

DIRECTOR

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2026 Individual Tax Return Checklist

Name of taxpayer: _____

Preferred contact no _____ Email: _____

Please ensure you have all the information needed to complete the Return, as having to put your Return aside can cause unnecessary delays in completion. The checklist is a guide to assist in this task, which although by no means exhaustive, should prove useful.

Information	Information Provided	Not Applicable
Income		
Income Statement (these are now accessible via the Tax Agent Portal. <u>Please ensure your employer has FINALISED your Statement, as we cannot lodge your Tax Return if Statement is unfinalised.</u>)	☐	☐
Lump sum payments (e.g. employment termination payment)	☐	☐
Partnership distribution statement, and a copy of partnership's tax return	☐	☐
Trust distribution statement, and a copy of trust's tax return	☐	☐
Documentation regarding foreign source income, foreign assets or property	☐	☐
Bank statements stating interest earned, including for term deposits	☐	☐
Dividend statements	☐	☐
Employee share scheme statements	☐	☐
Managed fund annual tax statement and capital gains tax statement	☐	☐
Buy/sell contract notes for shares & Crypto Currency (if any of these were sold) including Crypto Currency transaction history.	☐	☐
Spouses Taxable Income	☐	☐
Work-related Deductions		
Details of depreciable assets bought during the year (e.g. laptops)	☐	☐
Details and receipts for home office expenses and log of hours (Required for 2026) (Note: a sample period or average hours per week will no longer suffice)	☐	☐
Professional journals/trade magazines	☐	☐
Professional memberships/subscriptions/Union	☐	☐
Receipts for continuing professional development courses and seminars	☐	☐
Receipts for self-education expenses	☐	☐
Receipts for other work-related deductions such as protective clothing, uniform expenses, tools and equipment, and travel, overtime meal expenses	☐	☐

Information	Information Provided	Not Applicable
Internet or Telephone (portion of work related)	☐	☐
Vehicle logbook for motor vehicle expenses (if using the logbook method), Electric Car details (logbook method), km's (if using cents per km method)	☐	☐
Other Deductions		
Receipts for donations of \$2 and over to registered charities	☐	☐
Expenditure incurred in managing tax affairs (e.g. tax agent's fees)	☐	☐
Expenditure incurred in earning interest, dividend and other investment income (e.g. investment advice fees)	☐	☐
Super Deductions	☐	☐
Income protection insurance premiums	☐	☐
Rental Properties		
Date when property was purchased, including details of co-ownership if applicable	☐	☐
Period property was rented out during the income year	☐	☐
Records detailing rental income (annual statement from property agent, if engaging services of an agent)	☐	☐
Loan statements for property showing interest paid for the income year	☐	☐
Expenses incurred such as water rates charges, land tax and insurance premiums and invoices for repairs over \$300	☐	☐
Details of depreciable assets bought or disposed of during the year	☐	☐
Details of any capital works on the property: Quantity Surveyor's Depreciation report.	☐	☐
If the property was disposed of during the income year, information relating to dates and costs associated with the disposal of the property	☐	☐
Offsets/Rebates		
Details of any superannuation contributions for spouse	☐	☐
Details of dependants, including their age, occupation and income	☐	☐
Other Information		
Copies of Instalment Activity Statements lodged	☐	☐
Any other information that you think is relevant	☐	☐

To claim a work-related deduction:

- You must have spent the money yourself and weren't reimbursed.
- It must directly relate to earning your income.
- You must have a record to prove it. (Note: Bank & Credit Card Statements are insufficient records on their own).

NOTE: *To ensure that you will obtain the maximum deductions to which you are entitled, and in consideration of the penalty provisions, full details of any claims should be provided and supporting documentation be available. **Documentation must comprise receipts, dockets, diary notations and extensive details of any estimates.***

What's new

Medicare levy low-income threshold

The Medicare levy low-income thresholds for singles, families, seniors and pensioners will be retrospectively increased from 1 July 2025. This means that you will be able to earn more before having to pay the 2% Medicare Levy.

Threshold	2024-25	2025-26
Singles	\$27,222	\$28,011
Family	\$45,907	\$47,238
Single seniors & pensioners	\$43,020	\$44,268
Family seniors & pensioners	\$59,886	\$61,623
Each dependent child or student (increase to family threshold)	\$4,216	\$4,338

Federal Budget 2026-27

The Government handed down the 2026–27 Federal Budget on 12 May 2026, which included a broad range of significant proposed tax reform measures. Some of the key announcements that are relevant for individuals include:

- A proposed \$1,000 instant deduction for work-related expenses from the 2026–27 income year
- The introduction of the Working Australians Tax Offset, providing a permanent annual \$250 tax offset to eligible Australian workers
- Proposed changes to negative gearing, limiting deductions for residential property investments to new builds from 1 July 2027
- The replacement of the 50% CGT discount with inflation adjusted indexation from 1 July 2027, together with the introduction of a proposed minimum 30% tax rate on capital gains

Since the Budget was handed down, legislation relating to some of the key tax measures has now been introduced into Parliament on 28 May 2026 but they are not yet law and the final form of the rules might end up changing.

We recommend that you avoid making significant restructuring or transaction decisions based solely on the current announcements without speaking with us first. We will continue to monitor developments and provide updates as further detail becomes available.

\$1,000 instant deduction for work-related expenses

As noted above, the Government is planning to introduce an optional standard deduction for work-related expenses from the 2026–27 income year onwards.

Under the proposed rules, you may choose to claim a fixed deduction of \$1,000 for certain work-related expenses without needing to keep receipts or other substantiation records for those expenses. The

measure is intended to simplify the tax return process and reduce compliance costs for taxpayers with relatively low levels of deductible work-related expenses.

Importantly, the proposed deduction is optional. If your actual deductible work-related expenses exceed \$1,000, you would still be able to claim your actual expenses under the existing deduction and substantiation rules.

Where you choose to use the standard deduction:

- You would not need to substantiate the first \$1,000 of eligible work-related expenses;
- You would generally be prevented from separately claiming deductions for expenses covered by the standard deduction; and
- Certain deductions outside the standard deduction may still remain claimable where specifically allowed under the legislation.

The standard deduction is primarily targeted at employees and other individuals earning labour income. Individuals who only derive other types of business or investment income are not expected to benefit from the measure.

The proposed deduction does not provide an immediate cash payment. Any tax benefit would still only arise when you lodge your income tax return and the return is assessed by the ATO.

This measure is not yet law and further amendments might still occur as the Bill progresses through Parliament.

Concessional superannuation contribution

The concessional contributions cap is the maximum amount of before-tax contributions you can contribute to your super each year without contributions being subject to extra tax.

From 1 July 2026, the concessional contributions cap is \$32,500.

Electric vehicle home charging rate

If you own and use an electric vehicle (EV) or a plug-in hybrid electric vehicle (PHEV) to produce your income, you may be able to use the ATO's EV home charging rate to calculate the cost of charging your vehicle at home.

You can use the EV home charging rate of 4.2 cents per kilometre to calculate your electricity costs for the year ending 30 June 2026 where you:

- Use your electric vehicle for earning assessable income
- Incur electricity costs when charging your vehicle at home
- Keep the required records for the income year, and
- Claim your car expenses using either the logbook method or your actual work-related vehicle expenses.

This rate increases to 5.47 cents per kilometre from 1 July 2026 onwards.

If you use a PHEV then the rates above aren't applicable, but the ATO does have a formula that can be used to calculate the home electricity costs for a PHEV. The 7-step formula can be found in [PCG 2024/2](#).

Alternatively, you may choose to calculate and claim the actual electricity costs incurred in charging your EV or PHEV, but you would need appropriate records to support this.

ATO interest charges

General Interest Charges (GIC) and Shortfall Interest Charges (SIC) imposed by the ATO are no longer tax-deductible if they are incurred from 1 July 2025.

As these amounts are no longer deductible, the actual cost associated with ATO interest charges will be higher now for many taxpayers. This means that the costs associated with leaving tax debts outstanding will often be higher, making it even more important to let us know if you are struggling to pay debts that are owed to the ATO.

The ATO still retains discretion to remit GIC and SIC in appropriate, but this isn't guaranteed and you should never assume that the ATO will release you from interest charges.

Rental properties

The ATO has recently finalised new guidance for residential rental properties through TR 2026/1, PCG 2026/2 and PCG 2026/3. The new guidance reflects a much stricter approach to rental property claims, particularly for holiday homes and properties with some private use.

The ATO's focus is now on ensuring that tax deductions are only available where a property is genuinely being used to earn rental income, rather than mainly being held for private enjoyment or recreation.

Under the new approach, the ATO will closely examine holiday homes and mixed-use properties to determine whether they are primarily being used to produce assessable income across the relevant year. If the ATO considers that a property is mainly being used or held by the owner, family members, or friends for private purposes, deductions such as interest on loans, council rates, land tax, insurance, and depreciation may be denied completely, even if the property is genuinely used to generate some income during the year.

To support deduction claims, property owners need to demonstrate that the property was genuinely available for rent and primarily held for income-producing purposes. The ATO may review factors such as:

- Whether the property was blocked out during peak holiday periods or school holidays;
- Whether rental prices were set artificially high to discourage bookings;
- Whether unreasonable booking conditions were imposed; and
- The actual level of rental occupancy achieved during the year.

Where a property is held mainly to produce income but there is some private use, expenses must be apportioned on a fair and reasonable basis. This generally means claims need to be reduced based on the period or area used privately, with appropriate records maintained to support the calculation.

The ATO has also clarified that all rental income must be declared, including income earned through short-stay platforms such as Airbnb or informal arrangements with family and friends. However, where a property is rented to related parties at below-market rates, deductions relating to that period are generally limited to the amount of rental income received. This means losses cannot usually be generated from non-commercial rental arrangements.

Areas of ATO scrutiny

Work-related deductions

The ATO has announced that its key compliance focus areas for Tax Time 2026 will again include work-related deductions, working from home expenses and omitted income. The ATO continues to use sophisticated data-matching systems and real-time reporting information to identify incorrect claims and undeclared income, with a particular focus on claims that appear excessive when compared to a taxpayer's occupation or income level.

The ATO has produced a range of occupation-specific guides which can be helpful in finding out whether deductions claimed for specific expenses are likely to be allowed or challenged.

The ATO emphasises that the deductibility of any expense ultimately depends on the specific facts and whether there is a sufficient connection between the expense and the taxpayer's income-earning activities.

Work from home expenses

If you work from home, there are two methods to claim working from home expenses:

- The actual expense method.
- The revised short-cut method

If you are using the revised short-cut method, then a rate of 70 cents per hour applies to energy expenses (electricity and gas), internet expenses, mobile and home phone expenses, and stationery and computer consumables for the year ending 30 June 2026. You can separately claim other costs, such as depreciation on computers or other running costs not referred to above.

To use the revised short-cut method, you will need a record of all of the hours you worked from home. The ATO has warned that it will no longer accept estimates or a sample diary over a four-week period. For example, if you normally work from home on Mondays but one day you have an in-person meeting outside of your home, your diary should show that you did not work from home for at least a portion of that day.

You also need to keep a copy of at least one document for each running cost you have incurred during the year which is covered by the short-cut method. This could include invoices, bills or credit card statements. Where bills are in the name of one member of a household but the cost is shared, each member of the household who contributes to the payment of that expense will be taken to have incurred it. For example, a husband and wife, or flatmates where they jointly contribute to costs.

The ATO will also be closely examining claims where individuals attempt to deduct their entire bill or a substantial portion as work-related. It is particularly focused on identifying cases of "double dipping" — where taxpayers use the 70 cents per hour rate, which already includes phone expenses, and then also claim mobile phone costs separately.

Occupancy expenses

You cannot claim occupancy expenses such as rent, mortgage interest, property insurance, and land taxes and rates unless your home is a place of business. It is unusual for an employee's home to be classified as a place of business.

Omitted income

The ATO is also reminding taxpayers to ensure that all sources of income are properly disclosed in their tax returns. This includes online platform earnings and income generated from secondary employment or side-hustle activities.

With the expansion of third-party reporting and data-matching programs, the ATO is increasingly able to identify undeclared income from banks, employers, digital platforms, government agencies and other external data sources. Taxpayers who fail to disclose income may be subject to amended assessments, penalties and interest.

The ATO is also often able to identify amounts that have been received from overseas sources. For example, if you have received money from a relative who is based overseas it will be necessary to check the source and nature of the funds so that the tax treatment can be determined before the ATO discovers it.

Crypto Assets

The ATO is specifically reviewing situations where taxpayers may have omitted or incorrectly reported capital gains and losses arising from crypto asset transactions, as well as cases where crypto-related business income or expenses have not been properly disclosed.

The ATO continues to expand its Crypto Assets Data-Matching Program, which collects information from Australian service providers regarding crypto asset accounts and transaction activity. This information is then matched against amounts disclosed in tax returns.

The ATO has indicated that it is reviewing a broad range of crypto asset activities including disposals, token swaps, staking arrangements and transactions involving decentralised finance platforms. If you have any crypto assets, you should ensure that accurate records of acquisition dates, disposal dates, transaction values and wallet activity are maintained to support the correct tax treatment of gains, losses and income.