

Tax Time 2023

There goes another year, and that means it is time to start gathering the records for your income tax return preparation.

To ensure speedy preparation of your income tax return, try to make sure that you have documents supporting the income you earned (employment & investments). It is **VITAL TO MAKE SURE YOU HAVE RECEIPTS OR INVOICES FOR ALL CLAIMS YOU WISH TO MAKE AS A TAX DEDUCTION.**

Income Tax Rates

Listed below are the tax rates for the 2022/23 financial year:

Tax rates for 2022/23 year Income range (\$)	Tax rate %
0 – 18,200	0
18,201 – 45,000	19
45,001 – 120,000	32.5
120,000 – 180,000	37
180,000+	45

The above excludes the medicare & NDIS levy of 2%

Medicare Levy Surcharge thresholds

For the year ending June 2023, the Medicare levy surcharge (additional 1%) will apply to singles earning over \$90,000 and \$180,000 for those who are members of a family.

The surcharge increases to 1.25% if your earnings are over \$105,000 for singles, and \$210,000 for families.

The surcharge increases to 1.5% if your earnings are over \$140,000 for singles, and \$280,000 for families.

These thresholds apply to taxpayers who **do not** have private health insurance that includes hospital cover.

The Medicare Levy low-income thresholds for the 2022/23 year are \$24,276 for individuals and \$40,939 for families. These thresholds increase by \$3,760 per dependent child/student.

The low-income threshold for single Senior Australian and Pension Offset (SAPTO) claimants is \$38,365 and for families it is \$53,406.



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Low-income tax offset

The maximum low-income tax offset is \$700 for the 2022–23.

Taxable income	Tax offset
Up to \$37,500	\$700
\$37,501 to \$45,000	\$700 – (5% of excess over \$37,500)
\$45,001 to \$66,667	\$325 – (1.5% of excess over \$45,000)
\$66,668 and above	Nil

AN UPDATE ON OUR TEAM AT ADAMS ACCOUNTING

Over the past twelve months we have expanded our team to allow for growth in our business.

Administration team –

Anita Claridge – Anita joined us recently and is our friendly receptionist Monday to Wednesday. She has plenty of experienced gained through the ADF and a family run business.

Accounting team –

Lorelle McQuillen

Lorelle joined us in June 2022 as a part of the admin team dealing with ASIC, ATO and internal processes. From July she will join the accounting team and brings a wealth of practical commercial business knowledge from her previous employments, but she does barrack for Collingwood.

Daniel Polglase

Daniel joined us in June 2022 after several years raising their son and has a bachelors accounting degree. He has been building his skills & knowledge in the tax & GST areas over the last year.

Rosel Hasler

Rosel joined us in June 2022 after a few years off to spend with her young family. Rosel has spent the last year building her skills & knowledge in the tax & GST areas.

Gerald

Still ticking along when not playing with the grand children or yelling at Richmond for loosing. He is providing more of a background accounting & mentor role for Brooke, David & the expanded accounting team.

Motor vehicle deduction – cents per kilometre rate increases

The cents per kilometre method has increased to 78c per km for 2022-2023 for those who are eligible to claim it. The maximum claim is 5,000kms.



Senior and Pensioners Tax Offset

If you're a senior Australian, you may be eligible for the seniors and pensioners tax offset (SAPTO). You must meet certain conditions relating to:

- your eligibility for an Australian Government pension or allowance
- your and your spouse's income.

Below are the thresholds for 2022-2023 income year

Family status	Maximum tax offset	Shade-out income threshold	Cut-out income threshold
Single	\$2,230	\$32,279	\$50,119
Married or de facto (each)	\$1,602	\$28,974	\$41,790
Separated due to illness (each)	\$2,040	\$31,279	\$47,599

Home Office Expenses (big changes here)

Where part of your home is used for income earning activities, you may be eligible to claim home office expenses. Individuals who have a home office can claim running expenses for that office. ATO doesn't require taxpayers to have a dedicated home office space.

To claim this, there is a revised fixed rate of **67 cents per work hour from the 1/7/2022**. This rate is designed to cover the energy expenses (electricity and gas), internet, phone usage (mobile and home telephone), stationery and computer consumables.

Depreciation of assets and equipment such as technological items and office furniture (costs more than \$300), repairs and maintenance of these assets and costs associated with cleaning a dedicated home office can only be made using actual method and claimed separately.

You will need to keep some receipts, bills or invoices of the running expenses you have incurred in order to verify your claim.

You will also need to keep record of the number of hours worked from home, basically as follows:

From 1 July 2022 to 28 February 2023 – ATO will generally accept a record of the number of hours worked over a representative period (e.g., 4-week representative diary or similar document). This can then be used to estimate the total number of hours worked for the above period.

From 1 March 2023 – you need to keep a record of the number of actual hours worked from home, for example timesheets and rosters. This effectively means that you will need to make a record (e.g., a diary entry) of the number of hours worked from home on each occasion that you worked from home.



Family Assistance claims

Families that chose to wait until the end of the financial year to claim their FTB entitlement or Child Care Benefit will **need to have your 2022 return lodged by the 30/6/2023** so that you can claim any Centrelink entitlements in time.

Private Health Insurance (PHI) rebate means tested

You need to advise your PHI organisation of your estimated income for 2023-24 year so that the correct rebate amount is paid by the Government over the next twelve months.

Once the ITR is lodged, if the ATO see that you have overestimated your income, you will receive a refund for the overpaid premium amount via your notice of assessment (NOA).

If you have underestimated your income (and therefore received more of a PHI rebate than you should have) you are liable to pay the excess to the Commonwealth via your tax refunds and it will show on your NOA of funds paid for underpaid premiums.

Catch up concessional contributions

Individuals who contributed less than \$25,000 in concessional contributions in the previous 2 financial years can accumulate those unused amounts for use in future years. Unused cap amounts are available for a maximum of **five years**.

Example: if you made concessional contributions of \$10,000 in the 2019/2020 year and \$5,000 in the 2020/2021 year, and \$27,500 in the 2021/22 year, \$35,000 of unused contributions will be brought forward to the 2022/2023 year, allowing you to contribute up to \$62,500 (2023's limit of \$27,500 + the unused contributions)

***Note** – Individuals must have a super balance less than \$500,000 at the end of the previous financial year to be eligible for catch up concessional contributions.



Superannuation Co-Contribution

The superannuation co-contribution has continued in the 2022-23 year with the maximum government co-contribution being \$0.50 for every \$1 personally contributed. The maximum co-contribution of \$500 is available to taxpayers who earn less than \$42,016 and contribute \$1,000.

Above this income amount, the maximum co-contribution will be reduced by 3.333 cents for each dollar of income earned and to phase out completely when income reaches \$57,016.

Concessional superannuation (tax deductible) contributions cap

For the 2022/23 year, the concessional contributions cap is \$27,500 regardless of age.

Any individual under age 75 can claim a tax deduction for personal superannuation contributions made to their fund, up to a limit of \$27,500.

If you have a salary sacrifice agreement with your employer, make sure that you will not go over your appropriate cap in the 2022/23 year otherwise excess contributions will be included in your assessable income and taxed at your marginal tax rate.



Non-concessional (non-tax deductible) super contributions.

Taxpayers can make up to \$110,000 in non-concessional contribution to their superfund in 2022/23 year.

Taxpayers under 75 years of age can also access the 3 year \$330,000 bring forward cap.

BEFORE YOU MAKE A CONTRIBUTION CONTACT US TO VERIFY YOUR ELIGIBILITY.

2022/2023 ATO crackdown items

Work-related expenses

Do you claim other work-related expenses such as telephone, stationery, internet, and home office costs?

BEWARE - the Australian Taxation Office focus area for the coming financial year will be other work-related expenses!

Legitimate other work-related expenses can include home office, union fees, mobile phone and internet, tools, meals and equipment, but they are only deductible if they meet the ATO's three golden rules.

- **Firstly**, you must have paid for it and not been reimbursed.
- **Secondly**, it must be directly related to earning your income and not a private expense, and,
- **Thirdly**, you must have records to prove it.

Do you have your records at the ready for a potential ATO audit? For example, if you have claimed mobile phone usage, do you have one itemised bill with the outgoing private and outgoing work-related calls clearly and distinctly marked and tallied? The ATO will ask for this level of detail if you are audited, so it is now more important than ever to keep all your receipts and log the business use for items such as your phone, internet & home office as proof of how it relates to your work.

Rental property expenses

The ATO will be doubling the number of full audits undertaken in respect of rental properties, following an error rate of almost 90% in audits recently conducted. The expenses that they will be targeting are:

1) Interest deductions being claimed incorrectly. For example, where loan moneys were used partly for rental and private purposes (e.g., interest being claimed on moneys drawn down from a re-draw facility to buy a private car or to pay for a holiday)

2) The incorrect classification of capital works (or improvements) as deductible repairs. For example, replacing a timber window frame with an aluminium frame or replacing an existing draped shower screen with a new fixed glass shower screen (these would need to be claimed over a number of years and are not immediately deductible).

Safe Tax

We are again offering our safe tax audit fee protection cover. This small tax-deductible cost covers **all** types of audits that taxpayers can be subjected to, and provides you with the **peace of mind** that it will not cost you any extra in accounting fees to have us manage your audit.

History shows that the cost to prepare the required audit documentation can range anywhere from \$600 to \$2,000, and this may be more depending on the complexity and type of audit involved.

It is to your advantage to take up Safe Tax as soon as possible. Cover begins from the date of payment through to 30th June 2024. Please contact our office if you wish to take up safe tax or ask your accountant when your income tax return is prepared.

In addition to this, there are also a number of measures which you can take to minimise the risks and costs in the event of an audit including:

- Keeping all work-related expense receipts in a secure place for five years.
- Remember to inform us if you own shares which have dividends that are reinvested under a dividend re-investment plan. These dividends are taxable as income.
- If you are claiming work related travel up to 5000 kilometres, keep a written record of trips which you have undertaken during the year to substantiate your claim.



HELP (HECS) repayment rates

The following repayment income and rates for the Higher Education Loan Programme (HELP) apply for the 2022/23 income year:

Taxpayer's repayment income *	Applicable repayment %
\$48,361 – \$55,836	1.00%
\$55,837 – \$59,186	2.00%
\$59,187 – \$62,738	2.50%
\$62,739 – \$66,502	3.00%
\$66,503 – \$70,492	3.50%
\$70,493 – \$74,722	4.00%
\$74,723 – \$79,206	4.50%
\$79,207 – \$83,958	5.00%
\$83,959 – \$88,996	5.50%
\$88,997 – \$94,336	6.00%
\$94,337 – \$99,996	6.50%
\$99,997 – \$105,996	7.00%
\$105,997 – \$112,355	7.50%
\$112,356 – \$119,097	8.00%
\$119,098 – \$126,243	8.50%
\$126,244 – \$133,818	9.00%
\$133,819 – \$141,847	9.50%
\$141,848 and above	10%

*Your repayment income is your taxable income + net rental losses + fringe benefits + salary sacrifice super you may have made for the year

There is no requirement to repay any of your HELP debt until your income exceeds \$48,361 for the 2022/23 year.

The ATO are no longer issuing paper HELP debt statements, if you wish to receive such statements you can do so through your MyGov account.

WHERE TO FIND US

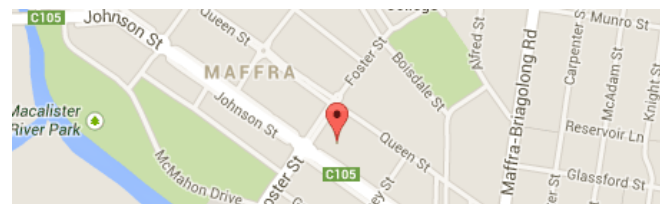
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2023 INCOME TAX RETURN CHECKLIST

Before coming to your interview this year please take the time to look over the list below of information which you may need to bring to your appointment.

Tick if applicable and bring to appointment:

Income:

- PAYG Payment Summaries (group certificates) **These should be reported to the ATO by your employer but are often not reported until late July early August**
- Centrelink year end income summary statement – Centrelink no longer sends these in the mail & these details are **should be reported to ATO by Centrelink – not usually reported until late July**
- Interest received
- Dividends from shares / investments held (*including any dividends which have been reinvested*)
- Trust and investment distributions (*please ensure you have the “Annual Taxation Statement” provided by the fund – some of these will not be provided until Aug/Sept*)
- Rental income received (summary from agent)
- Lump sum and termination payments (*provide all documents including an ETP payment summary from the employer or fund*) **should be reported to ATO by employer**
- Foreign source income and details of any tax credits (*employment and pension*)

Expenses:

- Motor vehicle travel (*details of the kilometres travelled for the cents per kilometre method, or details of all motor vehicle expenses for the log book method*)
- Other travel costs (*parking fees, Citylink costs etc.*)
- Clothing / uniform purchases, cleaning and sun protection costs
- Donations of \$2 and over
- Income protection insurance letter from insurer setting out premiums paid for the year
- Self-education expenses (*this may include costs such as: course fees, union fees, printing and stationery, parking, transport fees, journals and publications, books, internet, repairs to equipment and motor vehicle travel*)
- Any other work-related expenses (*this may include costs such as: union fees, telephone / mobile phone, tools and equipment, home office, internet, printing and stationery, journals and publications, conferences and seminars, subscriptions, professional memberships and practising certificates*)
- Work from home hours (Diary of hours and any receipts to claim for office furniture etc)
- Rental property expenses (*this may include costs such as: advertising, body corporate fees, cleaning, council rates, gardening, insurance, interest on loans, legal fees, pest control, agent fees and commissions, repairs and maintenance, stationery and postage, water charges and bank fees*)

Other:

- Private health insurance statement – **should be provided to ATO by the fund**
- Spouse details (*if applicable – name, date of birth and taxable income for the year*)
- Capital gains details for real estate, shares, managed funds, cryptocurrencies and other investment purchases or sales (*purchase cost and date as well as sale price and date for disposals*)
- Personal superannuation contributions letter for your spouse or yourself (*if you are claiming as a tax deduction*)
- Medicare exemption certificate