ATO puts spotlight on work claims

Lisa Macnamara

THOSE who work from home or use their own car for their job could face heavy scrutiny of work-related expenses over the next year in a new tax office crackdown, accountants warn.

Statistics showing a surge in tax deductions from the 2005-06 financial year totalling more than $27 billion — an 18.8 per cent jump from the previous year — have put the ATO on high alert, according to the head of accounting network AccountantsRus, Adrian Raftery.

The body, which represents more than 60 independent accounting firms across Australia, said that those people who stretched their work-related expenses beyond their industry's standards might face questions.

"There was only a 3.5 per cent increase in income (last year) but there was an 18.8 per cent increase in deductions," Mr Raftery said.

"Those who are claiming too much — compared with their industry average — will be picked up."

People with home offices or those who claim expenses from using their own car or travel extensively, as part of their employment, may also be in the ATO's sights.

"Car expenses probably make up half of total work-related expenses — and with the logbook method you could have a $13,000 or $14,000 deduction for your car based on high lease costs and petrol increasing."


Raftery

Also coming under the ATO radar could be taxpayers with uniform expenses of more than $300 or those who take up work-related self-education.