

Claimable Expenses: Self Education

Before tax time is here, it helps to know what you can and cannot claim out of your self-education expenses.



You can claim a deduction if:

- ✓ It is directly or at least sufficiently directed to your current employment.
- ✓ It should maintain or improve your knowledge or skills that are essential to your present job.
- ✓ It could help you get a promotion or an increase in your current income based on your job.

You can't claim a deduction if:

- ✗ If the course fails to meet the previous conditions and is only related to your employment in a general way, you cannot claim a deduction for it.
- ✗ Likewise, claims are not allowed for those whose courses will enable them to move to another job. For instance, you currently work as a nurse and the course will help you become a doctor.

Types of Claimable Expenses

If your course meets the requirements, you can claim a deduction for the expenses. These expenditures are divided into three classes, as shown below:

General Expenses

The following are general expenses that you may be allowed to claim at tax time:

- ✓ Tuition fees that you (and not your company) paid for
- ✓ Costs of textbooks
- ✓ Home office operation expenses
- ✓ Printer cartridges and other
- ✓ Phone calls
- ✓ Stationeries
- ✓ Journals, including professional, academic, and trade-related
- ✓ Postage
- ✓ Fees for student amenities and services
- ✓ Higher Education Loan Program (HELP)

Do note that the Internet fees only cover the usage and not the installation price.

As for the HELP fees, only some of the program's associated charges will be covered and not the loan itself.



Depreciating Assets

Assets whose value lowers over time are called depreciating assets. You can claim a portion of their cost if you utilised them to study:

- ✓ Price is over \$300: Claimable during the life of the asset as it continues to decline in value
- ✓ Price is \$300 or less: Full cost is claimable, particularly if you will continue using the asset for the duration of the study during the present tax year

Make sure that you have bought these depreciating assets first before you claim the expense.

Car Expenses

Travel or car costs that are claimable include gas and other expenses for:

- ✓ Driving from home to the school and vice versa
- ✓ Driving from the workplace to the educational institution and back
- ✗ You cannot claim if your last stop is another place, such as leaving your home to the location of education and then proceeding to the workplace.

All three types of claimable expenses should be related to the relevant self-education course directly.

What You Cannot Claim

Some items cannot be claimed even if they are relevant to your self-education, such as:

- ✗ Your tuition fees if your employer paid for them
- ✗ You paid your tuition fees, but you were reimbursed
- ✗ You repaid your loans under the HELP program, as well as the Student Financial Supplement Scheme (SFSS), and the Student Startup Loan (SSL).
- ✗ The repayments you made for the Trade Support Loans (TSL) Program
- ✗ Mortgage interest, rent, and other rates connected to your home office occupancy
- ✗ Accommodation and meals do not count as well. An exception is if you have travelled from home, so you could study in another place, such as where the residential school was located.

Categorising Expenses

Some expenses may have to be evaluated before claiming. For instance, using computers is claimable, but you do not use it all the time for your study. Hence, you have to apportion the costs of private and study purposes.

In this example, you may claim the expenses, but only for those times when you utilised the computer for education.

Documenting Your Expenses for Easy Claiming

The ATO has a **self-education expense calculator** which lets you compute and see the amount of deduction you may claim. You will need to provide certain documents, including receipts for:

- ✓ Course payments
- ✓ Stationeries
- ✓ Textbook costs

You will also need to add records for depreciating assets, such as receipts for repairs. It always helps if you can provide diary entries for travel expenses.



How Much Can You Claim?

Our team can help you sort out your deductions. Contact [TaxReturn.com.au](https://www.taxreturn.com.au) today to maximise your tax return!