



Car expenses

What's under the bonnet?



To claim a deduction for work-related expenses:

- ✔ **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*.

* Use the [myDeductions](#) tool in the **ATO app** to keep a record of your expenses throughout the year.



What's under the bonnet?

If you use your own car for work purposes (this may be a car you own, lease or hire under a hire-purchase agreement), you can claim a deduction using either the cents per kilometre method or logbook method.

You can claim a deduction for car expenses if you use your car to:

- perform your work duties
- attend work-related conferences or meetings away from your normal workplace
- travel directly between two separate places of employment if neither of the places is your home
- travel from your normal workplace to an alternative workplace and back to your normal workplace
- travel from your home to an alternative workplace and then to your normal workplace.

Remember

✘ **You generally can't claim** the cost of trips between home and work under any of the methods, even if you live a long way from your usual workplace or work outside normal business hours.

In limited circumstances, you can claim the cost of trips between home and work, where:

- your home was a base of employment (that is, you were required to start your work at home and travel to a workplace to continue your work for the same employer)
- you had shifting places of employment (that is, you regularly worked at more than one site each day before returning home)
- you carry bulky tools or equipment for work and all of the following apply:
 - the tools or equipment are essential to perform your employment duties and you don't carry them merely as a matter of choice
 - the tools or equipment are bulky – meaning that because of their size and weight they are awkward to transport and can only be transported conveniently by the use of a motor vehicle
 - there is no secure storage for such items at the workplace.

If your travel is partly private, you can only claim the work-related part.

✘ **You can't claim** a deduction for a car expense that has been reimbursed. You can only use one of the methods to calculate your deduction for car expenses.

If you claim car expenses for more than one car, you can choose to use a different method to calculate your expenses for each car.

✘ If you claim a work-related car expense using the cents per kilometre or logbook method, **you can't claim** any further deductions in the same tax return for the same car.

If you use someone else's car for work-related purposes, you can only claim a deduction for actual expenses, such as fuel, in the work-related travel expense section of your tax return. Cars owned or leased by someone else may include a spouse, family member or employer.

However, if you can show there is a family or private arrangement that made you the owner or lessee (even if you are not the registered owner) you can calculate your car expenses using either the logbook or cents per kilometre method.

If you have access to the car under a salary sacrifice arrangement or a novated lease, it is usually your employer who is leasing the vehicle from the financing company and making it available for your use. As you do not own or lease the car yourself, you cannot claim any deductions for using the car, but can claim additional expenses, like parking and tolls associated with your work use of the car.

A vehicle is not considered a car if it is a motorcycle or a vehicle that:

- has a carrying capacity of one tonne or more, such as a ute, truck or van
- can transport nine passengers or more, such as a people mover.

For these vehicles, you can claim the actual expenses related to your work travel. This includes costs such as fuel, oil, insurance and loan interest along with the decline in value of the vehicle. You must keep receipts for all your expenses and records to show your work-related use of the vehicle.

The easiest way to show your work-related use of the vehicle is to keep a logbook or documents that provide similar details to a logbook.



You can calculate your car expenses in two ways

Cents per kilometre method

You can claim a maximum of 5,000 work-related kilometres per car using this method.

You can claim 72 cents per kilometre for the 2020–21 financial year.

The cents per kilometre rate incorporates decline in value, registration and insurance as well as maintenance, repairs and fuel costs. You can't add these expenses on top of the rate when calculating your deduction.

You need to be able to show how you worked out your work-related kilometres (for example, by producing diary records of work-related trips or using the ATO app to track your work trips).

You will also need to have evidence that you own the car.

Logbook method

The logbook method allows you to claim the work-related portion of your actual car expenses.

Expenses you can claim include running costs such as fuel, oil and servicing, registration, insurance and the decline in value.

✘ **You can't claim** capital costs, such as the purchase price of your car, the principal of a loan (i.e. any money borrowed) to buy it and any improvement costs (for example, adding paint protection and tinted windows).

To work out your work-related percentage, you need a valid logbook and the odometer readings for the start and end of the logbook

period. Your logbook period needs to show a continuous, representative 12-week period.

- ✔ **You can claim** fuel and oil costs, based on either your:
 - actual receipts
 - an estimate of the expenses based on odometer records that show readings from the start and the end of the period you used the car during the year.

You need written evidence for all other car expenses, including evidence that you own the car and odometer readings at the start and end of the period you used the car during the year.



Keeping a valid logbook

Your logbook must cover at a minimum 12 continuous weeks. If you started using your car for work-related purposes less than 12 weeks before the end of the year, you can extend the 12-week period into the next financial year.

Your 12-week logbook record is valid for five years. However, if your circumstances change (for example, if you change jobs or move to a new house) and the logbook is no longer representative, you will need to complete a new 12-week logbook.

You can keep an electronic logbook by using the myDeductions tool in the ATO app or keep a paper logbook. Below is an example of the details you need to keep.

If you are using the logbook method for two or more cars, keep a logbook for each car and make sure they cover the same period.

Below is an example of the details you need to keep.

Example: Logbook

Car details	Make: Holden	Model: Barina	Engine capacity: 2.4L	Registration number: ABC 123	
Odometer reading for the start of the logbook period:	10,200kms				
Odometer reading for the end of the logbook period:	10,280kms				
Start date	Odometer reading at start of journey	End date	Odometer reading at end of journey	Reason for the journey	Total km travelled
27 Aug 2020	10,200km	27 Aug 2020	10,210km	Private – take kids to school	10km
27 Aug 2020	10,210km	27 Aug 2020	10,230km	Private – travel to work	20km
27 Aug 2020	10,230km	27 Aug 2020	10,245km	Business – travel to offsite client meeting	15km
27 Aug 2020	10,245km	27 Aug 2020	10,260km	Business – return to office	15km
27 Aug 2020	10,260km	27 Aug 2020	10,280km	Private – travel from office to home	20km

Calculate your work-related car use

(Complete this section after 12 continuous weeks of logbook use)

Logbook period (dd/mm/yy to dd/mm/yy)

- a. Calculate the total number of kilometres travelled during the logbook period
- b. Calculate the number of kilometres you travelled for allowable work-related trips during the logbook period
- c. Calculate the work-related use by dividing the amount at **b** by the amount at **a**. Multiply this figure by 100.

This is your work-related use percentage.

Once you've calculated your work-related use percentage, multiply it by your car expenses to figure out your claim.

You can use the myDeductions tool in the ATO app to record work-related car trips as well as any car expenses. You can share your myDeductions records directly with your agent at tax time.

This is a general summary only

For more information, go to ato.gov.au/car or speak to a registered tax professional.