

Work-related car expenses

Methods of claiming work-related car expenses

Method 1 – Cents per kilometre method

If you use this method:

- you do not need written evidence but you may need to be able to show how you worked out your business kilometres (for example, by producing diary records of work-related trips)
- your claim is based on a set rate for each business kilometre, currently **68** cents per kilometre, and
- you are able to claim a maximum of 5,000 business kilometres even if you have travelled more.
- If any reimbursements for kilometres are paid to you, these need to be deducted from the 5,000 business kilometre claim.
- Where you and a joint owner use the car for separate income producing purposes you can each claim up to the maximum of 5,000 business kilometres

Method 2 – Logbook method

If you use this method, your claim is based on the business use percentage of each car expense.

You need to keep:

- a logbook to calculate the business use percentage
- odometer readings for the start and end of the period you owned or leased the car, and
- written evidence for all car expenses, except for fuel and oil costs.

Your logbook is valid for five years. You must have kept a logbook during the first year this method is used. The logbook must cover at least 12 continuous weeks. If you started to use your car for business purposes less than 12 weeks before the end of the income year, you are able to continue to keep a logbook into the following income year so that your logbook covers the required 12 weeks. If you want to use the logbook method for two or more cars, the logbook for each car must cover the same period.

Your logbook must contain the following information:

- when the logbook period begins and ends
- the car's odometer readings at the start and end of the logbook period
- the total number of kilometres that the car travelled during the logbook period
- the number of kilometres travelled for work during the log book period based on journeys recorded in the logbook. If you make two or more in a row on the same day, they can be recorded as a single journey, and
- the business use percentage for the logbook period. If you are using a logbook from an earlier year that established your business use percentage, you need to keep that logbook and maintain odometer records.

Important note:

If your car is provided by your employer, or is part of your salary package, you cannot claim any of the costs.

Other Methods:

For financial years prior to 2015/16 there were two other methods -

- 12% of original cost and
- 1/3 of actual expenses

For a summary of car expenses please see below link

<https://www.ato.gov.au/uploadedFiles/Content/IND/Downloads/car-expenses.pdf>