

**GAMBHIR WATTS & CO**  
**T/a TAXATION AND SMALL BUSINESS GURU**

[Insert DD Month YYYY]

[Insert Client Name]  
[Insert Client Position]  
[Insert Company Name]  
[Insert Client Address]  
[Suburb State Postcode]

**Re: 2019 Client Substantiation Declaration**

We thank you for allowing us the opportunity to assist you with the preparation of your income tax return for the year ended 30 June 2019.

Please find attached a client substantiation declaration which you are required to complete to ensure that you have retained original receipts and other documentation which can substantiate any deductions claimed for work, car and business travel expenses, and confirms that your income tax return has otherwise been correctly prepared based on the relevant information you have provided us.

We advise that your completion of the substantiation declaration is important as the Australian Taxation Office has confirmed that it will actively scrutinise income tax returns to ensure that they are correctly prepared particularly to ensure that work-related expense claims are both allowable and can be substantiated.

As your registered tax agent, we are required to demonstrate reasonable care in correctly ascertaining a client's state of affairs under section 30-10(9) of the Tax Agent Services Act (2009). When providing taxation services involving a statement being made to the Commissioner or something else being done on behalf of a client, a registered tax agent must therefore take reasonable care in ascertaining the facts around their client's affairs that are relevant to the service being provided.

Accordingly, as a matter of good practice we need to alert clients of their responsibilities to retain the required documentation to ensure that we can correctly prepare your income tax return and that claims for any work-related expenses can be appropriately substantiated.

We would therefore be grateful if you could please either review and sign the attached Substantiation Declaration and forward it back to us via mail, or alternatively forward us an email acknowledging that you reviewed and agreed with the terms of the attached Substantiation Declaration.

We appreciate your support and the opportunity to be of service to you.

If you have further queries on any details contained within this letter or on any other matter, please do not hesitate to contact me on [insert telephone number].

Gambhir Babbr Watts OAM  
MALP (SYD) FCPA CTA (Chartered Tax Advisor) FCMA MAICD FIML  
CEO / Principal  
Gambhir Watts & Co

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[Insert DD Month YYYY]

[Insert Client Name, Insert Company Name]

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### 2019 CLIENT SUBSTANTIATION DECLARATION

I confirm that I must demonstrate that I have incurred certain expenses in the course of deriving salary and wages income, and that you have advised me that I must satisfy the SUBSTANTIATION legislation in relation to claims for work, car and business travel expenses. In particular, I have been informed by you of the need to OBTAIN ORIGINAL RECEIPTS for deductions claimed for such expenses and keep them from minimum of 5 years from the date my return is lodged. The receipts must contain the following details:

- name of the supplier
- amount of expense
- nature of goods and services (noting the specific type of items purchased or expenditure incurred which I am able to personally record up to the date of lodgment of my return where not adequately noted by the supplier)
- date of expense (which I am able to personally record when not noted by the supplier), and
- date of the document.

#### Penalties to apply with incorrect returns

You have also been advised of the additional tax, penalty charge, general interest charge and possible prosecution action which could be initiated by the Australian Taxation Office (the ATO) if I lodge an incorrect tax return. In addition, you have informed me that an important feature of the tax agent services regime is the provision of a safe harbour protection from penalties for taxpayers who engage a registered tax agent. You have advised me that in order to obtain the benefits of such safe harbour protection, I must provide you with all relevant taxation information to enable accurate statements to be provided to the ATO.

#### Income from all sources in and out of Australia for the year of income

You have advised me that I cannot claim an amount which is not allowable for income tax purposes and that I must declare income from all sources, in and out of Australia, including any net capital gains received during for the year of income in my return.

#### Apportionment

Where items are used for both business and private purposes (e.g. car, mobile telephone and computer costs), I have kept appropriate apportionment documents to verify my business usage claim. I also confirm that my employer will acknowledge that it was necessary for me to incur such expenditure in earning my income.

#### Audit matters

I further confirm that:

- I am aware of the procedures to follow if a document is lost or destroyed

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- I may be required to verify any income or expense item noted in my return in an audit situation
- I must substantiate all work, car and travel expense claims under self-assessment, and
- I have read and understood the return prepared for me.

### I declare that:

- I have disclosed and you have returned all the income, including net capital gains, which I have earned or received for the 2018-19 income year
- All the claims for deductions and tax offsets which have been included in the return are based on my specific instructions and advice that I satisfy the relevant taxation requirements
- I have all receipts or documentation necessary to substantiate the above claims which I will make available if required by the ATO, and
- You have clarified what written evidence (including car/travel records) will be required during an audit and penalties (including prosecution) may be applied if incorrect claims are identified in an audit situation.

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Signature of Taxpayer                      Name (Print)                      /                      /                      Date

## Work-related expenses

To claim a work-related deduction:

- you must have spent the money yourself and weren't reimbursed
- it must directly relate to earning your income
- you must have a record to prove it.

If the expense was for both work and private purposes, you can only claim a deduction for the work-related portion. Work expenses reimbursed to you by your employer are not deductible.

We can seek information from your employer if we think you have claimed a deduction for an expense that you have already been reimbursed for.

You may be able to claim a deduction for expenses that directly relate to your work, including:

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- [Vehicle and travel expenses](#)
- [Clothing, laundry and dry-cleaning expenses](#)
- [Home office expenses](#)
- [Self-education expenses](#)
- [Tools, equipment and other assets](#)
- [Other work-related deductions](#)

Employees (including casuals) can claim work-related expenses in the financial year they are incurred. This is the case even if you start employment in June but don't receive income until the next financial year, you can claim deductions for work-related expenses incurred in June.

If you employ someone to assist you in your employment, you can't claim a deduction for employing that person.