

CFMEU

CONSTRUCTION

CFMEU TAX GUIDE 2023-2024

This Guide has been prepared by the CFMEU for union members to help you prepare your tax return. It is based on information from the ATO website and the latest Occupational Ruling for building workers.

It should be used with the Australian Tax Office's Individual Tax Return Instructions 2024 (ITRI 2024) (go to

<https://www.ato.gov.au/individuals-and-families/your-tax-return/instructions-to-complete-your-tax-return/paper-tax-return-instructions/2024>

Union members are also encouraged to seek advice from registered and reputable tax agents. Your CFMEU Branch may be able to recommend one.

THE BUCK STOPS WITH YOU

Remember that when you sign your tax return you are telling the Australian Taxation Office (ATO) that everything in your return is true and that you have the necessary receipts and/or records to substantiate any claims you make. You are still responsible, even if you use a tax agent.

DEADLINES

Tax returns should be lodged by October 31, 2024, unless you use a tax agent to prepare and submit your return.

REMEMBER

- The Tax Free Threshold is \$18,200. This means you start paying tax on income above \$18,200.
- For details on what you may claim see pages 2 — 5.

Income Statement

If your employer is using Single Touch Payroll (STP), your payment summary information (some people may still refer to it as a group certificate) is called an **'income statement'**. Your employer is not obliged to give you an end-of-year payment summary for the information they report through STP. The ATO will send a notification to your myGov inbox when your income statement is **'tax ready'** so you, or your tax agent, can complete your tax return. You can contact the ATO for a copy of your income statement. If your employer is not yet reporting through STP they will continue to provide you with a payment summary by 14 July.

You will need to wait until your employer marks your income statement as **'Tax ready'** before you prepare and lodge your tax return.

Private Health Insurance Statements

It is now optional for insurers to provide you with a private health insurance statement. Health insurers will provide a statement only if you request one. If you are lodging your tax return online, and your private health insurance details have been pre-filled by the ATO, you may not need a statement.

Individual Income Tax Rates

Resident tax rates for 2023–24	
Taxable income	Tax on this income
\$0 to \$18,200	Nil
\$18,201 to \$45,000	19 cents for each \$1 over \$18,200
\$45,001 to \$120,000	\$5,092 plus 32.5 cents for each \$1 over \$45,000
\$120,001 to \$180,000	\$29,467 plus 37 cents for each \$1 over \$120,000
\$180,001 and over	\$51,667 plus 45 cents for each \$1 over \$180,000

The above rates **do not** include the Medicare Levy of 2%
Note: Thresholds for foreign resident individual taxpayers and working holiday makers are different. The tax rates can be found at <https://www.ato.gov.au/tax-rates-and-codes/tax-rates-foreign-residents>

Low Income Tax Offset

The Low Income Tax Offset (LITO) maximum amount is unchanged at \$700 per year for the 2023–24 income year. The phase out rules for LITO are set out below:

Low income tax offset phase out rules	
Taxable income	Offset
\$37,500 or less	\$700
Between \$37,501 and \$45,000	\$700 minus 5 cents for every dollar above \$37,500
Between \$45,001 and \$66,667	\$325 minus 1.5 cents for every dollar above \$45,000

As a non-refundable offset any unused LITO cannot be refunded. The offset will directly reduce the amount of tax payable but does not reduce the Medicare levy. If you have not received any income you can't claim this tax offset. The ATO will calculate your offset once you lodge your tax return.

KNOW THE RULES

SELF ASSESSMENT

Self-assessment means that the Australian Tax Office (ATO) works out your refund or tax bill based on the information you have provided in your tax return.

Your return is generally not examined before the ATO assesses how much tax you will pay or what your refund will be. But after the ATO sends out your notice of assessment, your return may be examined in a random desk audit.

A desk audit will determine if the deductions are allowable, and if so, whether requirements have been met. Penalties and interest may apply and deductions be reversed if you claim deductions that are not allowable or cannot be substantiated.

INCOME AND ALLOWANCES

You must include all the income you receive during the income year as an employee in the building and construction industry in your tax return, this includes:

- salary and wages, including cash or bonus payments
- allowances
- compensation and insurance payments – for

example, payments made under an income protection insurance policy to replace salary and wages

You must include all [allowances](#) your employer reports on your income statement or payment summary as income in your tax return.

SUBSTANTIATING WORK DEDUCTIONS

Less than \$300 claimed

If the total of your claim for work-related expenses is \$300 or less, you should keep a record of how you worked out your claim (See ITRI 2024). You do not need written evidence.

More than \$300 claimed

If your work-related deductions exceed \$300, it is important to keep appropriate documentation to support your claim.

To substantiate your claim you will need receipt(s), invoice(s) or similar document(s) which show:

- The date of the expense
- The description of the item
- The name of the supplier
- The amount
- The date of the documentation.

Receipts that are vague, i.e. where purchased items are shown as 'goods', are not accepted. The supplier should add a description, or you could write in the missing description.

The onus of proof is on you, so remember at the time of purchase to ensure the essential details are included on the receipt or invoice.

A diary may be used to substantiate claims for expenses:

- That do not exceed \$10.00 each, and which added together do not exceed \$200, or
- For which it is unreasonable to expect a receipt.

The diary must contain all the details needed for a receipt, invoice or other document. You must complete the diary as soon as possible after incurring the expense.

RECORD RETENTION

Records must be kept for at least five years from 31 October or the date the return is lodged (whichever is later) in the case of wage earners. For self-employed persons the minimum period is five years. This is in case of any audit by or dispute with the ATO.

GOODS AND SERVICES TAX (GST)

For employees claiming work related expenses the GST is part of the total expense and is therefore part of any allowable deduction.

MORE RULES

ALLOWANCES

You may be able to claim an allowance as a deduction if the amount of your allowance has been included in your income.

If allowances are shown as separate amounts on your pay slip, then they must be shown as income on your tax return.

Simply receiving an allowance does not automatically entitle you to a deduction. Generally, you can only claim a deduction if the allowance has been spent in gaining your assessable income and you can substantiate your claim. See ITRI 2024 for more info.

REIMBURSEMENTS

Generally, a reimbursement is not included as part of your income, so you cannot claim a deduction for this amount. There are different rules for car expenses, however. See under 'car expenses' and read ITRI 2024.

CLAIM WITHIN THE FINANCIAL YEAR

Any claim you make for a deduction must be for an expense incurred in this financial year that is 1 July 2023 to 30 June 2024.

WORK RELATED EXPENSES

YOU MAY BE ABLE TO CLAIM FOR SOME OR ALL OF THE FOLLOWING IN YOUR TAX RETURN:

FEES, LICENCES, INSURANCE

- Union fees including arrears.
- The cost of renewing your licences and certificates that relate to your work but not your driver's licence. You cannot claim the cost of obtaining your initial licence or certificate.
- The cost of sickness and accident insurance premiums that relate to your work.

WORK CLOTHING

The cost of buying, renting, repairing and cleaning a compulsory uniform (a compulsory uniform is a set of clothing that, worn together, identifies you as an employee of an organisation having a strictly enforced policy that makes it compulsory for you to wear the uniform while at work), or a single item of compulsory clothing (usually with the employer's logo permanently attached).

The cost of buying, hiring, replacing or maintaining protective clothing (such as steel capped boots or wet weather gear worn when using chemicals or high pressure water hoses) and the cost of laundering the compulsory uniform.

TRANSPORT ALLOWANCE/FARES

The full amount of these allowances will be treated as assessable income and must be shown in the allowances section of your tax return.

A deduction will only be allowed if transport expenses are incurred in limited circumstances. Construction workers cannot claim a deduction for these costs for travel to and from work, unless:

- you have to carry bulky tools and equipment to work and there is no secure area at work to store them; or
- your job is itinerant, i.e. you travel to multiple job sites each day.

If you are eligible to claim, you will need to substantiate the whole of your claim where the amount claimed exceeds the amount payable under the Award as at 29 October 1986 (\$7.60 per day).

There are now only two different ways to work out your claims for car expenses:

- Set rate per kilometre (with a maximum of 5,000 kms), or
- Actual motor vehicle expenses in accordance with a log book that indicates the percentage of work-related usage.

If you are eligible, you may also claim the cost of parking fees, bridge and road tolls if the travel was for work.

You may also claim car expenses (including automobile club, annual road service fee and car wash expenses) if you use the log book method.

Note: Different rules apply if your vehicle is not a car. Vehicles that are not cars include motorcycles, scooters and similar vehicles, and vehicles with:

- greater than 1 tonne carrying capacity such as trucks, heavy vehicles and some utes

- a carrying capacity of 9 or more passengers (including the driver), such as a minibus.

(see <https://www.ato.gov.au/individuals-and-families/income-deductions-offsets-and-records/in-detail/occupation-and-industry-specific-guides/a-d/building-and-construction-employees-income-and-work-related-deductions/deductions-for-work-expenses/building-and-construction-employee-expenses-af#ato-Carexpenses>)

PHONES

The work-related part of the rental cost or depreciation on the purchase cost (but not the connection fee) of answering machines, mobile phones, pagers and other telecommunications equipment.

You cannot claim a deduction for the rental or purchase costs if they are supplied by your employer or any other person.

The cost of work-related telephone calls.

The cost of your telephone rental if you can show that you are on call or regularly required to telephone your employer while you are away from the workplace.

EQUIPMENT & TOOLS

The cost of safety equipment such as harnesses, goggles, breathing masks and helmets.

The work-related part of the depreciation on the cost of the tools and equipment you use for work. How you calculate your deduction may vary depending on when you bought an item and how much it cost.

You can also claim a deduction for the cost of repairing and insuring tools and equipment to the extent that you use them for work.

You can claim a deduction for the cost of sunglasses, sunhats and sunscreen lotions if the nature of your work requires you to work in the sun for all or part of the day and you use these items to protect yourself from the sun while at work.

OVERTIME MEALS

Overtime meal expenses you incurred if you received an overtime meal allowance from your employer which was paid under an award or certified agreement. To claim a deduction, you will need written evidence if your claim is more than \$35.65 per meal. **NB** You may still be asked to explain how you arrived at the amount claimed (e.g. cost of a meal and drink purchased from a local restaurant) if your tax return is checked by the ATO.

You can only claim for overtime meal expenses incurred on those occasions when you worked overtime and you received an overtime meal allowance for that overtime which you included as income on your tax return. An amount for overtime meals that has been folded in as part of your normal salary or wage income is not considered to be an overtime meal allowance.

TRAINING

The cost of first-aid training courses if you, as a designated first aid person, are required to undertake first-aid training to assist in emergency work situations. You cannot claim a deduction if your employer paid for the course, or the cost was reimbursed to you.

The cost of attending seminars, conferences and training courses that are sufficiently connected to your work activities at the time the expenses were incurred, provided your employer or any other person did not reimburse you the costs.

The cost of street directories, log books, diaries, pens and other stationery items to the extent that you use them for work.

The cost of journals, periodicals and trade magazines that have a content specifically related to your employment as a building worker.

AWARD RATES

The *Building and Construction General On-Site Award 2020* (the Modern Award) rates for certain allowances for the tax year of 01/07/2023 - 30/06/2024 are as follows:

OVERTIME MEAL ALLOWANCES

- \$17.57 per meal to 30/6/2024

LIVING AWAY FROM HOME ALLOWANCE

- \$100.22 per day to 30/06/2024

Living Away From Home Allowance (LAFHA) amounts are subject to Fringe Benefits Tax (FBT) and do not form part of assessable income but may be used in income tests related to some Government benefits and obligations. This does not affect travel and meal allowances for travel away from a usual place of work for short periods.

CAMPING ALLOWANCE

- \$34.48 per day to 30/06/2024

REDUNDANCY PAYMENTS

Redundancy scheme payments and redundancy payments under the *Building and Construction General On-Site Award 2020* do not automatically receive concessional tax treatment.

However, these payments may be partly or entirely eligible termination payments and subject to lower tax rates than the rest of your income.

Redundancy payments in Off-site Award areas may be eligible for concessional treatment which can be wholly or partly exempt from tax. You should seek the advice of a tax agent on this complex issue.

OTHER TAX ISSUES

MEDICARE LEVY SURCHARGE

Individuals and families on higher incomes who do not have private patient hospital cover will pay a Medicare Levy surcharge (this is in addition to the 2% Medicare levy).

This means if you are single without dependent children with a taxable income over \$93,000, or a family with a combined income over \$186,000 (plus \$1500 for each dependent child after the first, if you have children) you may have to pay the surcharge.

Consult ITRI 2024 for further details.

TOTAL REPORTABLE FRINGE BENEFITS TAX (FBT)

If your employer provides a reportable fringe benefits amount of \$2000 or more in an FBT year (which runs from April 1 to March 31) to you or your relatives, your employer is required to report the total grossed-up amount on your Income Statement.

You do not include this amount in your total income or loss amount and you do not pay income tax or Medicare levy on it. However, the total will be used in determining certain surcharges, deductions, tax offsets and other government benefits.

See ITRI 2024 for more information.

FAMILY TAX BENEFIT AND CHILD BENEFIT

These are no longer paid through the Tax Office. To claim these benefits you must contact Services Australia (<https://www.servicesaustralia.gov.au/>) for more information.

SUPERANNUATION GOVERNMENT CO-CONTRIBUTION

Employees with 10% of their total income from 'eligible employment' and whose total assessable income and fringe benefits (if any) are less than \$58,445 may qualify for a government superannuation co-contribution payment of up to \$500 per annum for the 2023-2024 year. (NB. You have to make personal super

contributions first to be eligible for the co-contribution.)

LOW INCOME SUPER TAX OFFSET

If you earned \$37,000 or less for the tax year you may be eligible for an automatic Government payment of up to \$500 directly into your superannuation. Make sure your superannuation fund has your tax file number.

CONCESSIONAL CONTRIBUTIONS

Everyone is able to make concessional contributions of up to \$27,500 for the 2023-24 tax year as permitted under the general concessional contributions cap. This includes contributions made under a salary sacrifice arrangement or personal contributions claimed as a tax deduction by a self-employed person. See ITRI 2024 for further information and additional eligibility criteria.

(NB Changes to Superannuation – From 1st July 2024 the concessional contributions cap will increase to \$30,000 and the superannuation guarantee rate will increase to 11.50%.)

TIPS FOR FILLING OUT YOUR TAX RETURN

Lodgment

You can lodge your tax return:

- online using the MyGov website,
- by mail using a paper tax return; or
- through a reputable tax agent.

MORE INFO

The ATO produces occupational guides for claiming work-related expenses. See the Building and Construction Employees guide at:

<https://www.ato.gov.au/individuals-and-families/income-deductions-offsets-and-records/in-detail/occupation-and-industry-specific-guides/a-d/building-and-construction-employees-income-and-work-related-deductions>

DISCLAIMER

This Tax Guide is designed to provide general information only and is not intended to render legal, accounting or professional advice.

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