

Q *When I moved up from Australia, I had some expenses and also put my furniture in storage. Can I claim any of these costs?*

A When you are leaving Australia, it is to earn income overseas that will, in most cases, be non taxable in Australia. As such the expenses of getting out of the country will not be allowable as a tax deduction.

This is also true of costs of storing personal belongings.

Even if you have decided to rent your house out during your time abroad, the expenses of storing furniture or other personal belongings to clear room for the property to be rented is deemed to be a private cost and no claim can be made against the rental proceeds of the house.

You may wish to consider leaving some of the items in the house for the tenant to use, as this would entitle you to claim some of the expenses of the items against the rental.

Obviously, you would not want to do this for items that are very personal or have a significant value, but it is worth considering for items that you are likely to be replaced either while you are overseas or upon your eventual return, such as a television.

In the same way, expenses incurred in getting the house ready for rent, such as cleaning, minor maintenance, carpet cleaning, can all be claimed as a tax deduction against the rental that subsequently occurs.

Doing these odd jobs may not only provide a tax deduction, but hopefully will also lead to a higher rental potential, especially at the moment while the rental markets in Australia are so strong.

When you are returning to Australia, there is an opportunity to save some money if your new employer in Australia pays your relocation costs back to Australia as part of your salary package.

Relocation costs paid by an employer are fully tax deductible to the employer and not subject to Fringe Benefits Tax in Australia, so it is very tax efficient to have your new boss reimburse you these costs when you are



ready to head back to Australia.

If these expenses are paid personally by an expat returning, rather than a prospective employer, then they are not usually allowed to be claimed as they do not have a connection with creating income at that point.

So were possible it is worth negotiating this as part of a relocation package.

Steve Douglas is the co-founder and Managing Director of Australasian Taxation Services (ATS), established in Singapore in 1995. ATS provides specialist taxation services to people of any nationality investing in Australian property, as well as Australian expatriates living overseas. Areas of specialisation include the Australian taxation aspects of property investment, as well as expatriate and migration planning.