

Article for 'Tax Time 2011'

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When preparing your 2011 tax return, don't forget your child's Education Expenses. This is a great way to reduce your tax bill or increase your refund. Naturally, special rules apply. Computers, books, stationery and internet costs are OK. However, you cannot claim for school uniform, fees, excursions, private tutoring, sports equipment or musical instruments. A proposal in this year's Budget suggested that uniforms would be OK next year. Keep your receipts and just hope it becomes law.

Self Education Expenses for University students have recently been in the media spotlight. A limited number of University expenses, for those receiving Youth Allowance, may be claimed in this year's tax return. The types of expenses are very limited but it is worth having a look at what you might be able to claim. These claims will not be acceptable from 1 July 2011 onwards if the Budget proposal becomes law.

The much talked about Paid Parental Leave (PPL) became operational from 1 January 2011. If you wish to apply for this payment you need to talk to the Family Assistance Office (FAO). Yes, it is taxable and you lose the Baby Bonus, which is non-taxable. Your employer only gets involved after you talk to the FAO.

The ATO is on the lookout for subcontractors who really should be classified as employees. The ATO is getting serious and we can expect lots of audit activity in this area. If you engage subcontractors and think that they probably should be on wages then you need to talk to your accountant before you hear from the ATO. There are many circumstances when you need to pay the 9% superannuation for your subbies and also cover them for Workers Comp. Be careful with this one.

Internet-based businesses are also coming under ATO scrutiny. The ATO is reacting to the massive growth in on-line business trading and will be targeting those with high-volume transactions in what is regarded as an on-line auction site or marketplace.

According to the recent Budget, from 1 July onwards the Dependant Spouse Offset looks like being scrapped for those born on or after 1 July 1971, earn little or no income and have no dependant children.

Getting your tax advice from your mates at the pub is never sensible, but we are constantly confronted with this scenario. Somehow the bar stool turns your best mates into cricket experts in Summer and tax experts in Winter.

Sensible people seek clarification on tax issues from their Registered Tax Agent all year round.