

The top four mistakes people make on their tax returns – are you making them too?

1. Claiming a deduction when you didn't spend the money

Perhaps you've heard that you can claim \$50 for work-related phone and internet expenses without written evidence? Or maybe you've been told you can claim up to \$150 for laundry without having to keep records? While these statements are true, *you must have actually spent the money*. This is on the ATO's radar, so if you're audited you'll need to show how your expenditure was calculated and prove it was directly related to earning your income

You are responsible for the claims you make in your tax return, whether you prepare it yourself or use a tax agent, so make sure you can demonstrate you actually spent the money.

2. Claiming a deduction for private expenses

You can't claim a deduction for a private expense. However, if you have an expense that has both a private and work-related component, you can claim the work-related portion. For example, if you use your personal mobile phone for work-related calls, you need to figure out the percentage that relates to your work use, and only claim a deduction for that portion.

3. Forgetting to declare all your income

Most people who forget to declare all their income in their tax return lodge before pre-fill is available in August. Pre-fill automatically inputs most of your information from your employers, financial institutions and government agencies. Just check the details are correct and add any missing information. If you're lodging before pre-fill is available make sure you include all your income to avoid penalties.

4. Not having records to prove claims

You typically need to keep any documents relevant to your tax affairs for five years after you lodge your tax return. The ATO may ask you to substantiate your claims – even after your tax return is processed – and you could find yourself in hot water if you don't have the records you need to back up your claims.

You must have evidence to prove your claims. The ATO has an app that lets you keep track of your work-related expenses on the go and then upload them to your tax return or tax agent at tax time. Check out ato.gov.au/myDeductions