

# *Bridget Haafkens*

## *Taxation Services*

### *Common Expenses for Adult Industry Workers*

#### **Advertising**

You can claim a deduction for the total cost of advertising your business in the adult industry.

#### **Clothing**

You can only claim a deduction for the cost of clothing you use solely for earning income, including costumes and lingerie. You cannot claim a deduction for items such as dresses, skirts, blouses, trousers, shirts and shoes for everyday use.

#### **Consumables**

You can claim a deduction for consumable items you use solely for earning income, including condoms, lubricants, gels, oils and tissues.

#### **Cosmetics and hair care**

You can claim a deduction for stage make-up and products you use for removing stage make-up. Some brands of make-up sold in department stores are considered stage make-up, and some stage make-up stores sell make-up that is not grease-paint based. In both of these cases, you can claim the costs of this make-up. You cannot claim a deduction for the cost of general hairdressing and general make-up or beauty treatments.

#### **Dance lessons**

You can claim a tax deduction for the cost of classes you take to maintain your existing dance skills or to learn new dance skills.

#### **Fitness**

You cannot claim a tax deduction for the cost of maintaining your general fitness and body shape.

#### **Motor vehicles**

You can claim your motor vehicle expenses if you use your motor vehicle in the course of operating your business – for example, to travel from client to client. Unless you use your home as a place of business, you generally cannot claim the cost of travel between your home and place of work.

## Phones

If you operate your business from home and you maintain only one telephone – mobile or landline – you can claim part of your telephone rental and the cost of your business phone calls.

If you use your phone – mobile or landline – solely for business (this would usually be a second phone) you can claim a 100 % deduction for its expenses.

If you use a phone for both business and private calls, you can claim a deduction for business calls and part of the rental costs. Use the following formula to work out the percentage of phone rental expenses you can claim:

$$\frac{\text{Number of business calls you made and received} \times 100}{\text{Number of total calls made and received}}$$

You can identify business calls from an itemised phone account. If you do not have an itemised account, you can keep a record for a representative four-week period to work out a pattern of business calls for the entire year (provided you have a regular pattern of use throughout the year).

You cannot claim:

- installation or connection costs
- expenses incurred for the early cancellation of a mobile phone contract (these are not an allowable deduction because they are not incurred in gaining assessable income and are of a capital nature)
- cost of an unlisted telephone number.

## Tools and equipment

You can claim the cost of replacing or repairing equipment (such as fetish equipment), adult novelties (such as vibrators), and other items you use in your work. You cannot claim the full cost of such items in the year you purchased them because they are classified as capital expenses. However, these can be depreciated or 'written down' over their effective life. Under the simplified depreciation rules, you can immediately depreciate the total cost of capital items you purchase for less than \$1,000 if **both** of the following apply:

- you operate a small business
- you have elected to use the small business entity provisions.

## Tax agent fees

You can claim a deduction for costs you incur to prepare income tax returns and activity statements.

If you pay someone to help you complete and lodge your tax return, we recommend you use a registered tax agent. Only a registered tax agent can charge a fee to prepare and lodge your tax return, and you can only claim that fee as a tax deduction if the tax agent is registered.

## Travel Expenses

You can claim a deduction for costs you incur in travel but only your airfares, taxi and accommodation for example going to the mines for work. You cannot claim food as this is a personal expense.

# Claiming your 'place of business' expenses

## Home office

If you work from home, you can claim a deduction for the additional expenses you incur to run your office or room for business purposes.

This can include electricity and cleaning costs, and part of the decline in value (depreciation) of equipment and fittings.

If you own your home and use an area as a place of business, you can also claim a deduction for part of your rates, mortgage interest and other expenses. However, capital gains tax will apply when you sell your home.

The following factors can help you decide whether the area of your home you use has the character of a 'place of business'. The area needs to be:

- clearly identifiable as a place of business
- not readily suitable or adaptable for use for private or domestic purposes in association with the home generally
- used exclusively or almost exclusively for carrying on a business
- used regularly for visits of clients or customers.

If you rent your home, you can also claim a portion of your rent as a business expense. You can also claim a portion of your electricity and water.

## Separate premises

If you maintain separate premises that you use solely for work, you can claim a deduction for all the expenses you incur in maintaining those premises. You can also claim a deduction for casual rental of work premises, such as 'room only' or hourly rental costs.

For setting up your room those costs can be claimed bed, dresser etc using the Simplified Tax system under \$1000.00 claim out right over \$1000.00 claimed in the STS depreciation system.

Bedding and towels that are used especially for this room can be claimed. My advise to you is have a special set of towels and sheets that are not the same as your normal ones if your room is at your home.