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Over recent years the Taxation Office has developed a strategy designed to keep income tax deductions to a minimum. Basically the strategy is simple. No records – no chance.

Record keeping has taken on an extremely high profile in the culture of today's Taxation Office. Gone are the days of waving a pair of boots or a screw driver at the auditor as proof of purchase. You actually need the receipt. The so called $300 limit is not a licence to claim up to $300 without receipts – it merely provides a little leeway for those who genuinely could not get, or who have lost receipts. The $300 is not an automatic deduction.

Work related expense audits are often viewed as a penny pinching attack on salary and wage earners. However, the Taxation Office has found that poor record keeping has led to thousands of adjusted claims worth many millions of dollars to the government. Areas of particular concern include motor vehicle, self education and clothing expenses.

Rental property audits are high on the Taxation Office agenda with some 4500 property owners targeted for review in the coming year. Documents relating to the original property purchase, loan papers and in many cases, property and equipment valuations will need to be produced. Rental property audits are expected to be a major Taxation Office revenue raiser.

Capital Gains Tax (CGT) is a paperwork nightmare. There is no simple answer to any CGT question and every answer requires a detailed review of significant amounts of paper. Do not fall for the trap of thinking that you have all the necessary documents. CGT legislation is so complex that you may have acquired an asset and disposed of it without even knowing. Your accountant should be advised when you acquire an asset, for example, from a deceased estate and especially when you dispose of an asset whether by sale or otherwise. Not all asset transactions are subject to CGT so let your accountant make the decisions on what is or is not important.

No tax discussion would be complete without some comment on the GST and at the time of writing it still looked likely. Salary and wage earners will have some wins and some losses at the cash register. Property valuers are going to make a fortune. Accountants are at the bottom of a whole new learning curve. Business people are in for a shake-up and must be prepared to drastically improve bookkeeping skills and make more use of their accountant. Naturally, some businesses will have bookkeeping procedures in place that will be easy to adapt to the proposed new GST requirements. However, the great bulk of businesses will need a major overhaul of procedures to cope with the GST. Make no mistake, administration and accounting fees will rise significantly as a result of the monthly or quarterly reporting requirements. The increased costs will not necessarily be as a result of a 10% GST but will certainly be a reflection of the increased paper burden for businesses and accountants.