Work from home expenses claimable if you are working from home to fulfil your employment duties



WFH deductions- The 3 methods:

1. Short cut method
2. Fixed rate method
3. Actual cost method

Short cut method

- Temporary method
- All you need is a record of hours spent working from home
- You don't need a dedicated work area
- Simple
- 80 cents per hour
- This is an all inclusive method. Can't claim other deductions relating to working from home

Fixed rate method

- You need:
 - To have a dedicated work area
 - Keep records of actual hours spent working / or a diary for a representative 4 week period
 - Receipts
- 52 cents per hour
- This includes decline in value of home office, furniture & fittings
- In addition, you can separately claim for:
 - Decline in value of other depreciating assets (e.g. Phone & computer)
 - Work-related phone & internet expenses, computer consumables, stationery

Actual cost method

- You need:
 - Records of actual hours spent working / or a diary for a representative 4 week period
 - Receipts
- You can claim actual costs you incur as a result of working from home including
 - A proportion of electricity & gas
 - Work related proportion of decline in value of home office furniture
 - Work related proportion of decline in value of phones & computers
 - Work related proportion of phone & internet expenses
 - Computer consumables & stationery

Depreciation

- To depreciate it must-
 - Be an asset with a limited “effective life”
 - Decline in value over time
 - Mainly be used to earn income
- E.g./s Computers, desks, books
- If it costs less than \$300 & is used mainly to produce income- Write it off immediately
- Estimate the effective life / use ATO guidance
- Can only claim deduction for work use percentage
- Keep records of how you calculated the decline in value

You can't claim:

- General household items
- Expenses related to children
- Expenses reimbursed by your employer
- Hours for time spent not working (lunch break, annual leave, public holidays)
- Occupancy expenses (unless part of home is a place of business)

Record keeping

- Generally need to keep records, calculations and receipts for 5 years
- Common exceptions to this rule:
 - Depreciation- 5 years from the date of your last depreciation claim
 - Where there may be CGT implications

Additional resources

- <http://my.gov.au>
- More information on claiming deductions for WFH expenses:
<https://www.ato.gov.au/law/view/document?docid=COG/PCG20203/NAT/ATO/00001>
- How to depreciate assets: <https://www.ato.gov.au/Business/Depreciation-and-capital-expenses-and-allowances/In-detail/Depreciating-assets/Uniform-capital-allowance-system--calculating-the-decline-in-value-of-a-depreciating-asset/?anchor=H4#H4>
- CGT implications of having a business at home:
<https://www.ato.gov.au/Business/Income-and-deductions-for-business/Deductions/Deductions-for-home-based-business-expenses/Home-based-business-and-CGT-implications/>
- ATO: 13 28 65

Questions?

