



## Tax Deduction Guide for Doctors & Nurses

As of 2024, Australia has approximately 111,900 registered medical practitioners, including both general practitioners (GPs) and specialists actively practicing across the country. This number reflects the steady growth in the medical workforce over the past decade, driven by an increasing demand for healthcare services.

At Investax, we have extensive experience working with medical practitioners, and one common theme we've noticed is that many doctors and nurses have very little time to focus on their financial wellbeing and planning. Despite having accountants to manage their finances, the sheer demands of their profession make even routine tasks, such as lodging tax

returns, feel overwhelming. This often results in missed deadlines and unnecessary stress.

### Record Keeping

We are starting our toolkit with the essential topic of record keeping. If you claim a deduction for a work-related expense, you must have written evidence, such as a receipt or invoice, that includes the supplier's name, the amount of the expense, the nature of the goods or services, the date of purchase, and the date the written evidence was prepared. Additionally, you need records that show the expense directly relates to earning your income. To demonstrate how the expense is connected to your work, keep a diary or similar record that details your private and work-related use of the item, and how you

calculated the amount you are claiming as a deduction.

## **Tax Claims That Require No Receipts**

If your total claim for work-related expenses is \$300 or less, you can claim a deduction without written evidence. However, you must be able to show that you spent the money and explain how you calculated your claim. This \$300 deduction limit does not apply to claims for car expenses, meal allowances, award transport payments, or travel allowance expenses.

When it comes to laundry expenses, if your total claim is \$150 or less (excluding dry-cleaning expenses), you can also claim a deduction without written evidence. Similar to other work-related expenses, you must demonstrate that you spent the money and how you calculated your claim. Even if your total work expenses exceed \$300, you can still claim up to \$150 for laundry expenses without written evidence. However, this exception does not increase the \$300 limit for work expenses to \$450. If your total work expenses are more than \$300 and your laundry

expenses exceed \$150, you must keep written evidence for all your laundry expenses, not just the amount over \$150.

## **General Work-Related & Other Expenses**

### **\* What You Can Claim**

- AMA or Medical Professional association fees
- Annual practising certificate fees
- First aid courses
- Overtime meal expenses if you receive meal allowance under industrial award
- Phone, internet and data usage for work related purpose
- Professional Indemnity insurance relates to your work
- Tools and Equipment to perform your duty
- You can claim a deduction if your watch has special characteristics that you use for a work-related purpose. For example, a nurse's fob watch.
- Donation to a registered charity
- Tax Adviser fee



## \* What You Can't Claim

- Childcare fee
- Entertainment and Social Functions
- Fines and penalties
- Glasses, contact lenses and anti-glare glasses
- Grooming expenses
- Meal and snack expenses during normal work hours
- You can't claim a deduction for parking at or near a regular place of work.
- You can't claim a tax deduction for your relocation cost if you have to move states for jobs
- You can't claim a deduction for the cost you incur to buy or maintain ordinary watches or timepieces, even if they are required as part of your job.

## Car Expenses

### \* What You Can't Claim

- Normal Commutes: You can't claim the cost of everyday trips between home and work, even if you live far away or work outside regular business hours
- Parking fees & Tolls: even though these expenses are considered as travel expenses we have included them in the Car Expenses to make the expense less confusing. You can't claim a deduction for parking at or near a regular place of work. You also can't claim a deduction for tolls you incur for trips between your home and regular place of work.

### \* What You Can Claim

- Travel Between Jobs: You can claim the cost of using your car when driving directly between

separate jobs on the same day. For example, driving from your main workplace as GP to your second job as a university lecturer.

- Alternate Workplaces: to and from an alternate workplace for the same employer on the same day – for example, travelling to different hospitals or medical centres
- Transporting Bulky Tools or Equipment: In limited circumstances, you can claim the cost of trips between home and work if you carry bulky tools or equipment that are essential for your job. This applies if:

1. The tools or equipment are essential for your work and not carried by choice.
2. The tools or equipment are bulky and awkward to transport, making it necessary to use a car.
3. There is no secure storage for the items at your workplace

## Methods to Claim Car Expenses

### • Logbook Method

1. Keep a valid logbook to track the percentage of work-related use
2. Maintain written evidence of your car expenses

### • Cents Per Kilometer Method

1. Show how you calculated your work-related kilometres
2. Ensure those kilometres were for work-related purposes





## Travel expenses

You may be eligible to claim travel expenses if you are required to travel away from your home overnight as part of your employment duties or to attend seminars. These expenses can include costs for meals, accommodation, and incidental expenses incurred while traveling for work or participating in professional development activities, such as those required for GPs or medical practitioners

### \* What You Can't Claim

- If you take a private holiday and come across a work-related seminar, you may be able to claim the seminar fee. However, travel expenses related to your holiday are not claimable.
- You cannot claim the travel expenses if the expenses are re-imbursed by your employer.

## Self-education and study expenses

Doctors are required to continually update their

knowledge and skills to keep pace with advancements in medical science and evolving patient care practices. This ongoing education is crucial to maintaining high standards of care and meeting professional development requirements. As a result, doctors often invest in self-education through seminars, workshops, courses, and conferences.

### \* What You Can Claim

- Course fee directly related to your medical profession
- Professional development books, journals
- Seminars or conference fees related to your medical profession

### \* What You Can't Claim

- A general course design to get a new job
- A course unrelated to your medical practice or profession
- Books or journal unrelated to your profession.

For example, you are a property investor and

you are purchasing property investment journal which provide general information about property.

## **Clothing and laundry expenses** (including footwear)

### **\* What You Can Claim**

You can claim the cost to buy, hire, repair or clean clothing if it is:

- Protective – clothing which has protective features or functions that you wear to protect you from specific risks of injury or illness at work. For example, lab coats or surgical caps

- A compulsory uniform – you are explicitly required to wear it by a workplace agreement or policy, which is strictly and consistently enforced, and is sufficiently distinctive to

### **\* What You Can't Claim**

With a few exceptions, clothing can't be deducted as a work-related expense. You can't claim the cost to buy, hire, repair or clean conventional clothing you wear for work, even if your employer requires you to wear it and you only wear these items of clothing at work. 'Conventional clothing' is everyday clothing worn by people – for example, business attire.



## **Working from Home Expenses**

Many doctors work as Telehealth service providers, spending a significant portion of their working hours in their home office. As this trend continues to grow, it is crucial for doctors to under-

stand what they can and cannot claim as tax deductions related to their home office.

### **\* What You Can Claim**

If you work from home, you can claim a deduction for expenses directly related to your work.

To do so, you must use one of the methods set out by the ATO to calculate your deduction.

**Fixed Rate Method** - You can claim 67 c for each hour you work from home during the relevant income year. The rate includes the below running expenses:

home and mobile internet or data expenses

1. Mobile and home phone usage expenses
2. Electricity and gas (energy expenses) for heating, cooling and lighting
3. Stationery and computer consumables, such as printer ink and paper.

**Note** - The fixed rate doesn't cover work-related expenses for technology and office furniture, such as chairs, desks, computers, and bookshelves. You can claim these costs in addition to the fixed rate method. Since these are generally depreciating assets, you can claim their decline in value over time, as well as any repairs and maintenance.

**Actual Cost Method** - When using the actual costs method, you calculate your deduction based on the actual additional expenses you incur while working from home. These expenses may include:

1. The decline in value of depreciating assets,

such as home office furniture (desk, chair), furnishings, phones, computers, laptops, or similar devices.

2. Electricity and gas used for heating, cooling, and lighting.
3. Home and mobile phone expenses, as well as data and internet costs.
4. Stationery and computer consumables, such as printer ink and paper.
5. Cleaning costs for your dedicated home office.

**Note** - If an expense is used for both private and work purposes, you need to apportion your deduction in a fair and reasonable way. You can only claim the work-related portion.

#### \* **What You Can't Claim**

- General Household Items: You can't claim expenses for coffee, tea, milk, and other general household items, even if your employer provides these at work.
- Employer-Provided Items: You can't claim items that your employer provides, such as a laptop or a phone.
- Reimbursed Expenses: You can't claim any expenses for which your employer pays or reimburses you.

**In conclusion,** navigating the complexities of tax deductions as a medical practitioner can be challenging, but with the right tools and guidance, it doesn't have to be overwhelming. At Investax, we specialise in helping doctors streamline their financial management, ensuring they maximise their deductions while staying compliant with the latest regulations. Don't let tax season add unnecessary stress to your already demanding profession. Contact the Investax Group today to schedule a consultation with one of our experienced accountants and let us take care of your financial wellbeing so you can focus on what you do best - caring for your patients