

CLAIMING WORK RELATED CAR EXPENSES



You can claim a deduction for work-related car expenses if you use your own car in the course of performing your job as an employee, for example, to:

- carry bulky tools or equipment
- attend conferences or meetings
- deliver items or collect supplies
- travel between two separate places of employment (for example, when you have a second job)
- travel from your normal workplace to an alternative workplace and back to your normal workplace or directly home
- travel from your home to an alternative workplace and then to your normal workplace or directly home (for example, if you travel to a client's premises)
- perform itinerant work.

Calculating your deductions

The government has simplified the car expense deductions for 2015-16 and future income years.

From 1 July 2015, the one-third of actual expenses method and 12% of original value method have been abolished.

The two methods available from 1 July 2015 are:

- cents per kilometre method (with some changes)
- logbook method (with no change to its rules)

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The Cents per Kilometre method

Under the revised method, individuals use 66 cents per kilometre for all motor vehicles for the 2015-16 income year. The Commissioner of Taxation will determine the rate for future income years

- You can claim a maximum of 5,000 business kilometres per car
- You don't need written evidence but you need to be able to show how you worked out your business kilometres (for example, by producing diary records of work-related trips).

Where you and another joint owner use the car for separate income-producing purposes, you can both claim up to a maximum of 5,000 kilometres.

The Logbook method

- Your claim is based on the business-use percentage of the expenses for the car.
- Expenses include running costs and decline in value but not capital costs, such as the purchase price of your car, the principal on any money borrowed to buy it and any improvement costs.
- To work out your business-use percentage, you need a logbook and the odometer readings for the logbook period. The logbook period is a minimum continuous period of 12 weeks.
- You can claim fuel and oil costs based on either your actual receipts or you can estimate the expenses based on odometer records that show readings from the start and the end of the period you had the car during the year.
- You need written evidence for all other expenses for the car.

For more information on this topic, please contact our office.