

Notes for Persons Signing Tax Documents

Each person signing an income tax return, in light of their knowledge of their own affairs, to ensure there are no inaccuracies in the return, should read these notes carefully.

True and Full Disclosure

Your attention is drawn to the following important considerations to ensure the correctness of each income tax return:

- That income from all sources have been disclosed;
- That all deductions claimed can be justified;
- That all deductions claimed for work, car and travel expenses can be substantiated by the required records and receipts;
- That all statements are correct and complete

Capital Gains Tax and Overseas Income

Every sale of property of any description should be considered for the possible application of both income tax and capital gains tax.

Your attention is specifically directed to the questions concerning the sale of property; income derived from overseas sources and property located overseas.

The worldwide income of Australian resident taxpayers is taxable in Australia with a credit allowed for the income tax paid in a foreign country on that income.

Substantiation

Please note that substantial penalties can be imposed under the Income Tax Assessment Act if your tax return is found to be incorrect or the required information to support your claims is not available. If, in the future, a Tax Office audit finds the return to be incorrect and imposes penalties, the penalties will accrue from the date of lodgment of the tax return.

It is important that you retain all documentation supporting claims in your tax return. You must keep these documents for a period of 5 years.

Substantiation of Work, Car and Travel Costs

Please advise if you would like us to provide you with details regarding requirements to keep records and receipts to substantiate any deductions claimed for work, car and travel expenses. Where claims have been made in your return for any of these expenses, substantiation requirements need to be clearly understood before signing the declaration included on the front cover of your return. Any doubts should be resolved before signing the declaration.

False and Misleading Statements

If an answer to a question or any statement made in an income tax return or an attached schedule appears to be incorrect, incomplete or misleading, please provide the information needed to amend the return. Penalties may be imposed in an assessment for an incorrect return under the Income Tax Assessment Act 1936 and/or the Income Tax Assessment Act 1997 for up to double the amount of additional income tax subsequently assessed. These penalties may apply even if the error was made innocently. Alternatively, in more serious cases, prosecutions may be instituted under the Taxation Administration Act 1953 and fines imposed by the Courts, if convicted.

Self Assessment

These considerations assume greater significance now that the Australian Taxation Office is placing increasing reliance upon self-assessment by taxpayers. The issue and payment of an assessment does not imply the tax liability for the year has been finalised. As a consequence, a greater onus is placed on taxpayers to ensure that income tax returns are accurately prepared and contain no misleading statements or information. All taxpayers may expect some attention from the Australian Taxation Office about their past taxation affairs. The penalty for any errors and omissions detected at that time may assume large proportions if several years have passed since the income tax return was lodged and assessed.

If you have any queries or concerns regarding these matters, please contact us.