

THE ENTERPRISE

EDGE

JULY 2021 | ISSUE 1

Tax advice for transport businesses and employees



TAX RETURNS FOR TRUCK DRIVERS

How to navigate Income Reports, Deductions and Record Keeping.

BUS & TRAIN DRIVERS

Understanding terminology and how to get the most out of your return.

TOOLS, EQUIPMENT & OTHER ASSETS

What can be claimed as a deduction?

Welcome to the First Edition of The Enterprise Edge's Monthly E-books for the Queensland Trucking Association!

The Enterprise Edge is more than an accounting company. The Founder and Director, Clinton Stewart is an avid Aviation and Trucking enthusiast. It's not unusual to find him behind the wheel of a semi-trailer on occasions, just to help out a client

It's a passion that enabled Clinton to become a Platinum Partner with QTA. Not only does he know the ins-and-outs of the trucking world, he revels in finding ways to Sharpen Your Margins to streamlining your businesses, maximising profits and building a stronger business.

In this edition, we will be discussing everything End Of Financial Year (EOFY).

COVID-19 has affected many and all, and as we reflect and look back at the numbers, it is going to be a new journey for us all.

We will highlight some of the impacts that COVID-19 has on your tax return, some of the claims that you can make, and some important tips to remember.

We're looking forward to sharing business tips which can be implemented with ease.





WHAT'S INSIDE

CHAPTER 1		
<i>End of Financial Year (EOFY)</i>		<u>04</u>
Do you need to lodge a tax return?		

CHAPTER 2		
<i>Tax Return for Truck Drivers</i>		<u>06</u>
How to navigate Income Report, Deductions & Record Keeping		

CHAPTER 3		
<i>Other occupations and deductions</i>		<u>14</u>
Bus Drivers		
Train Drivers		
Tools, Equipment & Other Assets		
Protective Items, Equipment & Products		
Motor Vehicle Expenses		

CHAPTER 4		
<i>Checklist of essential tasks at EOFY</i>		<u>20</u>

CHAPTER 1

END OF FINANCIAL YEAR

End Of Financial Year (EOFY) is a 12-month period that is used for tax purposes. The Australian financial year begins on 1st July and ends the following year on 30th June.

Once the financial year has ended, individuals and businesses have from 1st July right up to 31st October to lodge their tax return, or 15th May the following year if using a tax agent.



KEY
TAKEAWAYS

If any of the following reasons apply to you, then you **MUST** lodge a tax return¹:

1.

During 2020-21, you were an Australian resident and you:

- a. Paid tax under the pay as you go (PAYG) withholding or instalment system, or
- b. Had tax withheld from payments made to you (excluding mining payments)

2.

You were eligible for the seniors and pensioners tax offset, and your rebate income (not including your spouse's) was more than:

- a. \$32,279 if you were single, widowed or separated at any time during the year
- b. \$31,279 if you had a spouse but one of you lived in a nursing home or you had to live apart due to illness, or
- c. \$28,974 if you lived with your spouse for the full year

3.

You were not eligible for the seniors and pensioners tax offset but you received a payment (listed at question 5 on the ATO page [here](#)) and other taxable payments which when added together made your taxable income (from taxable income or loss on your tax return) more than \$21,884.

4.

You were not eligible for the seniors and pensioners tax offset and you did not receive a payment (listed at question 5 or question 6 on the ATO website [here](#)), but your taxable income was more than:

- a. \$18,200 if you were an Australian resident for tax purposes for the full year
- b. \$416 if you were under 18 years old at 30 June 2021 and your income was not salary or wages
- c. \$1 if you were a foreign resident and you had income taxable in Australia which did not have a final non-resident withholding tax withheld from it, or
- d. Your part-year tax-free threshold amount if you become or stopped being an Australian resident for tax purposes

¹ <https://www.ato.gov.au/Individuals/Tax-return/2021/Before-you-start/Do-you-need-to-lodge-a-tax-return--2021/>

CHAPTER 2

TAX RETURN FOR TRUCK DRIVERS²

If you earn your income as an employee truck driver, continue to read on. If you are a bus driver or train driver, refer to chapter 3.

² <https://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Occupation-and-industry-specific-guides/Truck-drivers--income-and-work-related-deductions/>



***The following is a list of
ATO's definitions:***

Truck

A large and heavy vehicle used for transporting article or goods.

Local driver

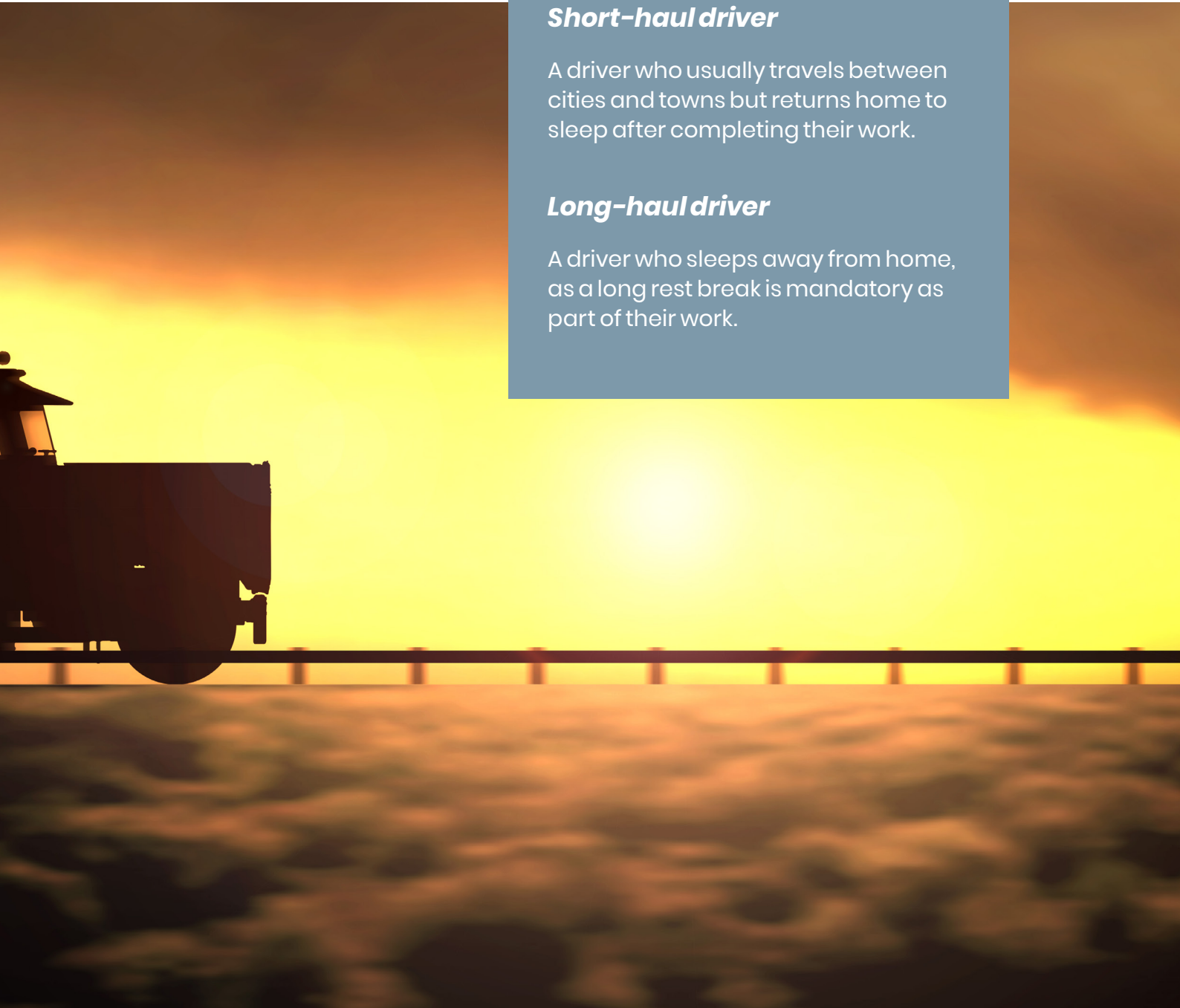
A driver who usually travels within a city or town and sleeps at home after completing their work.

Short-haul driver

A driver who usually travels between cities and towns but returns home to sleep after completing their work.

Long-haul driver

A driver who sleeps away from home, as a long rest break is mandatory as part of their work.



Income to report

Your income statement or payment summary shows all your **salary, wages** and **allowances** for the income year.

Important: regardless of when you earn income, it is vital to include all the income you receive during the income year in your tax return.

Important: do not include reimbursements. You cannot claim a deduction for them. If your employer pays you the exact amount of expenses you incur (either before or after you incur them), that payment is a reimbursement.

Salary and wages

You must include your salary and wages as income in your tax return. Be sure to include any bonuses as well.

Important: for more information on the different types of income, refer [here](#).

Allowances

You must include all allowances shown on your income statement or payment summary.

You may receive an allowance to:

- Compensate you for an aspect of your work, such as carrying unpleasant or dangerous goods.
- Help you to pay for certain expenses, such as meals in connection with overtime you work.

EXAMPLE A

Your employer pays you an amount based on an estimate of what you might spend, such as paying cents per kilometre if you use your car for work.

THIS IS AN ALLOWANCE

EXAMPLE B

Your employer pays you for the actual amount of the expense (either before or after you incur the expense), such as paying for the petrol you use if you use your car for work.

THIS IS A REIMBURSEMENT

Allowances on your income statement or payment summary

You may receive allowances:

- For work that may be unpleasant, special or dangerous
- In recognition of holding special skills, such as a first-aid certificate or rear-end steering
- To compensate for industry peculiarities, such as for weekend or holiday shifts

These payments do not cover you for expenses you might incur. So, include these allowances as income.

You may also receive allowances to cover expenses that you might actually incur, such as overtime meals.

Important: if you receive an allowance from your employer, you aren't always entitled to a deduction – it depends on the situation.

Allowances not on your income statement or payment summary

Your employer may not include some allowances on your income statement or payment summary. This can apply to travel allowances and overtime meal allowances paid under an industrial law, award or agreement. You can see these allowances on your payslips.

If the allowance is not on your income statement or payment summary, there are two situations that could occur:

SITUATION A

You spent the whole amount on deductible expenses.

DO NOT INCLUDE it as income in your tax return.

YOU CANNOT CLAIM any deductions for these expenses.

SITUATION B

You spent more than your allowance.

INCLUDE the allowance as income in your tax return.

YOU CAN CLAIM a deduction for your expense, if you are eligible.



Deductions³

You may be able to claim deductions for your work-related expenses. These are expenses you incur to earn your income as a truck driver.

To claim a deduction for work-related expenses:

- You must have spent the money and you weren't reimbursed
- The expense must directly relate to earning your income
- You must have a record to prove it (usually a receipt)

Important: you can only claim a deduction for the work-related portion of an expense. You cannot claim a deduction for any part of an expense that is not directly related to earning your income or that is private.



³ <https://www.ato.gov.au/Individuals/Income-and-deductions/in-detail/Occupation-and-industry-specific-guides/Truck-drivers---income-and-work-related-deductions/?anchor=Deductions#Deductions>

Record Keeping⁴

You need to get and keep records of your expenses for which you want to claim deductions. This is usually a receipt but can be another form of written evidence (such as an invoice).

Important: records must show what you purchased, when, where, and how much you spent. They must be in English.

However, there are some exceptions to this rule:

- **Small expense receipts**
- **Hard to get receipts**
- **Overtime meal expense receipts**
- **Travel and meal expense receipts**

Small expense receipts

You don't have to get and keep a receipt for work-related expenses that are \$10 or less, as long as your total claim for small expenses is \$200 or less.

If you don't get a receipt for small expenses, you can still claim a deduction as long as you make a record of the small examples. An example is recording it in a work diary.

Important: your record should show what you purchased, when, where, and how much you spent. It must be in English. You can use this to show how you calculated your deduction if the ATO requests this from you.

⁴ <https://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Occupation-and-industry-specific-guides/Truck-drivers---income-and-work-related-deductions/?anchor=Recordkeeping#Recordkeeping>

Hard to get receipts⁵

If you can't get a receipt for a work-related expense, you can still claim a deduction as long as you make a record.

Important: your record should show what you purchased, when, where, and how much you spent. It must be in English. You can use this to show how you calculated your deduction if the ATO requests this from you.

Example: John is a long-haul driver who travels away from home for two nights at a time. During this time, he takes a shower for a small fee. He spends \$11 for the shower and can't get a receipt as it is a coin operated machine. John can claim a deduction for the \$11 he spends, but must keep his own record of the expenditure.

Overtime meal expense receipts

You can claim a deduction for your overtime meal expenses (food and drink) without keeping all your receipts if you:

- Undertake overtime
- Receive an overtime meal allowance paid under an industrial law or award; for example, the Road Transport and Distribution Award or the Road Transport (Long Distance Operations) Award
- Spent money on meals (food and drink) you consumed during your overtime meal break
- Are not claiming more than the reasonable amount the ATO has set

Even if you are not required to get and keep receipts for your overtime meal expenses, the ATO may check your tax return and ask you to show them how you calculated your claim. If the ATO asks, you will need to provide documentation showing:

- When you did overtime
- You purchased a meal
- You correctly declared the overtime meal allowance as income in your tax return

If you don't receive an overtime meal allowance paid under an industrial law or an award, or are claiming a deduction for more than the reasonable amount, you need to get and keep your receipts for your overtime meal expenses.

Important: you claim what you actually spent, not the reasonable amount.

Travel and meal expense receipts⁶

You can claim a deduction for your accommodation, meal (food and drink) and incidental expenses without keeping all your receipts if your travel is for less than six nights, and you:

- Receive a travel allowance that is expected to cover your accommodation, meals and incidental expenses when travelling for work (a token amount you receive as a travel allowance is not accepted as covering such costs)
- Are required to travel for work, take your mandatory long rest break and sleep away from home for work; for example, long-haul drivers
- Spent money on accommodation, meals (food and drink) and incidental expenses while travelling away from home overnight for work
- Are not claiming more than the reasonable amount the ATO has set

⁵ <https://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Occupation-and-industry-specific-guides/Truck-drivers---income-and-work-related-deductions/?anchor=Recordkeeping#Recordkeeping>

⁶ <https://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Occupation-and-industry-specific-guides/Truck-drivers---income-and-work-related-deductions/?anchor=Recordkeeping#Recordkeeping>

Important: if you travel overseas, you have to keep receipts for your accommodation expenses regardless of whether you meet the points listed above.

Even if you are not required to get and keep receipts for your accommodation, meals and incidental expenses when travelling for work, the ATO may check your tax return and ask you to show them how you calculated your claim. If the ATO asks, you will need to provide documentation showing:

- When you were travelling for work (including start and finish times)
- You paid for accommodation and purchased meals and incidentals, and the amount you spent
- You correctly declared the travel allowance as income in your tax return

Important: the records you need to keep depends on the length of your trip, and if it is domestic or international, and whether your travel is wholly for work purposes.

Important: if you travel for six or more nights in a row, you may need to keep a travel diary in which you record the dates, places, times and duration of your activities and travel.

Important: you don't need to keep a travel diary if your travel away from home is less than six nights in a row.

Important: if you travel the same route regularly, and have a regular pattern of expenditure, the ATO will accept written evidence for a three-month representative period.

If you are required to maintain and keep records, the records you keep may include⁷:

- Income statement, payment summary or payslips to show the travel allowances you received
- A travel diary, or documents that show the days you travelled for work, including:
 - Start and finish times
 - Where you travelled
 - When you stopped for meals
- All receipts, invoices or documents for accommodation, meals and incidental expenses showing the:
 - Name of the supplier
 - Amount you spent
 - Nature of the good or service
 - Date you spent the money
 - Creation date of the receipt or other written evidence
- Written evidence, such as a bank statement, to show that you were the one who spent the money

Important: you claim what you actually spent, not the reasonable amount.

⁷ <https://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Occupation-and-industry-specific-guides/Truck-drivers---income-and-work-related-deductions/?anchor=Recordkeeping#Recordkeeping>

CHAPTER 3

OTHER OCCUPATIONS AND DEDUCTIONS



Bus Drivers⁸

If you earn your income as an employee bus driver, continue to read on.

Income to report

Your income statement or a payment summary shows your salary, wages and allowances for the income year. Include all the income you receive during the income year in your tax return, regardless of when you have earned it.

Important: do not include reimbursements.

Deductions⁹

You may be able to claim deductions of your work-related expenses. These are expenses you incur to earn your income as a bus driver.

To claim a deduction for a work-related expense:

- You must have spent the money yourself and weren't reimbursed
- The expense must directly relate to earning your income
- You must have a record to prove it (usually a receipt)

Important: you can only claim a deduction for the work-related portion of an expense. You cannot claim a deduction for any part of an expense that is not directly related to earning your income or that is private.



⁸ <https://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Occupation-and-industry-specific-guides/Bus-drivers---income-and-work-related-deductions/>

⁹ <https://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Occupation-and-industry-specific-guides/Bus-drivers---income-and-work-related-deductions/?anchor=Deductions#Deductions>

Train Drivers¹⁰

If you earn your income as a train driver, continue to read on.

The following is a list of ATO's definitions:

Local Driver

A driver who usually travels within a city or town and sleeps at home after completing their work.

Short-haul Driver

A driver who usually travels between a cities and towns but returns home to sleep after completing their work.

Long-haul Driver

A driver who sleeps away from home, and a long rest break is mandatory as part of their work.

Income to report¹¹

Your income statement or a payment summary shows all your salary, wages and allowances for the income year. Include all the income you receive during the income year in your tax return, regardless of when you have earned it.

Important: do not include reimbursements.

Deductions¹²

You may be able to claim deductions for your work-related expenses. These are expenses you incur to earn your income as a train driver.

To claim a deduction for a work-related expense:

- You must have spent the money and you weren't reimbursed
- The expense must directly relate to earning your income
- You must have a record to prove it (usually a receipt)

Important: you can only claim a deduction for the work-related portion of an expense. You cannot claim a deduction for any part of an expense that is not directly related to earning your income or that is private.

¹⁰ <https://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Occupation-and-industry-specific-guides/Train-drivers---income-and-work-related-deductions/>

¹¹ <https://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Occupation-and-industry-specific-guides/Train-drivers---income-and-work-related-deductions/>

¹² <https://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Occupation-and-industry-specific-guides/Train-drivers---income-and-work-related-deductions/?anchor=Deductions#Deductions>

Tools, Equipment & Other Assets¹³

You can claim a deduction for some or all of the cost of tools, equipment and other assets you buy and use to help earn your employment income.

Important: if you use the tools for both work and private purposes, you can only claim for your work-related use of the item.

Important: the type of deduction you can claim depends on the cost of the asset.

If the tool or equipment cost you \$300 or less, you can claim a deduction for the full amount in the year you buy it, if:

- You use it mainly for work purposes
- It's not part of a set that together cost more than \$300

You can claim a deduction for the cost over the life of the item (that is, decline in value), if the tool or equipment:

- Cost more than \$300
- Is part of a set that together cost more than \$300

Important: you cannot claim a deduction for tools and equipment that your employer or a third-party supplies for use.

Some examples of tools, equipment or assets that you can claim a deduction on include:

- Calculators
- Computers and software
- Hand tools; such as spanners, hammers and screwdrivers; or power tools such as grinders, sanders and hammer drills
- Protective items, equipment and products; such as hard hats, safety glasses, sunglasses and sunscreens (for more information on this, skip to the next section)
- Safety equipment
- Technical instruments

Important: you can also claim the cost of repairing and insuring your tools and equipment and any interest on money you borrowed to buy these items.

¹³ <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Tools,-equipment-and-other-assets/>

Protective Items, Equipment & Products¹⁴

You can claim a deduction for the cost of protective items that protect you from the real and likely risk of illness or injury while performing your work duties.

You must incur the expense for the protective items, equipment or products. You cannot claim a deduction if your employer:

- Pays for the items
- Provides the items
- Reimburses you for the cost you incur

Personal protective equipment (PPE)

You may be able to claim a deduction for personal protective equipment (PPE) you buy and use at work.

Important: to be able to claim a deduction, you must need to use the PPE in direct connection to earning your employment income. This means:

- You are exposed to the risk of illness or injury in the course of carrying out your work duties
- The risk is not remote or negligible
- In the circumstances there would be reason to expect the use of that kind of protective item
- You use the item in the course of carrying out your work duties

PPE may include items such as:

- Hard hats and helmets
- Safety glasses or goggles
- Earplugs
- Gloves
- Face masks or face shields
- Sanitiser
- Anti-bacterial spray

Important: the PPE you can claim as a deduction will depend on the nature of your employment duties.

¹⁴ <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/Protective-items,-equipment-and-products/>

Motor Vehicle Expenses¹⁵

If you are claiming a deduction for motor vehicle expenses for your business as a small business owner, continue to read on.

It is important to note that:

- The way to calculate your claim depends on your business structure
- If you change your business structure, your entitlements and obligations may change
- You must apportion your expenses between business and private use
- You must keep records for five years to prove your expenses

Important: the type of motor vehicle you drive can affect how you calculate your claim. A vehicle is either a car or an “other vehicle”.

A “car” is a motor vehicle that is designed to carry:

- A load of less than one tonne; and
- Fewer than nine passengers

Important: many four-wheel drives and some utes are classed as cars.

If your motor vehicle is not a car, then it is an “other vehicle”. Some examples include:

- Motorcycles
- Minivans that can carry nine or more passengers
- Utes or panel vans designed to carry loads of one tonne or more

Important: expenses incurred in running a ute are not automatically tax deductible. You need to use the ute in your business and claim the business portion only.

Examples of the types of motor vehicle expenses you can claim include:

- Fuel and oil
- Repairs and servicing
- Lease payments
- Insurance
- Registration
- Depreciation (decline in value) of the vehicle

¹⁵ <https://www.ato.gov.au/Tax-professionals/TP/Tax-Time-Toolkit---Small-business/?anchor=Motorvehicleexpenses#Motorvehicleexpenses>

CHAPTER 4

CHECKLIST OF ESSENTIAL TASKS AT EOFY¹⁶

This is a quick summary of the essential tasks you need to get done to prepare for EOFY.

¹⁶ <https://business.gov.au/finance/accounting/essential-tasks-at-end-of-financial-year-eofy>



✓ **Check what records you need to keep and what you need to do to prepare them**

This may include:

- Profit and loss statement
- Fringe benefits tax (FBT)
- Superannuation requirements

✓ **Find out what tax deductions and concessions you can claim**

You can claim deductions for most business expenses, as long as they directly relate to earning your income. You must have records to prove the expenses that you claim as business deductions.

✓ **Check your tax agent is registered**

Check your tax agent is registered with the Tax Practitioners Board (TPB).

✓ **Keep up-to-date with tax changes**

There may be tax changes each year that you need to be aware of. Your tax agent can also help you to be aware of and understand any changes.

✓ **Be wary of tax refund scams**

Some common tax time scams include:

- Tax refund scams – the scammer claims you've overpaid your taxes and are eligible for a refund; and to claim the refund, an administration or transfer fee is required.
- Tax owed scams – the scammer claims you've underpaid your tax and need to repay it immediately; and to make the payment, your credit or debit card details are required.

✓ **Review your finances**

Review your finances with your accountant or bookkeeper. Make sure that you are meeting your targets and are aware of everything.

✓ **Review your business and marketing plans**

Devote some time to set yourself up for the year ahead. Revisiting, reviewing and updating your plans will help you to be flexible to adapt to any changes and identify ways to work smarter.

✓ **Review your business structure**

As the business environment grows and changes, your business structure may need to undergo change to stay in the market. The compliance and taxation regulations will differ depending on your business structure.

✓ **Check your insurances**

If your circumstances do change, you may need to update your level of cover.

✓ **Backup and secure your files**

Backup and store your business information in a secure off-site location.

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