The Australian Finance Podcast Episode Transcript

Episode: New investor tax toolkit | ATO Assistant Commissioner Tim Loh
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Episode transcript:

Kate Campbell:
Morning folks, and welcome back to another episode of the Australian Finance Podcast, where our job is to help you invest your time and money better. I'm your host, Kate Campbell, and have I got an episode lined up for you today, about everyone's favourite topic, tax, and with the tax man himself. Tim Loh works for the Australian Taxation Office, which fondly, is known to us all as the ATO, in his role as the assistant commissioner for individuals and intermediaries. Tim, welcome onto the show today.

Tim Loh:
Thanks, Kate. Thanks for having me on.

Kate Campbell:
Now today, we're going to give new investors a bit of a crash course to tax in Australia and what they need to know. But before we do so, Tim, can you tell us a little bit more about what you do, and what the ATO does, and what we need to know before we dive in?

Tim Loh:
Yeah. Look, at the ATO, we obviously collect tax on behalf of the government and the Australian community. In my role, as you said before, I look after individuals and intermediaries. So, I look

after the tax system as it impacts individuals. One aspect of my role is also the Tax Time spokesperson role as well. So I go on media like your wonderful podcast, as well as radio and media, to talk about tax, and try to make things really easy and simple for people to understand. As you said before, many people don't really like talking about tax and my job is to make it much more relatable to people, so they really understand what they need to do come tax time.

Kate Campbell:
Yeah. Because I know a lot of us, we don't learn about it in school and then we like to bury our head in the sand a little bit and go, oh, it's all too hard. But if we learn a few of the basics, it can make life a lot more simpler, can't it?

Tim Loh:
Yeah, absolutely. Look, we're trying to have tax in our schools, in the school education system. So, we're working to add tax into the curriculum, but you're absolutely right. Just doing a little bit of research can really help you, whether you do your tax return yourself or you use a registered tax agent.

Kate Campbell:
Yeah, absolutely. And for new investors, which many of our listeners are, when they're getting started, tax is probably not the first thing on their mind. And sometimes they don't even know that there's taxes applicable to their investing journey. So why do you think it's so important for individuals to understand the basics of their tax obligations and how it all works when getting started?

Tim Loh:
Yeah. Good question, Kate. Look, as you said, tax isn't always the first thing on people's mind when investing, but it really should be near the top of your list. And look, doing a bit of research, and a good way to do this is to listen to podcasts like the Australian Finance Podcast, but also checking out the ATO website where you can get off on the right foot. I'll go into this a little bit more, but keeping good records will really save you time and money in the long run when it comes to your tax. Also understanding your tax obligations will also help to inform your investment decisions and can have a real material impact on your after tax investment returns. So just because you can invest passively, doesn't mean you can do your tax passively.

Kate Campbell:
Yes. That's a good thing to keep in mind for all of our passive investors out there. There are some active obligations that you have to think about every year.

Tim Loh:
That's right.

Kate Campbell:
And I know that the ATO website is a fantastic resource and it's really understandable and we're often referring listeners to it because it even has examples, which is helpful trying to understand

some of the complexities of things. But if we start with maybe just an overview of some of the key taxes or tax topics that individuals that are investing should know about.

Tim Loh:
Yeah. Look, there's obviously a number of key tax issues that the people need to talk about. So when it comes to say exchange traded funds, which are shares that have been bundled up into a single security, like a unit traded on the stock exchange, like shares or ETFs like your Vanguards or BetaShares. Look, there'll be tax obligations when you invest in those ETFs. As you know, and your listeners would know this as well, ETFs have exploded in popularity, with platforms like CommSec Pocket, Superhero, RA, and much more. And some people do recognise that they have to pay tax on any money earned from selling their ETFs or shares, but what people don't realise, that tax is also paid on dividends and distributions, even if they're automatically reinvested into a reinvestment plan.

Tim Loh:
Now what we try to do to make things easier for people to comply with their tax obligations is we ask ETFs to provide investors with a standard distribution statement. And the importance of that statement is that it breaks down what you need to declare in your tax return, come tax time. So when you, for example, dispose of units, the SDS shows the capital gain or loss made from that sale that needs to be included in your tax return. Similarly, managed investment trusts also provide either an SDS or attributed management investment trust statement to their members so they can comply with their tax obligations. Now, as I said before, these statements make it really easy and simple for you to lodge tax return and comply with your tax obligations.

Tim Loh:
Now, I mentioned before, things like capital gain tax, which is probably the main thing that comes with investing in assets like shares and ETFs. It also applies to property and cryptocurrency, and CGT is a bit of a misnomer because it's not really a separate tax. It's the capital gain that you make from disposing of these assets, is included in your taxable income, and you do have to pay tax at your marginal rates.

Kate Campbell:
Yeah. And sometimes those distribution statements that you mentioned before, the SDS, the standard distribution statement, they can be quite complex when you receive them in the mail or via email from your share registry. And there's a lot of different components in them.

Tim Loh:
That's right, Kate, and we can talk a little bit more about some tips at the end, but yeah, there's a really easy way of lodging your tax return using that information that you get on those statements.

Kate Campbell:

Yeah, because so I noticed a few years ago when I was having a look, there's letter codes to match things up, and I know you've got some helpful guides on how to actually interpret all these different alphabet codes.

Tim Loh:
That's right. And our website's got some fantastic information about that. But yeah, going back to your capital gain tax consequences coming out of investing in shares, obviously if you've done really well, you're going to make some capital gains, but also sometimes you don't get the investment right, and you can make some capital losses. So it's really important to note that with those capital losses, you can't deduct that against other types of income, like your salary and wages as an investor. You need to offset them against capital gains. And if you don't end up using it in the current year, you can carry them forward to future years to offset against future capital games that you have. And one tip to note is if you are an individual and have owned that asset for at least 12 months, so that could be shares or your ETFs, you can generally reduce your capital gain by 50%.

Kate Campbell:
Yeah. I like to think of that one as a reward for being a long term investor and being patient.

Tim Loh:
Yes.

Kate Campbell:
The ATO is encouraging us to do that in a way.

Tim Loh:
That's right. Yes.

Kate Campbell:
Yeah. A capital gains tax is a really important one to keep in mind as a new investor, because a lot of people don't get that going in and suddenly they're buying and selling things and they get to tax time and go, oh man, I've got this big tax bill that I didn't account for because I've just been trading throughout the year.

Tim Loh:
Yeah, that's right. And we can talk a bit more about what's really important to do in terms of record keeping. I'm going to sound like a broken record by the end of this podcast. But yeah, keeping really good records, whether it's using off the shelf software or spreadsheets to really document when you purchase the particular share, that's really crucial. And it's going to make your tax time much more easier, whether you lodge your tax return yourself, or whether you go through a registered tax agent.

Kate Campbell:

Yeah. I'll definitely be keen to hear your tips a little bit later on about record keeping, because it's always been a pain of mine coming up to tax time each year. And I'm always trying to think of a slightly better way to do things, but yeah, I guess it's a lesson to learn.

Kate Campbell:
What about for people that are going down that property path and maybe have an investment property that they're renting out or maybe Airbnb or something on the side? What should we know about here?

Tim Loh:
Yeah. Look, Airbnb and investment properties are a big thing. Aussie's love investing in property, as you would know, and your listeners would know. The key taxes that apply to rental properties is income tax. So the rental income from your investment property or your Airbnb, along with CGT. So when a capital gain tax event occurs, like when you sell the property that capital gain will be subject to capital gains tax, and you'll need to include that in your tax return.

Tim Loh:
With rent and rent related income, the cash or other payments that you receive from your tenants needs to be included and declared in your tax return. When I talk about other rent related income you need to declare, that includes things like your bond money that you're entitled to keep, letting out booking fees, in some circumstances, insurance payouts, as well as any lump sum payments of rental income.

Tim Loh:
Now, if you want to find out more information, we've got some really good information on our website, ato.gov.au/rentalincome.

Tim Loh:
On the deductions front, there are things that you can claim as a deduction for the income year when you incur the expense or when you spend your money. So things like, for example, your interest on your investment loan, council rates, repairs and maintenance, and as well as depreciating assets that cost less than $300. You can deduct that in the year that you spent the money. There are things that you can't claim outright. There are things like capital works or borrowing expenses or the depreciation of particular depreciating assets. So a good example is for example, if you're doing a 20 K kitchen reno for your investment property, that needs to be deducted over time. You can't deduct that immediately in your tax return.

Tim Loh:
And look, we know tax can be difficult when it comes to rental property. So it's really important that you work out what categories in which your expenses fall in. And we've got a wonderful investors' toolkit on our website, which you can check out ato.gov.au/investorstoolkit.

Tim Loh:

While I'm here, it's probably worth mentioning some of the no-nos that we see sometimes people claim as a tax deduction. So, one thing to remember is when you are claiming a tax deduction for your investment property it must be generally available for rent. So you can't include periods where you're using it or your family's using it, or you're renting out at mate's rates. You'll need to make sure that you're renting it out at market rates. And if you are doing that, you can't claim deductions for that period. So for example, interest deductions. The other thing we sometimes see at the ATO, is people trying to claim for rental property that they aren't using for rental, and they're just really using it for personal use. So if you are using something for both home and rental property, you can apportion expenses and you need to claim the portion that's related to renting the property, not the personal proportion.

Kate Campbell:
Right. There's a lot there for rental properties. As someone who doesn't own any property and definitely doesn't own an investment property, I'm not super familiar with all those things. So it definitely seems like something that if you're going down that path, maybe you'd like to speak to an accountant or definitely do your research there.

Tim Loh:
Yeah. Look, as I said before, we've got some really great information to give you a bit of a taste of what you need to do in that space. If you feel really confident, you can obviously do it yourself. But I think as you say, Kate, it can be quite complicated, documenting all the expenses that can occur in owning a rental or investment property. So yeah, as you said, it's something that you can speak to a registered tax agent about, and they can help you with complying with your tax return. But yeah, like I said, if you do feel confident, you can also try doing that yourself as well.

Kate Campbell:
Yeah. And as you said, capital gains tax also applies to investment properties as well as to people selling shares and ETFs. And that could be quite a significant amount. So something that you definitely want to keep in mind going into that situation before you just spend all that money you just made on the house you sold.

Tim Loh:
Exactly. Exactly, Kate.

Kate Campbell:
And speaking of deductions, I watched a funny video the other day of you on TV talking about some of the interesting things people try to claim at tax time. And I was wondering if you could share some of those with our audience.

Tim Loh:
Yeah. No, I'm more than happy to do that, Kate. Look, yeah, last year was obviously an interesting year from a tax perspective for those tax nerds out there. But for us tax nerds, it was a really interesting year because a lot of people have been working from home for the first time

as a result of the pandemic, for a long period of time. Obviously people in Victoria have done it for a couple of years, but yeah, look there were some interesting tax deductions that people looked to try and claim. Pyjamas was one of them. So we saw people trying to claim pyjamas. Ugg boots was another deduction that people tried to claim. And some of the things that we hadn't seen previously, we saw people starting to claim. So people were starting to claim their surfboard to unwind, as well as dogie daycare. In Australia, we love our pets, but unfortunately things like dogie daycare aren't deductible, because they need to be directly related to earning your income.

Tim Loh:
So they were some of the expenses that were deducted last year as a result of the pandemic. And obviously this year coming into tax time, 2022, we're bound to see some creative deductions that we at the ATO will knock out pretty quickly if they're not directly related to earn your income.

Kate Campbell:
Yeah. It must be amusing working there sometimes, and seeing the things that people try to put through.

Tim Loh:
Oh yeah, it can be. And I think for everyone who are doing the right thing, you can rest assured that we're knocking those deductions out. And if people are trying to take the Mickey we do take quite heavy action on people who deliberately do the wrong thing. But like you say, there's 10 million Aussies put in a tax return every single year. So we always see some really strange deductions coming through their tax returns.

Kate Campbell:
I love it. I'm going to be very interested to see what people try to claim at the end of this financial year. Awesome.

Kate Campbell:
So pivoting to a slightly more new age topic, which I think people would be surprised to hear that the ATO actually does have a lot of information on and can talk about, cryptocurrencies and other digital assets like NFTs. And so are you able to explain high level, like what responsibilities do individuals have to be aware of if they start investing and buying and using some of these new digital products?

Tim Loh:
Thanks Kate. Well, look, cryptocurrency is taxed just like other investments. So just as shares are taxed and cryptocurrencies and NFS are taxed very similar. So when you buy, sell, swap or exchange cryptocurrency, that will be subject to capital gains tax and must be reported in your tax return. So if you hold cryptocurrency as an investor, those same obligations apply as if you are a share investor as well. So, we know that while it appears that cryptocurrency operates in an anonymous digital world, we do closely track where it interacts with the real world through

data from banks, financial institutions and cryptocurrency online exchanges to follow the money trail back to taxpayers. Now, a thing to note with cryptocurrencies, if you've got a digital wallet, for example, that contains different types of cryptocurrencies, each cryptocurrency is considered to be a separate CGT asset.

Tim Loh:
So it's really important to note that when you are complying with the tax obligations in relation to cryptocurrency, that again, I'll say it again, you've got to keep good records and ensure that you are documenting those transactions that are taking place with cryptocurrency.

Tim Loh:
We know a lot of people have been investing in cryptocurrency over the last few years, for example, Bitcoin in July, 2020 was about $12,000. Whereas now, in February 2022 it's about $61,000 now, so that's a 500% increase in the price of Bitcoin. So we know a lot of Aussies are investing in Bitcoin and we are trying to help them understand what their tax obligations are. So similar to shares, if you have held the cryptocurrency for 12 months or more, you can get the capital gain tax discount. So if you are an individual, you can get the 50% CGT discount.

Tim Loh:
And as I said before, with capital losses, you can offset them against capital gains. And if you don't end up using them in the current year, you can carry them forward to offset against other future capital gains as well. One thing to note is I guess, with the capital losses as well, you're not restricted to just offsetting it against cryptocurrency. So for example, if you made a gain in relation to some BHP shares that you held, or some Telstra shares that you held, you can offset any capital losses against other investment assets as well.

Tim Loh:
Another thing to note is that we've got a lot of information on the ATO website, so you can find out more on ato.gov.au/cryptocurrency, and there's some really good information about how to work out your tax obligations in relation to cryptocurrency.

Tim Loh:
In terms of non-fungible tokens or NFT or Niftys, that is, as you said before, Kate, something that many people are starting to invest in. But similar to cryptocurrencies and shares, the tax obligations are very similar. They're just considered to be a capital gains tax asset. So, you're taxed in similar vein to those types of assets as well. Obviously if you're holding it in a different way, not as an investor, but maybe for example, you're owning it as part of a business, there can be different tax obligations in relation to NFTs. And that would similarly apply to cryptocurrency and shares if you're holding it, running a business, for example, that those obligations might be different to the obligations of an investor per se in an individual capacity. So the best thing to do is to check out our website or speak to a registered tax agent, because those tax implications can be complicated.

Kate Campbell:

Yeah, absolutely. And I don't know if you guys have much information, but another thing that's starting to emerge is people staking their cryptocurrencies and having some income or interest payment. Would that be considered like bank interest or a share income?

Tim Loh:
Yep. No, spot on, Kate. It's very similar. So we would include that income. So yeah, for example, if you have crypto in a staking pool or liquidity pool, the rewards would be assessable and included in your taxable income. And similarly, if you then dispose of those crypto, you would then be subject to CGT. But yeah, it's a good question. And yes we do tax that as well.

Kate Campbell:
Okay. Well, that's good to know that, so that if people understand how capital gains works and the discount works and how distributions are taxed for shares and ETFs, they can understand how it will work for their other digital assets as well.

Tim Loh:
Absolutely. That's exactly right. So the rules are supplied just the same way, but just on different assets. And it may look like it's a new age thing and that we don't have rules for that, but that's just not correct. It's just something that we just use the existing rules and they apply just like they do to traditional investments like shares and property.

Kate Campbell:
Oh, that's good. I'm glad that ATO hasn't created some whole new complex system for all of these things. So it just makes it easy for investors who are already used to dealing with shares and ETFs. If they're dealing with any of these, same rules apply.

Tim Loh:
That's right.

Kate Campbell:
Yeah. And have the ATO been catching a few people out that haven't been declaring these things over the last few years?

Tim Loh:
Yeah. Look, what we want people to understand is we really want people to help them understand their cryptocurrency obligations. So what we try to do is when people lodge their tax return at tax time, we give people reminders. And so we've got data exchange protocols with the cryptocurrency exchanges who provide us with third party data, which we can cross match against investors. And so when you're lodging a tax return and you've invested in cryptocurrency and have sold cryptocurrency, and you haven't included it, whether a gain or loss, we'll have a little bit of a nudge in the tax return, so as you lodge the tax return, to make sure that, or to remind you that you've got a potential cryptocurrency gain or loss that needs to be included in your tax return. So we have done a lot of that nudging in the past. So, we're talking hundreds and thousands of investors who we advise in real time about their

cryptocurrency obligations. And then it's up to them to work out what their cryptocurrency gains and losses are and put them in their tax return.

Kate Campbell:
Okay. That's good to hear that you're actually working with investors because a lot of people might be wondering how exactly is this treated or does the ATO actually care? And you do care and you're helping.

Tim Loh:
That's right. And look, it's not about trying to catch people. It really is about trying to educate people and for them to get it right the first time. We're not in the business of chasing and auditing every single person in the Australian tax system. We just don't have the resources to do that. And at the end of the day, most Aussies do the right thing. They want to do the right thing. So we're just here to try and make it as easy as possible for people to understand what their obligations are.

Kate Campbell:
Yeah. And I'd imagine all of our listeners are trying to fulfil their obligations as much as they can. And so just having that information and knowing where to go to actually find that and knowing that you're there to answer any questions and help, if they do get stuck, is really good to hear.

Tim Loh:
Oh thanks. No, that's good to know. That's what we're about at the ATO. We're here to help, and as much as sometimes the media portrays us to be cracking down on this and that, we are here to help, because that's where we're going to get most people complying, if people really understand their obligations. So yeah, reach out to us at the ATO, whether it's checking out our website material or contacting the ATO through our website.

Kate Campbell:
Yeah. And continuing on the theme of cryptocurrencies, now, this might not be a situation for most people, but as they become more common, people are using them for actually everyday purchases or they might be buying something with them. And so does that start to change how they're treated for tax purposes, if you're not using the currency as an investment per se, but you're actually using it for purchasing everyday goods and services?

Tim Loh:
It does Kate. So we don't often see this, but for example, if you earn cryptocurrency like Bitcoin and it's considered to be a personal use asset, the best example I'd give is if, when you acquire and use it within a short period of time to acquire items for personal use or consumption such as if you're a gamer, for example, it can be considered to be a personal us such, and there wouldn't be CGT consequences coming out of that. But to use your example, the longer that you hold the cryptocurrency, the less likely it is going to be a personal use asset, even if you end up using it to purchase an item for personal use or consumption. So for example, if you bought the cryptocurrency back a couple of years ago and then decided to use it to buy something now, we

wouldn't see that as a personal use asset and there would be capital gains tax consequences arising when you use that cryptocurrency to purchase that asset or item.

Kate Campbell:
Yeah. Okay.

Tim Loh:
But I think the most important thing to remember is that it really is going to depend on the facts and circumstances of every case.

Kate Campbell:
Yeah. Because I guess when you're just transacting with everyday Australian dollars that you've been paying with, you're never thinking about capital gains being associated with that. But suddenly that starts to come in the conversation a little bit more because depending on the situation, it could become an asset.

Tim Loh:
Correct. Yeah. So look, it would really depend on each person's facts and circumstances, but it's not something that we'll see quite often because obviously there's transaction costs with the cryptocurrency. So it doesn't really make sense to then quickly buy something using that cryptocurrency incurring all these costs, but there'll always be exceptions to the rule. And again, as I've said before, it really depends on people's facts and circumstances.

Kate Campbell:
Yeah, absolutely. And what if you've gone through everything and suddenly you've realised you've made a mistake on your tax return last year for maybe for example, you're a new investor and you didn't realise capital gains tax was a thing. And so you didn't declare some of your capital gains or you forgot to include some of your income from your Uber Eats deliveries on the weekend. What's the process? So if someone comes to that realisation, how do they contact you? What happens there?

Tim Loh:
Yeah. Good question, Kate, I think from our perspective, if you've inadvertently forgot something, you can actually just amend your tax return through our online platform, myTax, which you can access through myGov, or you can even just speak to your registered tax agent. And one thing to do is yeah, work out what the mistake is, and then just make the amendment. Look, we're not going to punish people if they've made an inadvertent mistake. But as I said before, if you are deliberately not including your income, we are going to take further action. But for the most part, if you have just made a mistake, and lodged your tax return yourself through myTax, our online platform, you can just access that and you can just quickly make an amendment. It's really quite intuitive.

Tim Loh:

So that's one way you can do it. Or if you are using a registered tax agent, you can go speak to them about the income that you haven't included. And the other thing to remember is you might have forgotten a deduction that you haven't included as well. So that would be a mistake. And so that's something that you should also try and make sure that you've captured as well, because that will help reduce potentially in some circumstances your taxable income, depending on how much tax you've paid.

Tim Loh:
One other thing or one tip I have to reduce the probability of making the mistake at tax time is to lodge your tax return in August. So we know a lot of people try and lodge their tax return on the first of July because they're really excited to get a refund, which is great. But one thing we do at the ATO is we get a lot of prefilled information. So prefilled information is information from third parties. So think of it, information from banks. So any bank interest that you've earned, information from government agencies or ETF funds. We get information from them, and what happens is when they give that information to us, it pre-populates the tax return, which makes things really easy and simple for you to lodge your tax return.

Tim Loh:
So even if you've been investing in an ETF, if you wait until August to lodge your tax return, instead of you having to manually put that information into each of the labels in your tax return, we do it for you. So it makes things really simple. So I liken it to lodging on 01 July. Lodging on 01 July is like arriving at a party too early. Whereas lodging in August will make things easier for you when you come to lodge your tax return, and also gives you time, as I said before, to make sure you captured all the deductions that you've incurred during the year.

Kate Campbell:
And for investors, I know many ETFs, real estate investment trusts, manage funds, they don't actually release their distribution or dividend statements for a little bit after the end of the financial year. And so sometimes if you get in there too quickly, you've missed data. And so you actually do have to wait a little bit longer as an investor sometimes.

Tim Loh:
That's right. And as I said before, if you wait a bit longer, we do a lot of that work and heavy lifting for you. So it just makes things easy for you, and obviously makes things easy for us, as I said before. We just want people to get it right the first time, rather than having to amend returns after the fact.

Kate Campbell:
Tim, if someone gets to the end of the financial year, they lodge their tax return and for some reason or another, they find out they've got a tax debt. Maybe that's a thousand dollars or $10,000, but it's quite significant. What are the options there, for paying that off? Is there some payment plans you can put in place?

Tim Loh:

Yeah. Good question, Kate. Well, one thing to note is four in five Aussies actually get a tax refund. So the odds are in your favour that you'll get a refund. But as you say, there'll be circumstances in which people do have a debt. And what we want to do at the ATO is help people understand that debt. And it's really important that you're get in contact with us. We don't want you to bury your head in the sand. It's really important to reach out to us so we can help you. And at ATO, we've got some payment plans that you can enter into and you can even do this yourself. All you need to do is go to myTax, which you can access through our myGov platform, and you can work out a payment plan that suits your particular circumstances. But if you're having trouble with that, feel free to get in contact with us at the ATO.

Kate Campbell:
Yeah, absolutely. And so we've got a few months now before the end of this financial year, and before investors have to start thinking about doing their tax return, for this current financial year. So what are your tips and suggestions for our listeners this year when it comes to managing their tax affairs and making sure they're in the best position possible for the end of the financial year in doing their tax return?

Tim Loh:
Okay, well, that's a good question. I've said this once, and I'll say it again, records, records, records, and I think I'll sound like a break record now for sure. And look, I think you've said this before on your podcast, but look, it's really important to quote your tax file number when you are investing to avoid tax being withheld. So that's one tip I can give for people. But like I said before records are so important because it's like cooking a nice meal at home, right? You need to prepare and get all your ingredients ready. And it's the same for your tax obligations when you're investing. If you have that information available and ready and prepared, it's going to make your tax return a much simpler and easier process. And that is regardless whether you do it yourself or whether you use a registered tax agent. Because if you use a registered tax agent, they'll be asking you the same questions and it's going to cost you a lot more if you're taking up a lot more of their time.

Tim Loh:
So it's a really important trick to make sure that you've got those records. And those records are like, if you've been investing, like your dates that you invested in, the prices on those particular dates, any commissions, whether there's been share splits or share consolidations, all those kinds of information that need to be included, you need to keep when it comes to investing and making sure that you're paying tax on those investments. So that's one tip I would have in terms of making sure that you've got a good start in terms of keeping all your records.

Tim Loh:
You can also use off the shelf packages to keep track of your records. Or as I alluded to before, you can also use the simple spreadsheet, Excel spreadsheet to capture all the trades that you're making throughout the year.

Tim Loh:

One thing to remember is it's really important to keep these records, even after you've disposed of the investment. So for example, if you made a capital gain, you need to hold those records for at least five years after that capital gain has been made. And if you have made a capital loss, you need to keep those records for another two years after you've actually utilised that particular capital loss against a capital gain. So they're probably the main tips I have in terms of investors and how they should manage their tax affairs and their tax records. And when it comes to general tax affairs, so outside of investing, it's important to keep your receipts. You can do them a number of different ways. I know one strategy that you use, Kate, which is a really good one is if you receive your receipts through your email, by creating a folder, in your email inbox, which has anything tax related. I think that's a great tip. It's something I use.

Tim Loh:
We also have our ATO app in the myDeductions tool. So when you're buying something, just take a photo of the receipt and pop it into our ATO app and come tax time, you can upload those deductions into our myTax platform and it'll get up within seconds, or you can also send that information off to your registered tax agent, which will again, make their job easier and make your job easier. So they're probably my main tips in terms of making sure that you're getting the right deductions and claiming the right deductions at tax time.

Kate Campbell:
Yeah, absolutely. And I know Owen's mentioned before, not rocking up to the tax agent with a box of receipts in a shoe box, because that is going to cost a fortune, because they're going to charge you their hourly rate to go through these manual receipts and it's not worth anyone's time.

Tim Loh:
Exactly. And yeah, it would cost you a lot and Owen's exactly right. So yeah, you've got to be really organised with these things and not bury your head in the sand, because it really is important that you get it right.

Kate Campbell:
Yeah. Now for our listeners who have listened to some of this and a few things have maybe jogged their memory, or there's a few things they've heard from you that they're like, oh, I never knew this, where should they go to find out all of this information?

Tim Loh:
Look, Kate, our website is actually the best place to get this information. In fact, we were rated number two in the world for our cryptocurrency information, according to PwC's 2021 annual global crypto tax report. But outside of crypto, we've got fantastic information around your investing obligations. So we've got that investors toolkit document that I referred to earlier. But yeah, we've just got some fantastic information on our website that just makes things really easy for people to really understand their tax obligations in relation to investments. So one thing you can do is just go onto our website at ato.gov.au and just use our search engine, which is pretty good.

Tim Loh:
The other thing you can do is we've got this thing called ATO Community, which is a peer to peer platform, which is also a really good source of information and articles about tax. So you can post questions on there. You can share information with people interested in the same topics. And that's another way in which you can get a better understanding of your tax obligations for tax time this year.

Kate Campbell:
Yeah. I know the ATO Community forum's a bit of a hidden gem. Most people that I've spoken to don't know about it, but I found it trying to Google some niche tax questions one day and I came up across this forum and I was like, oh, because ATO actually jump in and answer questions quite a lot in there.

Tim Loh:
That's right, Kate. Yeah. So we'll come in and if we see that something hasn't been answered quite on point, we'll step in and help provide that information for the people on that platform to read and understand. So it's a really good platform. It's something that obviously a lot of other organisations use as well for their own particular issues, but it's a good way for people to really understand and learn more about tax because at the end of the day, a lot of tax is taken out of people's salary and wages and income. So, it's really important that people understand why we're doing that and what it's used for as well. Because I think sometimes people forget that taxes is what we need to live in a country like Australia. That's how schools are paid for, hospitals are paid for, and roads are paid for.

Tim Loh:
So yeah, people should come, check out the ATO website. And we've got so much information in there that will really help, make you get a better understanding of tax. And like I said before, even if you don't want to do it yourself, it's still really important to know at least the basics, so when you go to a registered tax agent, you know what they're talking about, at least at a foundational level.

Kate Campbell:
Mm. And I think even just starting by getting your latest pay slip and actually going, do I understand each of the components? Am I being paid correctly? Do I know where my super is? Oh, I'm paying tax each month. Where's that going? Am I paying HECS? Is the employer taking the right amount? Just even starting there as a place to explore a bit more is a really good place as well.

Tim Loh:
No, that's such a good tip, Kate and yeah, it's just being a bit more informed and trying to just build your understanding. And it's not just obviously applied to tax, it's obviously in other areas of your life as well. But yeah, just trying to get a basic understanding. You don't have to be an expert in it. Not many people like to be an expert in tax, but look, it's just trying to get a bit of

information, so you can make yourself aware of where this money's going to and what it's been spent for.

Kate Campbell:
Absolutely, Tim. I'll include links to everything you've mentioned today in the show notes, including those new investor toolkits that are actually really good multi-page PDFs that you can just download, keep in your Apple iBooks and refer back to, if you're bored on the train.

Kate Campbell:
But Tim, thank you so much for coming on the show today and sharing some of your knowledge with our listeners, whether they're very new to tax or very advanced accountants, because I know we have quite a lot of accountants in our community.

Tim Loh:
Thanks for having me, Kate. It was a pleasure.