

Tax targets for this year

There are few changes that you should be aware of when preparing for your 2008 income tax return. As is the case each year, the ATO will be paying particular attention to a few special areas. Here's a guide to help you, but as always, make sure to get up-to-date advice before you make any final decisions.



Superannuation

Self employed people that have made contributions to superannuation should assess whether claiming a tax deduction for such contributions is still the best option for them. The super co-contribution is now available to the self employed and, depending on their income, this may provide a better outcome for them.

Fuel tax credits

Business taxpayers should be aware that the eligibility criteria for fuel tax credits have been expanded from 1 July 2008. This may provide a means by which increasing fuel costs can at least be partially offset.

Investment income

The ATO is making more use of technology than ever before. People need to ensure that they include the details of all of their investment income including interest, dividends and income from managed investments because the investment bodies report these amounts to the ATO. If the amount of income shown in your tax return is different to the amounts reported to the ATO they will seek an explanation.

Rental properties

The ATO is continuing to increase its compliance activities in relation to rental properties. It is concentrating on the usual mistakes that people make such as claiming deductions for capital items, not apportioning costs such as interest and travel expenses that may have a personal component and personal use of the properties.

Other areas being targeted by the ATO

- Work related expenses
- Taxpayers with offshore income that is not being included in their income tax returns
- The cash economy – if the income being returned is different to what industry benchmarks suggest should be the case the ATO may question whether any cash income is not being returned.

Many of the areas being targeted relate to errors that are often made. The rules for claiming income tax deductions are largely unchanged and with the right advice people still have the opportunity to legitimately maximise the tax deductions available to them.

If you need any further information please call any of our offices.