



ATO flags 3 key focus areas for this tax time

The ATO announces its priorities for Tax Time 2024.

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As 'tax time' approaches, the Australian Taxation Office (ATO) has announced it will be taking a close look at 3 common errors being made by taxpayers:

- Incorrectly claiming work-related expenses
- Inflating claims for rental properties
- Failing to include all income when lodging

ATO Assistant Commissioner Rob Thomson said the ATO is focused on supporting taxpayers to get their lodgment right the first time.

'These are the areas that people are most likely to get wrong, and while these mistakes are often genuine, sometimes they are deliberate. Take the time to get your return right.'

Work-related expenses

In 2023 more than 8 million people claimed a work-related deduction, and around half of those claimed a deduction related to working from home.

Last year, the ATO revised the fixed rate method of calculating a working from home deduction to broaden what is included, increase the rate, and adjust the records you need to keep.

These changes are now in full effect this financial year, meaning you must have comprehensive records to substantiate your claims as you would for any other deduction.

To use this method, you need records that show the actual number of hours you worked from home (like a calendar, diary or spreadsheet), and the additional running costs you incurred to claim a deduction (like a copy of your electricity or internet bill).

'Deductions for working from home expenses can be calculated using the actual cost or the fixed rate method, and keeping good records gives you the flexibility to use the method that works for you, and claim the expenses you are entitled to.'

'Copying and pasting your working from home claim from last year may be tempting, but this will likely mean we will be contacting you for a 'please explain'. Your deductions will be disallowed if you're not eligible or you don't keep the right records.' Mr Thomson said.

Remember, there are 3 golden rules for claiming a deduction for any work-related expense:

1. you must have spent the money yourself and weren't reimbursed,
2. the expense must directly relate to earning your income, and
3. you must have a record (usually a receipt) to prove it.

Rental properties

Rental properties continue to remain in the ATO's sights. Our data shows 9 out of 10 rental property owners are getting their income tax returns wrong.

'We often see landlords making mistakes when it comes to repairs and maintenance deductions on rental properties, so we're keeping a close eye on this.'

'This year, we're particularly focused on claims that may have been inflated to offset increases in rental income to get a greater tax benefit,' Mr Thomson said.

Performing general repairs and maintenance on your rental property can be claimed as an immediate deduction. However, expenses which are capital in nature (like initial repairs on a newly purchased property and any improvements during the time you hold the property) are not deductible as repairs or maintenance.

'You can claim an immediate deduction for general repairs like replacing damaged carpet or a broken window. But if you rip out an old

kitchen and put in a new and improved one, this is a capital improvement and is only deductible over time as capital works.'

'We encourage rental property owners to carefully review their records before lodging their return and take care to ensure they are claiming deductions correctly,' Mr Thomson said.

As reporting rental income and deductions can be complex, many individual rental owners choose to use a registered tax agent to help them prepare their income tax returns.

'Ensuring you provide full and complete records to your registered tax agent allows them to prepare your tax return correctly, so you claim everything you're entitled to and nothing that you're not,' Mr Thomson said.

Get it right – wait to lodge

The ATO is also warning against rushing to lodge your tax return on 1 July.

If you have received income from multiple sources, you need to wait until this is pre-filled in your tax return before lodging.

'We see lots of mistakes in July where people have forgotten to include interest from banks, dividend income, payments from other government agencies and private health insurers,' said Mr Thomson.

For most people, this information will be automatically pre-filled in their tax return by the end of July. This will make the tax return process smoother, save you time, and help you get your tax return right.

'By lodging in early July, you are doubling your chances of having your tax return flagged as incorrect by the ATO.'

'We know some prefer to tick their tax return off the to-do list early and not have to think about it for another 12 months, but the best way to ensure you get it right is to wait for just a few weeks to lodge.'

'You can check if your employer has marked your income statement as 'tax ready' as well as if your pre-fill is available in myTax before you lodge. That way, an amendment doesn't need to be made later, which could result in unnecessary delays,' Mr Thomson said.

Notes to journalists

- Assistant Commissioner Rob Thomson is available for interviews on request.
- ATO file footage [📄](#) is available for use in news bulletins from our media centre.
- A headshot of ATO Assistant Commissioner Rob Thomson is available for download from our media centre.
- Information about how to claim working from home expenses is available on the ATO website.

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