



FINANCIAL
SERVICES

YOUR 2011 INCOME TAX RETURN WHAT YOU NEED TO BRING

When you visit our office to complete your personal tax return please bring the following information to your interview.

This will allow us to process your return in the shortest possible time.

INCOME ITEMS

Salary:

All PAYG Payment summaries (group certificates) including any Workcover documentation covering your gross salary, wages and other work-related income

If you are missing a payment summary please contact your payer and they will supply you with a copy.

Please ensure that you have the whole period from 1 July 2010 to 30 June 2011 covered. If there are any missing PAYG summaries and you cannot obtain a copy, call our office prior to your appointment and we will advise you of any extra information that we may require in order to complete your tax return.

Allowances:

Details of allowances should be shown on the payment summaries. There may also be benefits, earnings, tips and directors fees that have not been included on the payment summary that are assessable and must be declared.

Lump Sums & Employment Termination Payments:

Documentation including any **PAYG payment summary - Employment Termination Payments** forms. If you rolled over an amount or part of an amount, we will need a **Rollover Notification Form**.

Centrelink and Veterans Affairs:

All documentation received from Centrelink. If you have been in receipt of a benefit (such as Newstart) or pension at any time from 1 July 2010 to 30 June 2011 and you have not received a tax statement, please contact Centrelink or Veterans Affairs for a copy of your Payment summary, benefits or pensions before you attend our office.

Amounts of exempt pensions paid to you or your spouse have to be taken into account for various offset (rebate) purposes.

Veterans Affairs and Centrelink do not issue any statements for exempt pensions, so you will need to phone the relevant department (before the interview) to obtain details of the actual amounts received from 1 July 2010 to 30 June 2011.

Annuities:

Details of the payments received and payment summaries (where applicable), **including any other pages with information received from the payer** with the payment summary e.g.: pages showing undeducted purchase price and deductible amounts. Many of these will be non-taxable but we still need to check.

Foreign Pension/Income:

The total amount of foreign pension or income received for the financial year is required, even if exempt from Australian tax. Please provide details of all amounts received in Australian dollars for the period 1 July 2010 to 30 June 2011.

Interest:

Amounts received from accounts in banks, building societies, credit unions, and the like. We need to know the total amount of interest earned **and** if this is solely in your name, joint names or in trust for some other person (e.g: child). The ATO receives details of your interest earned each financial year and uses their data-matching system to crosscheck interest details provided by the banks against the income declared in the lodged tax return. This information needs to be exact.

Dividends:

All dividends received, plus the name of the company (e.g.: IAG, AMP), the amount received, and whether the investment is held jointly, or in your name only. In the case of franked dividends we also will need both the franked amount and the imputation credit. Most companies issue two dividends per year.

Please bring the dividend statements received from the relevant institution.

In most cases if you do not have all dividend statements we can access your information from the relevant company share registry if you can bring in at least one dividend statement or one from a previous year.

NOTE: If you had your dividends reinvested back into shares this income must be declared plus you need to keep a record of all these transactions as when you sell the shares we will need to know the date and how much the additional shares cost for capital gains tax purposes.

ASSET REGISTER: We can prepare an asset register and attach it to your file if you want to bring in all your dividend statements with reinvestment details. The sooner you/we keep an asset register so that this information can be accessed easily, the better.

Employee Share Schemes:

If you have participated in an employee share scheme you will need to bring in your share scheme statement provided by your employer.

Managed Funds and Unit Trusts:

Please bring in **the annual tax statement** from any managed fund or trust, (e.g. Summit, BT, Colonial First State). These statements show the break-up of the income you have received during the year. As these funds generally distribute income from various sources to their unit holders, it is vital for us to be able to identify the type of income in order to ensure the correct tax treatment.

Did you sell any property or shares during the year?

If so please provide copies of the contracts showing dates and amounts for purchase and sale. Details required will include the costs and dates for improvements, legal fees, stamp duty on purchase, commissions paid on sale, and advertising costs.

Did you sell any Personal Assets such as collectibles?

Gains from the sale of personal assets may be subject to capital gains tax. Assets such as works of art, jewellery, rare books, postage stamps and antiques may be liable if their sale price is over \$500 and other personal assets may also be liable if their sale price is over \$10,000.

If so, bring along details showing dates and amounts for the purchase and sale of the items.

Bonuses from Life Insurance and Friendly Societies:

If you have cashed in any life insurance or friendly society policy where the policy was held for **less than 10 years**, bring along the documentation regarding the original investment and the redemption.

DEDUCTIONS

Work Related Expenses:

The ATO requires you to maintain sufficient records each financial year to enable the claims made on your income tax return to be substantiated in the event of an audit. This means that you need receipts for work-related expenses that are claimed in your return. Work related expenses may include:

- Union fees
- Professional Association fees
- Subscriptions
- Uniforms and protective clothing
- Dry cleaning
- Books
- Tools or equipment
- Telephone – home and/or mobile
- Internet expenses
- Home office

You may be still entitled to claim a deduction without the existence of documentation in some circumstances. For example work expenses that total \$300 or less (including laundry expenses) but claims in excess of this must be accompanied with relevant documentation.

Please note that the Government simplification proposals of \$500 and \$1,000 work related claims are not operative until 2012-13 and 2013-14.

Motor Vehicle Claim:

The ATO is questioning more and more motor vehicle claims. If you use your motor vehicle for work, for self education or for carrying bulky tools to work, you **MUST** maintain a diary or log book to record your kilometers travelled. We require that you provide details of the number of kilometres travelled for these purposes, the make and model of the car and the registration number.

If the kilometres you travel for work-related purposes exceed **5,000 kms** for the financial year, you should keep a log book for at least a continuous 12 week period. Bring in this log book together with all receipts for repairs, registration, insurance, and any other motor vehicle expenses. This will enable us to work out which of the four methods of claim will give you the best deduction. If the kilometres do not exceed 5,000 kms, we can make a claim under the set rate per kilometer method (limited to 5,000 kms) but you **MUST** have evidence of the work related travel such as a diary or log book.

If you have used more than one vehicle during the year for work purposes, then you **MUST** keep a diary or log book record for each vehicle.

Accident & Sickness / Income Protection Insurance:

If you have an insurance policy that covers you for loss of wages due to illness or injury, the premiums are tax deductible. Please provide the name of the company through which the insurance is provided, the policy number and amount paid.

Superannuation

If you have made a contribution to a super fund on behalf of your spouse, or if you are self employed and intend claiming a deduction for superannuation, then please provide the following details:

- (1) Name of fund; (2) ABN of fund; (3) Member no.; (4) Account no.; and (5) amount.

If you have made a personal superannuation contribution for which you are expecting a government co-contribution please provide us with full payment details.

Donations:

Any donations of \$2 or more to eligible charities are claimable, however receipts **MUST** be provided at the time of interview.

HEALTH INSURANCE

Health funds send out **annual taxation statements** to their members. Please ensure that you bring this statement to the interview as it has the relevant details needed to claim the available rebate and to ensure that you are not liable for the Medicare Levy Surcharge. If a statement is not received, please contact your fund prior to the interview.

MEDICAL OFFSET (REBATE)

These are the net medical expenses that you incurred, both for you and your family, after any refunds from your private health fund and/or Medicare. If the net amount spent exceeds \$2,000 for the 2011 financial year, you are entitled to a rebate of 20 cents in the dollar over the first \$2,000 spent. Medical expenses include doctors, dentists, opticians, chemists (prescription), physiotherapists, laser eye surgery, hire of medical equipment, etc. It **DOES NOT** include chiropractors, cosmetic dentistry, ambulance charges, cosmetic surgery or membership of a health fund.

We suggest that you bring in the following:

- A statement from Medicare outlining your expenses for the year (this may be obtained on-line from Medicare);
- A statement from your health fund detailing your claims for the year (this needs to be requested from your fund);
- A statement from your chemist(s) detailing your prescription costs for the year;
- Copies of any other medical, dental and optical expenses not claimed through your health fund or Medicare.

EDUCATION EXPENSES OF CHILDREN

If you have children at school and you paid certain education expenses you may be entitled to an Education Tax Offset. This offset is **ONLY** available if you are in receipt of or are eligible for Family Tax Benefit Part A, (Family Adjusted Taxable Income must be within limits)

Please bring in details of any of the following expenses that were incurred from 1 July 2010 to 30 June 2011: Computer costs (purchase, leasing, or hire purchase), software, materials (e.g.: CD ROMs, paper etc), repairs, and internet connection.

Other costs may include, text books, school stationery, art materials (paper based), tools of trade (e.g.: woodworking, and metal working tools).

You cannot claim school fees, school levies (for consumables for subjects such as art, woodwork, metalwork, home science and cooking), school uniforms, sports equipment, musical instruments, private tutoring, transport, school photographs and school excursions.

If you have shared care of any of your children, you **MUST** provide details of that shared care.

RENTAL PROPERTY

If you have a rental property and it is managed by an agent, please bring the **agent's statements** and, if available, the **agent's summary page** for the financial year. These will include all rental expenses paid from the agent's trust account as well as the income received.

Deductible expenses for rental properties include:

Advertising

Any advertising expenses to secure tenants, but not expenses for the sale of the property, this will be included in any capital gains calculation.

Agents Commission and Management Fees

Fees and charges incurred in managing your rental property.

Bank Charges

Fees that are charged by the bank/building society/ credit union, etc for running the rental property bank account.

Borrowing Costs

Expenses incurred to obtain or re-finance a loan for the rental property. These costs are generally deductible over five (5) years.

Rates and Land Tax

These include council, water and sewerage rates, and Land Taxes paid to any Office of State Revenue.

Depreciation

If you have purchased any carpets, furniture or assets for the rental property, where the cost exceeds \$300, we will need to know the **date of purchase** and the total amount paid.

Insurance

This may include building, contents, public liability and landlord insurance.

Interest

Please bring details of the interest paid during the year on any loans for the purchase of the rental property, and also any loans taken out to meet costs associated with improvements and/or running costs.

Note: *If you have increased your borrowings and used those funds for private purposes, adjustments will need to be made to the amount of interest claimed. In such cases please bring in all loan statements together with details of the use of those additional funds.*

Legal and Accounting

Expenses incurred in recovering arrears of rent or evicting tenants for non-payment.

Repairs and Maintenance

Repairs made to correct defective or worn out parts, or which return a deteriorated part to its condition when first acquired are deductible. The repair must relate directly to wear and tear or other damage that occurred as a result of renting out the property and not to fixing something before it is used for rental purposes.

Special Building Write-Off Allowance

If your rental property was built after 18 July 1985 there is a Special Building Write-Off Allowance available. This is also available if you have carried out any structural improvements since 26 February 1992, e.g.: fences or driveways. The construction costs must be confirmed by the original receipt/invoice or a registered quantity surveyor and be available in writing in the event of an audit.

Strata Title Fees/Body Corporate

These are fees that cover building insurance, repairs and maintenance, communal lighting, gardening and yard work, and provision for future improvements.

Special levies imposed by the body corporate for improvements are not claimable.

Travel

This includes travel to inspect the property, collect rent, undertake repairs, rubbish removal and banking, etc. You need to keep a record of the kilometres you have travelled for the rental property. These kilometres will form part of any 5,000km limit for your return.

You can also claim your air flights to inspect a property if it is in another State and if it was the sole purpose of the trip. If, however, it was a dual purpose flight, e.g.: to visit relatives or have a holiday, then the expenses will need to be apportioned accordingly.

Solar energy claims and rebates

If you purchased and installed a new hot water heater or solar panels we will need the **date of purchase** and the total amount paid. If you received any government incentives, please provide details of those amounts.

BUSINESS CLAIMS

For those clients that operate a small business, please provide the following additional information:

1. Copy of accounting records (computer back-up or paper records);
2. BAS / IAS transactions.
If you prepare your own BAS / IAS returns please provide a copy of each return submitted to the Tax Office;
3. Record of inventory / stocks on hand (including livestock numbers);
4. Listing of debtors and creditors at year end;
5. Copies of bank statements for the year.

APPOINTMENT

Call one of our offices to make an appointment to complete your tax return:

97 Lawes Street **East Maitland** NSW 2323 (02) 4933 3466
Unit 1 / 67 Magnus Street **Nelson Bay** NSW 2315 (02) 4984 3788
1st Floor, 116 Darby Street, **Newcastle** NSW 2300 (02) 4929 2552