

**This Guide has been prepared by the CFMEU for union members to help you prepare your tax return. It is based on information from the ATO website and the latest Occupational Ruling for building workers.**

It should be used with the Australian Tax Office's **TaxPack 2011**, which is available from end of June.

Union members are also encouraged to seek advice from registered and reputable tax agents.

Your CFMEU Branch may be able to recommend one.

## The Buck stops at YOU!

Remember that when you sign your tax return you are telling the Australian Taxation Office (ATO) that **everything in your return is true and that you have the necessary receipts and/or records to substantiate any claims you make.** You are still responsible, even if you use a tax agent.

## Deadlines

Tax returns should be lodged by **October 31, 2011**, unless you use a tax agent to prepare and submit your return. Then different dates may apply.

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# Step 1 — know the rules

## Self Assessment

Self-assessment means that the Australian Tax Office (ATO) works out your refund or tax bill based on the information you have provided in your tax return.

Your return is generally not examined before the ATO assesses how much tax you will pay or what your refund will be. **But after the ATO sends out your notice of assessment, your return may be examined in a random desk audit.**

A desk audit will determine if the deductions are allowable, and if so, whether requirements have been met. **Penalties and interest may apply and deductions be reversed if you claim deductions that are not allowable or cannot be substantiated.**

## Substantiating work deductions

### Less than \$300 claimed

If the total of your claim for work-related expenses is \$300 or less you should keep a record of how you worked out your claim (See **TaxPack 2011**). You do not need written evidence.

### More than \$300 claimed

If your work-related deductions exceed \$300, it is important to keep appropriate documentation to support your claim.

To substantiate your claim you will need receipt(s), invoice(s) or similar document(s) which show:

- The date of the expense
- The description of the item
- The name of the supplier
- The amount
- The date of the documentation.

Receipts that are vague, i.e. where purchased items are shown as 'goods', are not accepted. The supplier should add a description or you could write in the missing description.

The onus of proof is on you, so remember at the time of purchase to ensure the essential details are included on the receipt or invoice.

A diary may be used to substantiate claims for expenses:

- That do not exceed \$10.00

each, and which added together do not exceed \$200, **or**

- For which it is unreasonable to expect a receipt.

The diary must contain all the details needed for a receipt, invoice or other document. You must complete the diary as soon as possible after incurring the expense.

## Record Retention

Records must be kept for at least five years from 31 October or the date the return is lodged (whichever is later) in the case of wage earners. For self-employed persons the minimum period is five years. This is in case of any audit by or dispute with the ATO.

## Goods and Services Tax (GST)

For employees claiming work related expenses (such as the cost of the latest union ticket) the GST is part of the total expense and is therefore part of any allowable deduction.



# More rules

## Allowances

You may be able to claim an allowance as a deduction if the amount of your allowance has been included in your income.

If allowances are shown as separate amounts on your pay slip, then they must be shown as income on your tax return.

Simply receiving an allowance

does not automatically entitle you to a deduction. Generally you can only claim a deduction if the allowance has been spent in gaining your assessable income and you can substantiate your claim.

See **TaxPack 2011** for more info.

## Reimbursements

Generally, a reimbursement is not included as part of your income, so

you cannot claim a deduction for this amount. There are different rules for car expenses, however. See under 'car expenses' and read **TaxPack 2011**.

## Claim within financial year 2010-2011

Any claim you make for a deduction must be for an expense incurred in this financial year, that is 1 July 2010 to 30 June 2011.

# Work related expenses



## You may be able to claim some or all of the following expenses in your tax return:

### Fees, licences, insurance

Union fees including arrears.

The cost of renewing your licences and certificates that relate to your work — but not your drivers licence. You cannot claim the cost of obtaining your initial licence or certificate.

The cost of sickness and accidental insurance premiums that relate to your work.

### Work clothes

The cost of buying, renting, repairing and cleaning a compulsory uniform (a compulsory uniform is a set of clothing that, worn together, identifies you as an employee of an organisation having a strictly enforced policy that makes it compulsory for you to wear the uniform while at work), or a single item of compulsory clothing (usually clothing with the employer's logo permanently attached).

The cost of buying, hiring, replacing or maintaining protective

**WARNING! This year the ATO is targeting the Tax Returns of construction workers, particularly in regards to claims for car expenses, travel expenses and mobile phones. Make sure you have read this section carefully before you complete your return.**

clothing (such as steel capped boots or wet weather gear worn when using chemicals or high pressure water hoses) and the cost of laundering protective clothing.

### Cars

Car expenses (including automobile club annual road service fee and car wash expenses if you use the log book method or one third of actual expenses method).

The expense of using your car for work purposes may be claimed as a deduction in any of the following circumstances:

- Transporting bulky tools and equipment between home and work if there is no secure area at work to store them;
- Direct travel between one place of work to another.

### There are four different ways to work out your claims for car expenses:

- Set rate per kilometre (with a maximum of 5,000 kms), or
- Actual motor vehicle expenses in accordance with a log book that indicates the percentage of work related usage, or
- One third actual motor vehicle expenses (where work travel exceeds 5,000kms), or

- 12% of the purchase cost of the motor vehicle (where work travel exceeds 5,000kms).

### Transport allowance/fares

The full amount of these allowances will be treated as assessable income and must be shown in the allowances section of your tax return. A deduction will only be allowed if transport expenses are incurred in limited circumstances. These are:

- you have to carry bulky tools and equipment to work and there is no secure area at work to store them; or
- your job is itinerant, i.e. you travel to multiple job sites each day; or
- your home is your base of operations i.e. you start work at home each day before travelling to a worksite to continue work. This will not apply to many building workers.

If you are eligible to claim you will need to substantiate the whole of your claim where the amount claimed exceeds the amount payable under the Award as at 29 October 1986 (\$7.60 per day).

The cost of **parking fees, bridge and road tolls** if the travel was for work – e.g. between work sites. You

# Work related expenses

cannot claim a deduction for these costs for travel to and from work.

## Phones

The work related part of the rental cost or depreciation on the purchase cost (but not the connection fee) of **answering machines, mobile phones, pagers and other telecommunications equipment**.

You cannot claim a deduction for the rental or purchase costs if they are supplied by your employer or any other person.

The cost of work related **telephone calls**.

The cost of your **telephone rental** if you can show that you are on call or regularly required to telephone your employer while you are away from the workplace.

## Equipment & tools

The cost of **safety equipment** such as harnesses, goggles, breathing masks and helmets.

The work related part of the **depreciation** on the cost of the tools and equipment you use for work. How you calculate your deduction

may vary depending on when you bought an item and how much it cost.

You can also claim a deduction for the cost of **repairing and insuring** tools and equipment to the extent that you use them for work.

You can claim a deduction for the cost of **sunglasses, sunhats and sunscreen lotions** if the nature of your work requires you to work in the sun for all or part of the day and you use these items to protect yourself from the sun while at work.

## Overtime meals

**Overtime meal expenses** you incurred if you received an overtime meal allowance from your employer which was paid under an award or certified agreement. To claim a deduction, you will need written evidence if your claim is **more than \$25.80** per meal.

You can only claim for overtime meal expenses incurred on those occasions when you worked overtime and you received an overtime meal allowance for that overtime which you included as income at item 2 on

your tax return. An amount for overtime meals that has been folded in as part of your normal salary or wage income is not considered to be an overtime meal allowance.

## Training, stationery

The cost of **first-aid training courses** if you, as a designated first aid person, are required to undertake first-aid training to assist in emergency work situations. You cannot claim a deduction if your employer paid for the course or the cost was reimbursed to you.

The cost of **attending seminars, conferences and training courses** that are sufficiently connected to your work activities at the time the expenses were incurred, provided your employer or any other person did not reimburse you the costs.

The cost of **street directories, log books, diaries, pens and other stationery items** to the extent that you use them for work.

The cost of **journals, periodicals and magazines** that have a content specifically related to your employment as a building worker.

# Award rates & Redundancy

**The Building and Construction General On-Site Award 2010 (the Modern Award) rates for certain allowances for the tax year of 01/07/2010 - 30/06/2011 are as follows:**

## Overtime meal allowances

- \$12.73 per meal to 30/06/2011

## Living Away from home allowance

- \$59.20 per day to 30/06/2011

## Camping allowance

- \$24.57 per day to 30/06/2011

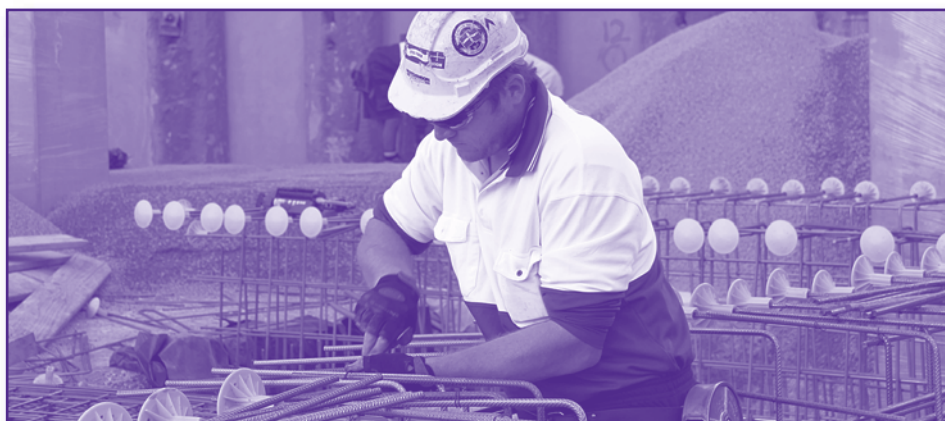
## Redundancy payments

**Redundancy scheme payments and redundancy payments under construction industry Awards do not automatically receive concessional tax treatment.**

However, these payments may be partly or entirely eligible termination

payments and subject to lower tax rates than the rest of your income.

Redundancy payments in Off-site Award areas may be eligible for concessional treatment which can be wholly or partly exempt from tax. You should seek the advice of a tax agent on this complex issue.



# CFMEU Tax Guide 2011



## Medicare Levy Surcharge

Individuals and families on higher incomes who do not have private patient hospital cover will pay a Medicare Levy surcharge.

This means if you are single without dependent children with a taxable income over \$77,000, or a family with a combined income over \$154,000 (plus \$1500 for each dependent child after the first, if you have children) you may

have to pay the surcharge.

Consult **TaxPack 2011** for further details.

## Total Reportable Fringe Benefits Tax (FBT)

If your employer provides certain fringe benefits exceeding \$2000 in an FBT year (which runs from April 1 to March 31) to you or your relatives, your employer is required to report the total grossed-up amount on your Payment Summary (formerly known as your Group Certificate).

You do not include this amount in your total income or loss amount and you do not pay income tax or Medicare levy on it. However, the total will be used in determining certain surcharges, deductions, tax offsets and other government benefits.

Read **TaxPack 2011** for more information.

## Family Tax Benefit and Child Benefit

These are no longer paid through the Tax Office.

To claim these benefits you must contact the **Family Assistance Office** (136 150 or [www.familyassist.gov.au](http://www.familyassist.gov.au)) for more information.

## Government Superannuation Co-Contribution

Employees with 10% of their total income from 'eligible employment' and whose total assessable income and fringe benefits (if any) are less than \$61,920, may qualify for a government superannuation co-contribution payment of up to \$1000 per annum for the 2010/11 year. (NB. You have to make personal super contributions first to be eligible for the co-contribution.)

See **Tax Pack 2011** for further information and additional eligibility criteria.



## More info

The ATO has this year also produced **occupational guides for claiming work-related expenses**. See the **Building & construction employees** and **Earthmoving plant operators guides** at: [www.ato.gov.au/occupations](http://www.ato.gov.au/occupations)

## Disclaimer

This Tax Guide is designed to provide general information only and is not intended to render legal, accounting or professional advice.

## Authorised by

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## Tips for filling out your tax return

### When filling out your return be sure to:

- Print clearly and complete all sections of the return that are relevant to you
- Sign the return yourself
- Keep a copy of the return for your records.
- You can also lodge your tax

return online using the ATO's e-tax site: [www.ato.gov.au/etax/](http://www.ato.gov.au/etax/)

**NOTE:** You do not have to lodge a copy of your Payment Summary (previously known as Group Cert) with your 2010-11 return.

However, you must keep all Payment Summaries you receive for five years, or two years if you have a shorter review period.

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