Australian Government
Australian Taxation Office

Four priorities for the ATO this tax time

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Four priorities for the ATO this tax time

The Australian Taxation Office (ATO) has today announced four key focus areas for Tax Time 2022.

The ATO will be focusing on:

- record-keeping
- work-related expenses
- rental property income and deductions, and
- capital gains from crypto assets, property, and shares.

These ATO priority areas will ensure that there is an appropriate level of scrutiny on correct reporting of deductions and income, so that Australia continues to have a strong tax system that can support the Australian community. Taxpayers can take steps to lodge right the first time.

Assistant Commissioner Tim Loh explained that “The ATO is targeting problem areas where we see people making mistakes.”

"It’s important you rethink your claims and ensure you can satisfy the 3 golden rules” Mr Loh said.

1. You must have spent the money yourself and weren’t reimbursed.
2. If the expense is for a mix of income producing and private use, you can only claim the portion that relates to producing income.
3. You must have a record to prove it.

Record-keeping

“We know there is still some weeks left until tax time, but if you start organising the income and deductions records you’ve kept throughout the year, this will guarantee you a smoother tax time and ensure you claim the deductions you are entitled to.”

For those people who deliberately try to increase their refund, falsify records or cannot substantiate their claims the ATO will be taking firm action to deal with these taxpayers who are gaining an unfair advantage over the rest of the Australian community who are doing the right thing.

Lodge right, no worries

We often see lots of mistakes in July as people rush to lodge their tax returns and forget to include interest from banks, dividend income, payments from other government agencies and private health insurers. For most people, this information will be automatically pre-filled in their tax return by the end of July. This will make the tax return process smoother, save you time, and get your tax return right. If you want to lodge earlier, you must take extra time to manually add all your income.

“You can check if your employer has marked your income statement as ‘tax ready’ as well as if your pre-fill is available in myTax before you lodge. That way, an amendment doesn’t need to be made later, which could result in delays to your refund” Mr Loh said.

Available pre-fill information and readiness to lodge can be easily checked in the ATO app this tax time.

“While we receive and match a lot of information on rental income, foreign sourced income and capital gains events involving shares, crypto assets or property, we don’t pre-fill all of that information for you” said Mr Loh.

Work-related expenses

“Some people have changed to a hybrid working environment since the start of the pandemic, which saw one in three Aussies claiming working from home expenses in their tax return last year. If you have continued to work from home, we would expect to see a corresponding reduction in car, clothing and other work-related expenses such as parking and tolls” said Mr Loh.

To claim a deduction for your working from home expenses, there are three methods available depending on your circumstances. You can choose from the shortcut (all-inclusive), fixed rate and actual cost methods, so long as you meet the eligibility and record-keeping requirements.

“Each individual’s work-related expenses are unique to their circumstances. If your working arrangements have changed, don’t just copy and paste your prior year’s claims. If your expense was used for both work-related and private use, you can only claim the work-related portion of the expense. For example, you can’t claim 100% of mobile phone expenses if you use your mobile phone to ring mum and dad.”

You can easily keep track of your expenses with myDeductions tool in the ATO app. Just take a photo of the receipt in the app, record the details of the expense and at tax time, simply upload the information directly to your return in myTax or email it to your registered tax agent.

For more information visit ato.gov.au/deductions

Rental income and deductions

If you are a rental property owner, make sure you include all the income you've received from your rental in your tax return, including short-term rental arrangements, insurance payouts and rental bond money you retain.

"We know a lot of rental property owners use a registered tax agent to help with their tax affairs. I encourage you to keep good records, as all rental income and deductions need to be entered manually, you can ask your registered tax agent for assistance. If we do notice a discrepancy it may delay the processing of your refund as we may contact you or your registered tax agent to correct your return. We can also ask for supporting documentation for any claim that you make after your notice of assessment issues" Mr Loh said.

For more information visit ato.gov.au/rental

Capital gains from crypto assets, property and shares

If you dispose of an asset such as property, shares, or a crypto asset, including non-fungible tokens (NFTs) this financial year, you will need to calculate a capital gain or capital loss and record it in your tax return.

Generally, a capital gain or capital loss is the difference between what an asset cost you and what you receive when you dispose of it.

"Crypto is a popular type of asset and we expect to see more capital gains or capital losses reported in tax returns this year. Remember you can't offset your crypto losses against your salary and wages" Mr Loh said.

"Through our data collection processes, we know that many Aussies are buying, selling or exchanging digital coins and assets so it's important people understand what this means for their tax obligations" said Mr Loh.

For more information visit ato.gov.au/crypto

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