



Four Priorities For The ATO This Tax Time

In the middle of May, the ATO announced that there will be four focus areas on their radar during Tax Time 2022 – record-keeping, work-related expenses, rental property income and deductions, and capital gains from crypto assets. It is reminding taxpayers that there are three golden rules when claiming a deduction:

1. You must have spent the money yourself and weren't reimbursed
2. If the expense is for a mix of income producing and private use, you can only claim the portion that relates to producing income, and
3. You must have a record to prove it.

RECORD-KEEPING

For the many people who lodge their tax return using a tax agent, your agent's hands are tied in terms of claiming deductions on your tax return... unless you can furnish them with records to prove you have incurred the work-related expense, then they can't claim it. Records can be kept in paper or digital format.

Examples of records you need to keep include: income statements or payment summaries from your employer and Services Australia, statements from your bank and other financial institutions showing the interest you earned during the income year, dividend statements, summaries from managed investment funds, receipts or invoices for equipment or asset purchases and sales, receipts or invoices for expense claims and repairs, contracts, and tenant and rental records.

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WORK-RELATED EXPENSES

Noting that many people worked from home during COVID-19, if your working arrangements have changed, the ATO warns taxpayers to not just copy and paste your prior year's claims. If you use a tax agent, inform them of your changed circumstances. If your expense was used for both work-related and private use, you can only claim the work-related portion of the expense. For example, you can't claim 100% of mobile phone expenses if you use your phone for private purposes. You can easily keep track of your expenses with the myDeductions tool in the ATO app. Just take a photo of the receipt in the app, record the details of the expense and at tax time, simply upload the information directly to your return in myTax or email it to your registered tax agent.

RENTAL INCOME AND DEDUCTIONS

If you are a rental property owner, make sure you include all the income you've received from your rental in your tax return, including short-term rental arrangements, insurance payouts and rental bond money you retain.

The ATO says it knows that many rental property owners use a registered tax agent to help with their tax affairs. The ATO encourages you to keep good records, as all rental income and deductions need to be entered manually, you can ask us.

CAPITAL GAINS FROM CRYPTO

If you dispose of an asset such as property, shares, or a crypto asset, including non-fungible tokens (NFTs) this financial year, you will need to calculate a capital gain or capital loss and record it in your tax return.

Says the ATO's Assistant Commissioner: "Crypto is a popular type of asset and we expect to see more capital gains or capital losses reported in tax returns this year. Remember you can't offset your crypto losses against your salary and wages."

"Through our data collection processes, we know that many Aussies are buying, selling or exchanging digital coins and assets so it's important people understand what this means for their tax obligations".

There are a number of options when it comes to getting ready for Tax Time, so if you need some advice on what would best suit your particular circumstances, please give our team a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon)

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