

**For immediate release**

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## Tax Tips 2020 from CPA Australia

With our lives shifting to a new normal after the impacts of COVID-19 and the devastating bushfires earlier this year, tax time is upon us once again.

CPA Australia is seeking to help Australians make the right economic decisions before the end of the financial year, to inform them of what they may be legally entitled to claim through the tax system, and to provide some tips on what to watch out for this tax season.

Tax can be confusing and complex. There are always new topics of which to be aware, and this year is no exception. COVID-19 has created new tax issues for many with questions around JobKeeper, redundancy payments, working from home, rental properties and unanticipated losses. CPA Australia's **Tax Tips 2020** will assist you – whether you are a small business, an employee, an investor or a student.

CPA Australia's tax policy adviser Elinor Kasapidis said "COVID-19 has affected the incomes and businesses of many Australians, and these impacts can have tax consequences, so it's critical to get your tax affairs in order and be aware of available concessions."

However, Kasapidis warned employees and investors that it may take a few weeks after 30 June before all their necessary tax information is available to lodge their tax return.

"While many taxpayers might be tempted to lodge early this year, the pre-filled data in tax returns from third parties, such as banks and employers, means that many tax returns may not be ready for lodgment until late July – or even mid-August. It's best to wait until you have all your appropriate data before lodging. Otherwise, you might need to amend your tax return and pay additional tax later.

"For individuals who unfortunately lost their job during the year, JobSeeker and certain termination payments remain subject to tax, and income from gig economy activities such as ride-sharing and odd jobs may also be taxable.

"If you're in business, check that you're up to date on employee payments, superannuation contributions, asset purchases or trust obligations by 30 June. After 30 June is when you need to bring your records together and get to a tax agent to lodge your income tax return and possibly other tax forms.

"It is important to be aware that the government and ATO have provided tax support and specific guidance related to COVID-19, and the ATO will be using software and other means to check that claims are correct," Kasapidis said.

COVID-19 issues for business include losses, cancelled contracts, rent forgiveness, renegotiated loans, bad debts, income from certain government grants, trading stock and private company loan repayments.



“A tax professional can check that the JobKeeper claims and GST adjustments by a business have been done correctly,” Kasapidis said.

To find out more, speak to a CPA Australia-registered tax agent about your specific circumstances.

To find a CPA in your local area, visit the CPA Australia [website](#).

**Further information:** <https://www.cpaaustralia.com.au/professional-resources/taxation/tax-tips>

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### **About CPA Australia**

CPA Australia is one of the world's largest accounting bodies, with more than 165,000 members working in 100 countries and regions and supported by 19 offices globally. Our core services to members include education, training, technical support and advocacy. Employees and members work together with local and international bodies to represent the views and concerns of the profession to governments, regulators, industries, academia and the community. Visit [cpaaustralia.com.au](http://cpaaustralia.com.au)

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## Tax tips for small business

Running a small business is always a challenge and COVID-19 has created significant new challenges for many. Tax can often be an afterthought, but it is important, especially this year, to make time to look at your books, make sure you are up to date on your tax obligations and, most importantly, access any tax concessions that are available to help your business.

A visit to your tax agent can also give you the opportunity to step back, evaluate your business performance and prepare for the next financial year. Many small businesses are struggling right now and it is important to undertake cash flow analysis and develop a business recovery plan.

CPA Australia's tax policy adviser Elinor Kasapidis said that "When it comes to your tax return, COVID-19 impacts may have created a range of new tax issues for many businesses and a tax agent can help navigate the range of concessions and specific tax impacts. Small businesses should ensure their bookkeeping, JobKeeper records and lodgments are correct and up to date.

"It's also important for taxpayers to be up-front and honest with their tax agent and the ATO. Even with COVID-19 placing pressure on business cash flow, the onus remains on business owners to correctly report their income, claim their expenses and have the appropriate records. Payment plans are also available to manage your tax debts with the ATO," Kasapidis said.

Your tax agent is required to take reasonable care when preparing your return which means they may ask you detailed questions about your cashflow, business performance, personal use of assets and records.

If you have made errors or need to correct your business records, speak with a CPA Australia-registered tax agent who can work with you and the ATO to get things right.

Kasapidis also advised that taxpayers should "obtain professional tax advice, especially in areas where more complex tax issues arise. This includes losses, restructures, capital gains tax, personal services income, trust declarations and distributions, and private company loans."

### Top tax tips for small business

- Do a business health-check and develop a recovery plan or exit strategy
- Report any assessable government grants or assistance you have received
- Understand the tax impacts of renegotiated or restructured debts
- Check if you are entitled to the \$150,000 instant asset write-off for equipment first used or installed ready for use by 30 June 2020
- Make trust resolutions and document the streaming of trust capital gains and franked dividends
- Review private company loans and debt forgiveness
- Review your losses to ensure they satisfy the business continuity test
- Write-off bad debts
- Maintain good records including for JobKeeper, accurate account codes and properly account for private use.



**Further information:** <https://www.cpaaustralia.com.au/professional-resources/taxation/tax-tips/small-business>

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## Tax tips for employees

It is that time of year again when you pick up your box of receipts – or maybe you have organised them in the ATO's [myDeductions](#) tool – and make an appointment with your tax agent to complete your tax return.

CPA Australia's tax policy adviser Elinor Kasapidis said "this year is different – with COVID-19 affecting so many Australians, your tax might be a little more complicated or uncertain than usual. With so many of us working from home, you should consider the ATO's shortcut method for deductions between 1 March and 30 June 2020 as well as claiming for protective items. With COVID-19 affecting working patterns, the ATO expects to see claims for laundry expenses or travel expenses decline this year."

"While it's tempting to lodge early, with so much information being pre-filled into your tax return by the ATO from external sources such as employers, banks and private health insurers, it makes good sense to wait until all that data is finalised before lodging. This could be late July. If you lodge before that information is available, you're potentially finalising your tax return with different amounts and you may need to amend your tax return later and pay additional tax," Kasapidis added.

### Top tax tips for employees

- Make sure you have the required records and can substantiate your claims
- Remember that you can't claim the full amount of a deduction unless you have already spent the money
- Payments received from JobKeeper and JobSeeker are still taxed, as are COVID-19 allowances and termination payments
- Report income and expenses from the gig economy, such as driving for a ride-sharing platform
- Claim working from home expenses and consider using the working from home shortcut method to calculate your deduction
- Claim your work-related deductions such as protective equipment, employment-related mobile phone and internet usage, computer repairs, union fees and professional subscriptions
- Claim depreciation on tools, equipment or other assets you purchase for over \$300 that help you earn your income, such as tools for tradespeople, calculators, briefcases, computer equipment and technical books
- Get your superannuation in order – consider salary sacrifice, contributions, co-contributions and consolidation.

While there is nothing wrong with legally maximising your refund, remember that the ATO will check the details of your income and deductions in your tax return against its vast data holdings, and may ask you questions if they notice anything unusual.

So, before you claim, remember that for an expense to qualify:

- you must have spent the money yourself
- it must be directly related to earning your income
- it must not have been reimbursed
- you must have the relevant records to prove it.



**Further information:** <https://www.cpaaustralia.com.au/professional-resources/taxation/tax-tips/employees>

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## Tax tips for investors

For many Australians, putting savings to good use through investing is an important strategy to maximise wealth, but often the tax consequences can be forgotten or misunderstood. COVID-19 has significantly affected stock markets, property investments and pension incomes. A CPA Australia-registered tax agent can help you navigate the often-complex tax rules and concessions related to investments, including capital gains tax.

CPA Australia's tax policy adviser Elinor Kasapidis said "COVID-19 has significantly disrupted the rental property market, with landlords deferring or reducing rent or simply being unable to rent out their properties. The nature of how a holiday home is used may have changed and adjustments will need to be made to tax deductions. The ATO will continue its focus on rental properties so it is important to get this right."

Kasapidis added "the instant asset write-off is not available to rental property investors and holders of vacant land should check their entitlement to deductions for the costs of holding that land, as the rules changed from 1 July 2019."

"Keep in mind that the ATO's data matching and information exchange capabilities continue to evolve and now cover many capital transactions and investment revenue streams in Australia and overseas. It is therefore more important than ever to report investment income, including from abroad, maintain accurate records, correctly calculate capital gains or losses on disposal and to ensure your tax affairs are in order," Kasapidis said.

### Top tax tips for investors

- Claim your expenses for rental properties, such as interest on investment loans including deferred payments, land tax, repairs and maintenance, agents' commission, and don't forget depreciation and capital works deductions
- Account for the impacts of COVID-19 on the availability of the property for rent, especially for properties such as holiday houses
- Ensure you report any gains or losses from cryptocurrencies, especially as the ATO is now data-matching information from digital exchanges
- Ensure you report any income, expenses, gains or losses from foreign investments if you are an Australian resident for tax purposes. Also check your entitlement to any foreign tax credits for tax you paid overseas
- If there are multiple owners in an investment, ensure that income and expenses are correctly apportioned
- For capital gains tax, make sure that you kept the asset for the 12-month holding period before you claim the discount, check your tax residency status and seek advice to ensure the gain is calculated correctly
- Keep proper records for all your investments and ensure that you keep them for at least five years after a capital gains tax event occurred
- Watch out for investments being promoted as 'tax effective' and seek independent, professional advice before making a decision.



**Further information:** <https://www.cpaustralia.com.au/professional-resources/taxation/tax-tips/investors>

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## Tax tips for students

If you are a student, lodging an income tax return may seem a bit daunting. Parents who may be helping can also find it challenging. JobKeeper brought a boost to many casual workers by increasing their income to \$750 per week and students should remember that this income is subject to tax.

CPA Australia's tax policy adviser Elinor Kasapidis said that "while studying is probably your highest priority, many students take on part-time work, including small cash jobs, or might receive government payments or scholarships to assist during their studies. You might be more entrepreneurial and have started selling products or investing in financial assets on the side. Many forms of income come with tax consequences so it's best to get advice if you're unsure.

"You might also find that you have had tax withheld from payments to you, so you'll need to lodge a tax return to get any amounts that should be refunded back to you."

### Top 10 tax tips for students

- If you have had tax withheld from your salary or interest and your taxable income is below the tax-free threshold, lodge a return to get those amounts refunded back to you
- Set up your myGov account to access government services and get your income statement and superannuation information from your employer
- Identify all your sources of income, such as income from work including tips, investment returns, certain government payments, non-government scholarships, grants and awards, as well as distributions from family trusts or partnerships
- Report income and claim expenses from gig economy jobs. This can include income from running social media accounts or selling goods and services online
- Know your deductions, including work related expenses or self-education expenses. Remember self-education must be directly related to your work and that HELP debt repayments are not deductible
- Remember that income can include payments you receive in tips, cryptocurrency and through barter transactions
- Report any gains or losses from cryptocurrencies, especially because the ATO is data-matching information received from digital exchanges
- Get your residency for tax purposes right as the tax rules are different to those used for immigration
- Check that you are getting your superannuation entitlements if you earn more than \$450 per month or, if you are under 18 and you work more than 30 hours per week
- Consider the special rules related to tax if you are under 18, for income such as trust distributions, interest, dividends, rent and royalties.

**Further information:** <https://www.cpaaustralia.com.au/professional-resources/taxation/tax-tips/students>

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