



# COVID-19 and getting your tax right

The Australian Taxation Office (ATO) anticipates that COVID-19 will continue to impact the income and deductions taxpayers will be reporting this tax time.

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Assistant Commissioner Tim Loh explains “We know that many have faced significant challenges this year and the ATO is here to help you to get your tax right the first time.”

This tax time taxpayers need to be aware of changes in circumstances that may affect what needs to be included as income or what can be claimed as a deduction. Among the most common changes for taxpayers include receiving an income support payment and changing what can be claimed as a work-related expense.

“Tax time can be a smooth and easy experience if you know what income you must include and what COVID-19-related expenses you can claim in your tax return” said Mr Loh.

Taxpayers and their registered tax agents affected by COVID-19 or financial hardship can access support at [ato.gov.au/coronavirus](https://ato.gov.au/coronavirus)

## COVID-19 work-related expenses

From 1 July 2021, taxpayers who paid for a COVID-19 test for work-related purposes (such as to determine if they can attend or remain at work) can now claim a deduction for the test.

Taxpayers must have a record to demonstrate that they paid for the test, a receipt or invoice is usually best. If there isn't a receipt or invoice, reasonable evidence is documentation that shows the cost of

the test and the requirement to take it for work purposes. For example, a bank or credit card statement or evidence from an employer can be provided.

Taxpayers cannot claim for a test that their employer provided or if their employer reimbursed them for the cost. Only tests that are required for work-related purposes can be claimed.

“If you purchased a COVID-19 test for a trip with your mates, you can’t claim a deduction” said Mr Loh.

Taxpayers may be able to claim a deduction for the cost of protective items that protect against risk of illness or injury while performing work duties.

“If you’re spending your working day in close proximity to customers and at risk of contracting COVID-19, you may be able to claim a deduction for protective items such as gloves, face masks, or sanitiser. This will be most common in industries such as retail, cleaning and hospitality” said Mr Loh.

Visit [Protective items, equipment and products](#) for more information.

The easiest way to keep track of work-related expense records is with the ATO app.

## **Tax treatment of different payments**

### **JobSeeker**

JobSeeker payments are taxable. This information will be automatically pre-filled in tax returns at the Government Allowances and Payments label once it’s ready. If taxpayers choose to lodge before this information is pre-filled, it will need to be added manually. Leaving out income will delay the tax return being processed

### **COVID-19 disaster payment for people affected by restrictions**

The Australian Government’s COVID-19 disaster payment (delivered through Services Australia) is not taxable. It does not need to be included in tax returns.

### **Pandemic Leave Disaster Payments**

The Pandemic Leave Disaster Payment is taxable. This payment needs to be included in tax returns for the income year the amounts were received. Services Australia provided recipients with a letter each time they received a payment.

Those who received the Pandemic Leave Disaster Payment will need to manually add up all the amounts received and include the total amount received in their tax return. This payment won't be prefilled into the return.

"While the information isn't prefilled for you, not adding Pandemic Leave Disaster Payments to your tax return will delay the processing of your return and your potential refund" said Mr Loh

Taxpayers who chose to use a registered tax agent should remember to let their registered tax agent know they received the Pandemic Leave Disaster Payment.

The tax treatment of assistance payments can vary. The ATO website has a [quick guide to the tax treatment of the various COVID-19 payments](#).

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