



Claiming business expenses

Your guide to claiming business expenses correctly.

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You can claim **tax deductions** for expenses you incur while running your business if they're directly related to earning your business income. This is also known as assessable income.

Take Zac for example. Zac is a sole trader who works as a management consultant. As part of his work, he travels to deliver seminars and workshops.

Zac follows these 3 golden rules for claiming a **tax deduction** when he travels for business purposes:

1. The expense must be for his business, not for private use.
2. If the expense is for a mix of business and private use, he can only claim the part that he uses for his business.
3. He must have the records to prove it.

Zac uses the **myDeductions** tool to store receipts of his airfares, meals and accommodation if staying overnight. He also stores receipts for public transport, ride-sharing, car hire and other costs such as fuel, tolls and car parking.

Zac also keeps a **travel diary**. He notes which expenses were for business purposes, and which were for private, such as sight-seeing. The cost of his recent tour of the Tower of London is not included in his deductions. There are some expenses Zac can't claim. This includes entertainment, traffic fines and expenses related to earning **non-assessable income**.

Zac has one employee and met his employer obligations by:

- reporting his employees' salary or wages, PAYG withholding and super through Single Touch Payroll (STP) and paying any tax

withheld amounts on time.

- paying his employee's super in full, on time and to the right fund meeting SuperStream requirements.

He can claim deductions for the salaries, wages and on time super contributions that he paid during the 2023–24 financial year.

By the time Zac is ready to lodge his tax return, his tax agent has everything they need to verify his deductions.

Be like Zac. Perfect your record keeping. It will help to correctly claim your business expenses and make lodging easier.

If you have questions about claiming expenses, speak with a registered tax professional.

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