

GJB'S CHECKLIST OF BUSINESS DEDUCTIONS

This non-exhaustive checklist is designed to provide an easy reference guide to the types of expenses that can be claimed by business. It should be read in conjunction with a similar checklist for employees.

All businesses are required to maintain records of every transaction that relates to their income and expenditure as well as CGT transactions, GST, FBT and other requirements. The rules for recording those transactions are summarised from 3.700. If there is any private use element, that should also be noted in the records.

- **Accident insurance premiums**
- **Accounting fees** Preparation of income tax and FBT returns etc. (s25-5) including costs relating to investigations, objections and appeals
- **Advertising expenses**
- **Agent's commission** Collection of rent
- **Annual leave** If actually paid by the employer (but not on accruing liabilities)
- **Audit fees**
- **Bad debts**
- **Bank charges** Including Debits tax
- **Borrowing expenses** Claim in full if \$100 or less, otherwise over period of the loan or one fifth each year if five years is shorter
- **Bribes** (public officials) No deduction is allowed, nor can the amount form part of CGT cost base
- **Business trips**
- **Business related** cost for business related costs of a capital nature that can be written off in equal amounts over five years
- **Capital works** On buildings and structural improvements
- **Car expenses** Applies to employees, partners and self employed persons
- **Car parking**
- **Cleaning expenses**
- **Clothing**
 - occupation specific (eg. chef's apron)
 - protective
 - compulsory uniforms
 - non-compulsory uniforms (if approved)
- **Commissions paid to real estate agents** for collection of property income
- **Conference expenses**
- **Copyrights, patents and designs**
- **Cultural bequests** If made to Australian fund, public art gallery museum or library
- **Decline in value** (depreciation) Of plant or articles used in business
- **Directors' fees**
- **Discharge of mortgage expenses** Where loan money used to derive assessable income
- **Discounts allowed**
- **Distributions by co-operatives** To members
- **Donations of property** If market value is greater than \$5,000
- **Education expenses**
- **Electricity connection costs**
- **Entertainment of employees** But FBT payable
- **Environmental impact studies** Pooled and treated under the uniform capital allowance system (decline in value)
- **Environment protection expenditure**
- **Equipment service fees**
- **Exploration or prospecting** For minerals (including petroleum) and quarry materials
- **Film investment** 100% deduction for investment in certain Australian made films
- **Freight costs**
- **Fringe benefits tax**

- **Fuel and oil**
- **Gifts of \$2 or more** To certain prescribed or approved organisations
- **Gifts to clients, etc** But not if entertainment
- **Gratuities to employees** Recognition of past services
- **GST** Claims should be GST exclusive for those businesses that are registered for GST. The GST inclusive price is deductible for those taxpayers not registered or required to be registered for GST
- **Hiring charges**
- **Home office expenses** Apportionment of interest, rates, etc. only if a business is carried out on the premises and whether an area is set aside exclusively for that purpose
- **Illegal activities** Where taxpayer convicted of indictable offences (no deduction allowed nor can the amount form part of CGT cost base)
- **Improvements**
- **Insurance premiums** Accident insurance paid by employees, and other insurance paid in relation to a business or some income-producing property
- **Interest paid** On money borrowed to produce assessable income or to acquire an income-producing asset, or to pay business tax. Also on money borrowed by an employer to fund employee superannuation contributions.
- **Internet and data access costs** Share investing and business websites
- **Land tax** Business or rental premises
- **Lease payments**
- **Lease preparation, registration or stamping expenses** Paid by either the landlord or (a business) tenant
- **Leave payments** Paid by employer (but not on accruing liabilities)
- **Legal expenses** Unless capital expenditure, including discharge of a mortgage or relating to borrowing expenses
- **Licenses to operate business**
- **Losses, current year** Loss claims by companies may be limited in certain situations
- **Losses, previous years** Company losses brought forward may be limited unless the company can pass the continuity of ownership test or the 'same business' test; no time limit for losses incurred after 30 June 1989
- **Loss (book loss) on disposal of depreciable assets**
- **Loss on sale of property** If proved to have been acquired before 20/09/85 for resale at a profit; if acquired later, loss claim under capital gains tax
- **Loss through misappropriation by employees, or by theft**
- **Maintenance expenses**
- **Management expenses** Annual fees but not the capital cost of subscribing to some income-earning investments
- **Managing tax affairs** Costs of travel, accommodation, advice, booklets, seminars etc, depreciation on computers, software and other capital expenditure is deductible if incurred in managing tax affairs
- **Mortgage discharge expenses**
- **Mortgage protection insurance**
- **Moving trading stock**
- **Newspapers for employees** Depends on occupation. Share traders (and maybe investors) can claim
- **Overseas travel expenses** Substantiation rules apply
- **Payroll tax**
- **Petrol and oil** Not subject to substantiation rules
- **Petroleum resource rent tax**
- **Postage** For investors or businesses
- **Power, lighting and heating**
- **Primary producers**
 - agistment fees
 - averaging

- carbon sequestration
- capital improvements
- breeding service fees
- donations of livestock
- decline in value general provisions
- electricity connection costs
- Farm Management Deposits
- fodder
- general running expenses
- grape vine establishment: written off over effective life
- horticultural plantings write off if established
- livestock
- losses – no time limit; losses may be carried forward until absorbed
- power/light/fuel
- rates and land taxes on income-producing property
- shearing expenses
- soil conservation (business): expenditure fully deductible
- telephone lines: capital cost written off over 10 years
- trading stock
- trees – a deduction for felling rights
- veterinary expenses
- water conservation: expenditure written off over three years
- wool tax
- **Printing and stationery**
- **Professional or business association subscriptions and fees**
- **Project expenditure** To be written off over life of project
- **Protective clothing**
- **Rates and taxes** On income-producing or business properties
- **Rebates and discounts** Given to customers
- **Rent of business premises** Including part of the costs for a home used for a business (say, trading stock is stored in an area set aside exclusively for that purpose); but with a home office (or a study) rent cannot be apportioned, but some associated costs are claimable
- **Repairs to cars, equipment, or to an income-producing property**
- **Research & Development costs**
- **Retiring allowances** Paid to ex-employee (or their dependent) for past services
- **Royalties** Paid for use of equipment etc. – withholding tax may apply
- **Salaries and wages paid to employees**

- **Self-education expenses** Only if related to employment/business
- **Seminars**
- **Sickness/accident premiums In some cases**
- **Solicitor's fees** On revenue account:
 - discharge of mortgage
 - relating to borrowing expenses
- **Stock purchase**
- **Storage expenses**
- **Structural improvements**
- **Subcontractors**
- **Superannuation contributions**
 - Full deductibility for all eligible contributions made by:
 - employers
 - eligible persons (ie. fully or substantially self-employed)
- (NOTE: Contributions in excess of the relevant cap will be subject to excess contributions tax)
- **Tax agents fees** Preparation of income tax, fringe benefits tax returns, GST etc. including costs relating to investigations, objections and appeals
- **Telephone expenses**
- **Telephone lines Installation**
- **Temporary investment allowance deduction**

- **Tool replacement** Depreciation
- **Trade journals**
- **Trading stock purchases**
- **Travelling expenses** Domestic and overseas, but note the substantiation provisions
- **Traveller accommodation buildings**
- **Uniforms**
- **Workcover/Workers compensation premium**
- **Worker entitlement funds** Only if fund approval under regulations