



Blog 1

The Tricks and Traps of the Work Related Expense

Are you up to date and aware of what you can and can't claim on your tax return this year?

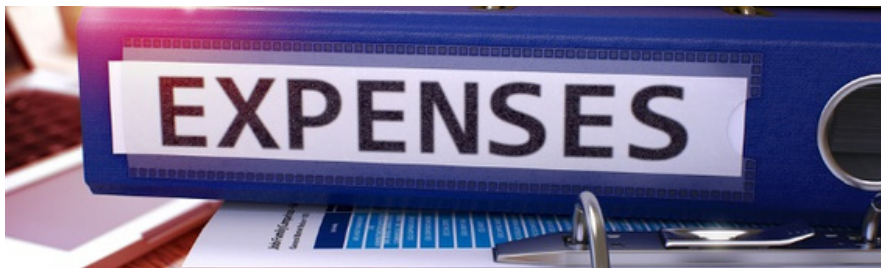
Brushing up on the three rules of work-related deductions can make tax time a lot easier.

In order to be able to claim a deduction for a work-related expense on your tax return, you must meet the following golden rules of the Australian Taxation Office (ATO).

- The money must have been spent by you and you were not reimbursed by your employer for it.
- The expenses must directly relate to earning your income.
- There must be a record to prove the expense (such as a receipt)

These need to be claimed in the Work-related expense section of your tax return.

If the expense was for both work and private purposes, you only claim a deduction for what was the work-related use. You cannot claim a deduction if your employer pays for or reimburses you for any of these costs.



These work-related expenses may include:

- **Motor vehicle expenses**
- **Travel expenses**
- **Clothing, laundry and dry-cleaning expenses**
- **Self-education expenses**

If the ATO believes that your employer may reimburse you for your expenses they may ask your employer directly.

You may be able to claim other work-related deductions for expenses you incur in the course of earning your income. These are claimable in your tax return as an 'Other work-related expense'.

Common claims in this section in the tax return include:

- **Working from home expenses**
- **COVID-19 test expenses**
- **Phone, data and internet expenses**
- **Tools, equipment and other assets**
- **Union fees, subscriptions to associations and bargaining agents fees**

When it comes to working from home expenses, you need to be careful of what you claim. To claim your working from home expenses you must:

- **be working from home to fulfil your employment duties, not just carrying out minimal tasks, such as occasionally checking emails or taking calls**
- **incur additional expenses as a result of working from home.**

You can claim a deduction for the additional running expenses you incur as a result of working from home.

Running expenses are expenses that relate to the use of facilities within your home and include:

- **electricity expenses for heating or cooling and lighting**
- **the decline in value of office furniture and furnishings as well other items used for work – for example, a laptop**
- **internet expenses**
- **phone expenses.**



You can't claim a deduction for the following expenses if you're an employee working at home.

These include

- coffee, tea, milk and other general household items, even if your employer may provide these at work
- costs that relate to your children's education such as equipment you buy – for example, iPads and desks, subscriptions for online learning
- items your employer provides – for example, a laptop or a phone
- any items where your employer pays for or reimburses you for the expense.

If your employer pays you an allowance to cover expenses, you can claim a deduction for the expense. However, you must include the allowance as income in your tax return.

You may also be able to claim a deduction for other expenses you incur that don't relate to your work or income-producing activities. These are claimable in your tax return at the specific expense category (where available) or as an 'Other deduction'.

Common claims in this section include expenses, such as

Cost of managing tax affairs

Gifts and donations

Interest, dividend and other investment income deductions

Income protection insurance

If you require assistance with ensuring that your individual income tax return is correctly lodged, a registered tax agent should be consulted (such as us). We're equipped with the knowledge and tools to help you through this process.

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