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AUSTRALIAN TAX ADVISER

2410 : JUNE 2024

The IFX Legal Tax Team

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SECTION 1 – PROFESSIONAL DEVELOPMENTS

TAX TIME 2024

That time of year has rolled around again where taxpayers and tax agents turn their attention towards 2024 tax returns. As in past years, the ATO has [outlined its priorities](#) for tax time compliance.

It has specified three areas that it sees as common errors made by taxpayers. Although these mistakes are frequently innocent mistakes, there are some deliberate inclusions or omissions. The areas are:

- incorrectly claiming work-related expenses
- inflating claims for rental property expenditure
- failing to include all income when lodging their returns.

Last year the ATO's focus was on work-related expenses, rental property deductions and capital gains tax (CGT). It will come as no surprise that work-related expenses and rental property deductions are again in the firing line. Details of the issues under scrutiny are as follows.

¶10.1 Work-related expenses

Predictably, this category focuses mainly on deductions taxpayers claim for working from home.

Last year, the ATO revised the fixed rate method for calculating working-from-home deductions to:

- broaden the inclusions;
- increase the rate; and
- adjust the records required to substantiate the claim.

To substantiate a working from home deduction, taxpayers will need to keep records. Those records need to:

- show the actual number of hours the employee worked from home – this can be via a calendar, diary or spreadsheet; and
- justify the additional running costs incurred (including electricity or internet charges).

The ATO often finds cases where taxpayers have simply copied and pasted figures from an earlier tax return, and strongly warns against this practice.