

# DLK ADVISORY

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## WHAT WORK-RELATED CAR EXPENSES CAN EMPLOYEES CLAIM?

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Car expense claims are one of the most popular deductions claimed by individuals at tax time each year, but the ATO says not everyone gets it right. Make sure you know the basic rules for when and how you can make a claim.

These rules apply to a car you own or lease that is designed to carry a load of less than one tonne and fewer than nine passengers. Motorcycles, bigger cars and cars hired intermittently (eg a car hired for a week) have different rules.

Generally, you can't deduct costs of travelling between home and your regular workplace. However, you can claim for car travel between two different workplaces or between your home and an alternative workplace that is not your usual workplace (eg a client's premises).

You're also entitled to claim for travel if you need to drive your own car as part of your job. This might include delivering or collecting items for your employer, attending work-related events or transporting bulky tools or equipment that your employer requires you to use on the job.

There are two methods for calculating your claim and you're free to choose the method that best suits you.



The simplest is the “cents per kilometre” method, which allows you to claim at the ATO’s rate of 68 cents per kilometre travelled for work purposes (for 2018-2019). You can only claim a maximum of 5,000 kilometres each year, which equates to a maximum deduction of \$3,400 (and averages to around 104 kilometres per week for a 48-week year). You don’t need to keep any expense receipts but you do need to be able to show how you worked out your estimate.

The alternative method is the “logbook method”, which allows you to claim a percentage of your actual car expenses based on work use. This method requires more record-keeping, but may be worthwhile if it gives you a bigger deduction. To calculate these figures, you must keep a logbook for a 12-week period recording specific odometer readings and travel information, and to keep receipts to show your actual expenses.

Car expense deductions require careful record-keeping, for example getting your 12-week logbook right is essential for it to stay valid for five years. We’re here to help. Our expert team can check whether you’re claiming your full entitlements and ensure your records will stack up in the event of an ATO audit.

## CONTACT

If you have any queries, please feel free to contact us.

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