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Deductions for donations, investments and managing your tax

How to complete myTax if you have gifts, donations, interest, dividends and managing your tax affairs deductions.

Interest deductions

How to claim interest deductions when you lodge your return using myTax.

Dividend deductions

How to claim dividend deductions when you lodge your return using myTax.

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myTax 2023 Interest deductions

How to claim interest deductions when you lodge your return using myTax.

Last updated 1 June 2023

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Things to know

Complete this section if you incurred expenses in earning any assessable interest income.

Your interest expenses may include:

- bank or other financial institution account-keeping fees for accounts held for investment purposes
- management fees and fees for investment advice relating to changes in the mix of your investments
- interest you paid on money you borrowed to purchase income-producing investments.

If you borrowed money to purchase assets for both private use and income-producing investments, you can only claim the portion of the interest expenses relating to the income-producing investments.

You can claim part of the decline in value of your computer based on the percentage of your total computer use that related to managing your interest-earning investments, shares or similar securities. You can only claim part of the decline in value related to managing those investments once, in either **Interest deductions** or **Dividend**

deductions. Guide to depreciating assets provides more information about claiming a deduction for the decline in value of your computer.

Deductions for some expenses, such as interest and borrowing costs, may be affected by the thin capitalisation rules if they relate to:

- certain overseas investments, or
- investments in Australia if you were a foreign resident.

These rules may apply if the total of your debt deductions and those of your associates are over \$2 million for 2022–23. Thin capitalisation provides more information about how these rules apply.

Do not show at this section

Do not show the following types of interest expenses at this section:

- Any expenses incurred in earning trust and partnership distributions, go to **Partnerships or Trusts**
- Expenses incurred in earning foreign source interest, go to **Other foreign income** or **Other deductions**
- Expenses you were charged for drawing up an investment plan unless you were carrying on an investment business, in which case you would claim any expenses at **Business income or losses**.

Completing this section

You will need your bank or financial institution statements or passbooks.

We pre-fill your tax return with interest deductions information you uploaded from myDeductions. Check them and add any other interest deductions that have not pre-filled.

To personalise your return to show interest deductions, at **Personalise return**, select:

- You had deductions you want to claim
- Gifts, donations, interest, dividends, and the cost of managing your tax affairs

To show your interest deductions, at **Prepare return** select 'Add/Edit' at the Deductions banner.

At the **Interest deductions** banner:

1. For each interest deduction expense, select **Add** and enter information into the corresponding fields.

Joint accounts

If you had joint accounts or other interest-earning investments, only show your share of the joint expenses. If you held the investment equally with one other person, this will be half. Keep a record of how you worked out your part if you didn't share the expenses equally.

The **Depreciation and capital allowances tool** can help you work out any decline in value deduction. It can also work out any deductible balancing adjustment when you stop holding a depreciating asset. Access this tool in the **Deductions** section. Fields from this tool can't be adjusted in myTax. To make any adjustments, or to add new assets to the tool, select the 'Use the depreciation and capital allowances tool' link.

2. Select **Save**.
3. Select **Save and continue** when you have completed the **Deductions** section.

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myTax 2023 Dividend deductions

How to claim dividend deductions when you lodge your return using myTax.

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Things to know

Complete this section if you incurred expenses in earning any income included in the **Dividends** section. You must also complete this section if you had a listed investment company (LIC) capital gain amount in your dividends.

Your dividend expenses may include:

- management fees and fees for investment advice relating to changes in the mix of your investments
- interest charged on money borrowed to purchase shares or similar investments
- costs relating to managing your investments, such as travel and buying specialist investment journals or subscriptions.

You and your shares – allowable deductions from dividend income provides more information on claiming deductions for expenses incurred earning income from shares.

If you borrowed money to purchase assets for both private use and income-producing investments, you can only claim the portion of the interest expenses relating to the income-producing investments.

Interest on investments under a capital protected borrowing may not be fully deductible. **Capital protected products and borrowings** provides more information on these investments and claiming a deduction.

You can claim part of the decline in value of your computer based on the percentage of your total computer use that related to managing your interest-earning investments, shares or similar securities. You can only claim part of the decline in value related to managing those investments once, in either **Interest deductions** or **Dividend deductions**. **Guide to depreciating assets** provides more information about claiming a deduction for the decline in value of your computer.

If you were an Australian resident when a LIC paid you a dividend and the dividend included a LIC capital gain amount, you can claim a deduction of 50% of the LIC capital gain amount. The LIC capital gain amount will be shown separately on your dividend statement.

Deductions for some expenses, such as interest and borrowing costs, may be affected by the thin capitalisation rules if they relate to:

- certain overseas investments or
- investments in Australia if you were a foreign resident.

These rules may apply if the total of your debt deductions and those of your associates are over \$2 million for 2022–23. [Thin capitalisation](#) provides more information about how these rules apply.

Do not show at this section

Do not show the following expenses at this section:

- Any expenses incurred in earning trust and partnership distributions, go to [Partnerships or Trusts](#)
- Expenses incurred in earning foreign source dividends, go to [Other foreign income](#) or [Other deductions](#)
- Expenses you were charged for drawing up an investment plan unless you were carrying on an investment business, in which case you would claim any expenses at [Business income or losses](#).

Completing this section

You will need your dividend statements showing any LIC capital gain amount. Show dividends received from a LIC in the [Dividends](#) section.

We pre-fill your tax return with:

- dividend deductions information you uploaded from [myDeductions](#)
- LIC capital gain deduction amount provided to us.

Check them and add any other dividend deductions that have not pre-filled.

To personalise your return to show dividend deductions, at **Personalise return**, select:

- You had deductions you want to claim
- Gifts, donations, interest, dividends, and the cost of managing your tax affairs

To show your dividend deductions, at **Prepare return** select 'Add/Edit' at the [Deductions](#) banner.

At the **Dividend deductions** banner:

1. For each dividend deduction expense not pre-filled in your tax return, select **Add** and enter information into the corresponding fields.

Joint accounts

If you had joint share investments or similar investments, only show your share of the joint expenses. If you held the investment equally with one other person, this will be half. Keep a record of how you worked out your part if you didn't share the expenses equally.

The **Depreciation and capital allowances tool** can help you work out any decline in value deduction. It can also work out any deductible balancing adjustment when you stop holding a depreciating asset. Access this tool in the **Deductions** section. Fields from this tool can't be adjusted in myTax. To make any adjustments, or to add new assets to the tool, select the 'Use the depreciation and capital allowances tool' link.

2. Select **Save**.

3. Select **Save and continue** when you have completed the **Deductions** section.

QC 72019

myTax 2023 Gifts or donations

How to claim gifts or donations when you lodge your return using myTax.

Last updated 1 June 2023

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Things to know

Complete this section if you made gifts or donations to registered deductible gift recipients.

Organisations that are entitled to receive tax deductible gifts or donations are called 'deductible gift recipients' (DGRs). You can only claim a tax deduction for gifts or donations to organisations that have DGR status.

You can check the DGR status of an organisation at [ABN Look-up: Deductible gift recipients](#).

You can claim

The amount you can claim as a deduction for a gift or donation to a DGR depends on the type of gift. For gifts:

- of money – you can claim the amount of the gift, but it must be \$2 or more. This also includes
 - workplace giving – where the total of the donations you make during the year through your employer's payroll system are \$2 or more
 - a net contribution of more than \$150 for a fund-raising event (see [Further conditions for a tax-deductible contribution](#))
 - bucket donations. If you made donations of \$2 or more to bucket collections – for example, to collections conducted by an approved organisation for natural disaster victims – you can claim a tax deduction of up to \$10 for the total of those contributions without a receipt.

To claim contributions of more than \$10, you need a receipt.

- of property or shares – there are different rules depending on type and value
 - a donation of shares valued at \$5,000 or less
 - donating recently purchased property to a DGR
 - property we value at more than \$5,000
- under the Heritage and Cultural programs – there are special circumstances where donations can also be deductible
 - Heritage gifts

- Donating under the Cultural Gifts Program
- Claiming conservation covenant concessions
- to political parties and independents – in some circumstances claiming political contributions and gifts as a deduction is allowable
- to private ancillary funds

You can find more detailed information in [Gifts and donations](#).

If you obtained a valuation for a deductible donation of property, you may be able to claim a deduction for the cost of that valuation. **Don't** show it at this section, go to [Cost of managing tax affairs](#).

You can't claim

You can't claim a deduction for a donation if you received a personal benefit or something in return, other than token items with no material value such as lapel badges and stickers that promote the organisation.

Examples where you can't claim because you received a personal benefit include raffle tickets, chocolates, mugs or entry to a fund-raising event.

You can't claim a tax deduction for donations made to social media or crowdfunding platforms unless they are a registered DGR.

Employees who make donations under salary sacrifice arrangements are not entitled to claim an income tax deduction for the donation on their own tax return

For a list of items that you can't claim a deduction for, see [What you can't claim](#).

Record keeping

You should keep records of all tax-deductible gifts, donations and contributions you make.

When you donate, the DGR will usually issue you with a receipt, but they don't have to. Your receipt will usually indicate whether you can claim a deduction for the gift.

If you're not issued with a receipt, you can still claim a deduction by using other records. If you:

- used the web or phone to donate more than \$2, your web receipt or credit card statement is acceptable
- donated through a third party, such as banks and retail outlets, the receipt they gave you is also acceptable
- contributed through 'workplace-giving', your income statement or payment summary will show the amount you donated.

You can find more detailed information in [Keeping records for gifts and donations](#).

You can download the ATO app [myDeductions](#) for easy and convenient record-keeping in future years.

Completing this section

We:

- pre-fill your tax return with gifts and donations information you uploaded from [myDeductions](#)
- show your workplace-giving amounts from the **Income statements and payment summaries** section.

Check them and add any gifts or donations that have not shown or been pre-filled. Your receipt should show whether your donation is tax-deductible.

To personalise your return to show gifts or donations, at **Personalise return**, select:

- You had deductions you want to claim
- Gifts, donations, interest, dividends, and the cost of managing your tax affairs

To show your gifts or donations, at **Prepare return** select 'Add/Edit' at the Deductions banner.

At the **Gifts or donations** banner:

1. For each gift or donation expense not shown or pre-filled in your tax return, select **Add** and:

- enter **Your description**

To assist in record keeping, add a short description of your expense

- enter the **Amount**

If you made donations in a joint name, only include your share.

2. Select **Save**.

3. Select **Save and continue** when you have completed the **Deductions** section.

You can find more detailed information about gifts and workplace giving programs in:

- Taxation Ruling TR 2005/13 *Income tax: tax deductible gifts – what is a gift*
- ATO Practice Statement Law Administration PS LA 2002/15 *Workplace giving programs: required evidence.*

QC 72021

myTax 2023 Cost of managing your tax affairs

How to claim the cost of managing tax affairs when you lodge your return using myTax.

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Things to know

You may be able to claim a deduction at this section for expenses you incurred for:

- **managing your tax affairs**, including

- the preparation and lodgment of your tax return and activity statements, including the costs associated with
 - buying tax reference material
 - tax return preparation courses
 - lodging your tax return through a registered tax agent
 - obtaining tax advice from a recognised tax adviser
A recognised tax adviser is a registered tax agent, barrister or solicitor. You can see a list of registered tax agents at [Tax Practitioners board](#) ↗.
 - dealing with us about your tax affairs
 - purchasing software to allow the completion and lodgment of your tax return. You must apportion the cost of the software if you also used it for other purposes
 - travel to obtain tax advice from a recognised tax adviser
 - obtaining a valuation needed for a
 - deductible donation of property, to learn more visit [How donors get valuations](#).
 - deduction for entering into a conservation covenant; to learn more visit [Seeking a valuation](#)
- **interest charged by the ATO**
- **litigation costs** you incurred in managing your tax affairs, including
 - court fees
 - Administrative Appeals Tribunal fees
 - solicitor, barrister and other legal costs
- any costs you incurred in complying with your legal obligations relating to another person's or other entity's tax affairs. This includes
 - complying with the PAYG withholding obligations, for example, where you withheld tax from a payment to a supplier because the supplier did not quote an Australian business number
 - providing information that we requested about another taxpayer.

You **incurred** an expense in 2022–23 when:

- you were charged and you paid an expense in 2022–23
- you received a bill or invoice for an expense in 2022–23 that you were liable to pay (even if you paid it after 30 June 2023).

You can't claim

You can't claim a deduction for:

- the cost of tax advice given by a person who is **not** a recognised tax adviser
- tax shortfall and other penalties for failing to meet your obligations
- any judgment debt interest that you had to pay as a result of a court case involving your tax affairs.

Completing this section

We pre-fill your tax return with cost of managing your tax affairs information:

- you uploaded from myDeductions
- for interest and other charges we imposed on you. You can find more information in [Calculate and report ATO interest](#).

Check them and add any costs of managing your tax affairs that have not pre-filled.

To personalise your return to show cost of managing tax affairs, at **Personalise return** select:

- You had deductions you want to claim
- Gifts, donations, interest, dividends, and the cost of managing your tax affairs

To show your costs of your managing tax affairs, at **Prepare return** select 'Add/Edit' at the Deductions banner.

At the **Cost of managing tax affairs** banner:

1. For each cost of managing tax affairs expense not pre-filled in your tax return, select **Add**.

2. Select the **Type of deduction** and enter information into the corresponding fields.

The **Depreciation and capital allowances tool** can help you work out any decline in value deduction. It can also work out any deductible balancing adjustment when you stop holding a depreciating asset. Access this tool in the **Deductions** section. Fields from this tool can't be adjusted in myTax. To make any adjustments, or to add new assets to the tool, select the 'Use the depreciation and capital allowances tool' link.

3. Select **Save**.

4. Select **Save and continue** when you have completed the **Deductions** section.

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If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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