

Checklist for your cash

Now's the time to look at potential tax deductions, writes ANTHONY KEANE

THE most important money month of the year is here, prompting a warning for Australians not to take their eyes off the big picture financially.

COVID-19 has crunched household incomes and battered financial markets, superannuation and employment, but the lead-up towards June 30 means financial life must go on.

Tax deductions, super contributions, investment tweaks and working from home claims are among the areas where the clock is ticking for Australians wanting to save money.

Financial strategist Theo Marinis said it was important to sort out money moves such as super payments and prepaying expenses well before the end of the month.

"We are human beings and we always kick the can down the road," he said.

"The lesson of COVID-19 is to take control of things beforehand, even though it's our nature to wait.

"Review your insurance policies. Are they adequate? Do you need to increase or decrease them?" Mr Marinis said prepaying income protection insurance delivered tax deductions, as did interest on investment loans and buying new work-related items.

"Check with your accountant that what you're going to do is tax deductible," he said.

Wealth for Life Financial Planning principal Rex Whitford said leaving voluntary super contributions until late June could result in people missing out on a cash boost if funds did not process contributions fast enough.

He said this year offered catch-up benefits for people seeking deductions larger than the annual cap of \$25,000 for tax-deductible contributions.

"This is the first year where they can use the previous year's unused concessional cap, as long as their superannuation was under \$500,000 on 1 July 2019," Mr Whitford said.

"Now, more than ever, people need to get their budgeting done properly.

"I know it sounds boring, but if you don't know your situation you can never identify any savings."

HLB Mann Judd tax partner Peter Bembrick said a big change for many people was the ability to claim tax deductions for expenses related to working from home.

There are different methods for working out these claims, and the ATO recently introduced a shortcut method, where people can claim 80c an hour for every hour worked at home from March 1 to June 30.

However, it could be better to claim actual costs incurred, because phone, internet and other expenses may be higher.

"Many workers will notice a big increase in expenses such as their electricity and gas bills, or they may have had to buy a desk or printer in order to work from home," Mr Bembrick said.

He said other tax strategies to consider included income splitting with a spouse and reviewing health insurance arrangements.

5 THINGS TO CHECK NOW

- 1 Ability to claim work-related tax deductions, especially if working from home.
- 2 How extra superannuation contributions might deliver tax and other benefits.
- 3 Expected capital gains and losses, and if assets should be sold before June 30.
- 4 Access to pensions and other benefits as falling asset values may improve eligibility.
- 5 Does your investment mix still match your longterm plan?

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