Cars, transport and travel

Deductions for car, transport and travel expenses you incur in the course of your work.

Trips you can and can't claim

When you can and can't claim deductions for the cost of transport while working and between home and work.

Motor vehicle and car expenses

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QC 72121

Trips you can and can't claim

When you can and can't claim deductions for the cost of transport while working and between home and work.

Last updated 4 May 2026

What are transport expenses?

Transport expenses include the following:

- motor vehicle and car expenses
- taxi, ride-share and ride-sourcing expenses
- public transport fares, including bus, train and ferry fares
- fares for flights.

Trips you can claim

You can claim a deduction for the cost of transport on trips you take in the course of performing your work duties. This includes to:

- travel from your regular place of work to meet with a client
- attend work-related conferences or meetings away from your regular place of work
- deliver items or collect supplies
- travel between workplaces of your employer or between clients
- go between 2 or more separate places of employment (provided none of the workplaces is your home), such as if you have more than one job
- travel directly between your
  - regular place of work to an alternative place of work, for example, from your office to a client's premises
  - home to an alternative place of work to perform your duties, for example, from your home to a training venue to attend work-related training.

A regular place of work is the usual or normal place where you start and finish working for your employer. You can have more than one regular place of work. For example, if you work in one of your employer's retail stores 3 days a week and then in a different store the other 2 days of the week, both stores will be regular places of work.

An alternative place of work is somewhere you perform your work duties but isn't the usual or normal place you work. For example, a solicitor's office would be their regular place of work and the court would be an alternative place of work.

Example: travel between 2 separate workplaces

Aaron works part time at a supermarket and also works part time as a house cleaner. On Tuesdays Aaron drives his car directly from his job at the supermarket to his regular cleaning clients.

As the trip is between 2 separate places of work and neither are Aaron's home, he can claim a deduction for the transport expenses he incurs for that trip.

Example: travel to an alternative place of work

Brock works for a large company with 2 offices in Melbourne. He usually works from the city office and occasionally has to attend training at the company's office in Box Hill. When he travels to the Box Hill office, he catches a tram at his own expense.

Brock can claim a deduction for the cost of the tram between the Melbourne office and Box Hill office as it's an alternative place of work. He can also claim the cost of any trips between the Box Hill office and his home.

However, if Brock works from the city office every Monday to Thursday and from the Box Hill office every Friday as a standard arrangement, then the city office is his regular place of work every Monday to Thursday and the Box Hill office is his regular place of work every Friday. Brock can't claim a deduction for trips between his home and either of his regular places of work.

Trips you can't claim

You can't claim trips between your home and regular place of work, except in limited circumstances.

These trips put you in a position to start work and earn income but are not part of performing your work duties. The cost of these trips is a private expense.

You can't claim trips between your home and your regular place of work even if you:

- live a long way from your regular place of work
- work outside normal business hours – for example, shift work or overtime
- do minor work-related tasks on the way to work or the way home – for example, picking up the mail

- go between your home and regular place of work more than once a day
- are on call – for example, you are on standby duty and your employer contacts you at home to come into work
- have no public transport near where you work or live
- do some work at home
- work from your home running your own business and travel directly to a place of work where you work for somebody else.

Example: public transport not available

Tim works at his local cinema. His shift often finishes late into the night. The only available bus doesn't operate past 7:00 pm, so Tim drives to and from work.

The cost Tim incurs to drive to work is not deductible. This is because Tim incurs the cost to put him in the position to earn his employment income, not in the course of performing his work duties.

Example: working from home and travelling to regular place of work

Ravi works in the accounts department of a large retail chain. At the end of each month, Ravi's workload increases. To keep on top of his work, Ravi does some work at home before he goes into the office or when he gets home from the office in the evening.

Ravi can't claim a deduction for the expenses he incurs when he travels between his home and the office on these occasions.

Ravi works at home for convenience and doesn't incur the cost of travelling from his home to the office in the course of performing his work duties. He incurs the expenses to be in the position to start work. The transport costs are a private expense.

Example: travelling while on standby duty

Nadena is a registered nurse at a hospital. During a typical fortnight, Nadena has 9 shifts and one standby shift. If another nurse calls in sick when Nadena is on standby duty she may be called in to work that shift.

The standby shift may be at night, early morning or during the day, depending on her roster cycle.

Nadena can't claim a deduction for travel between her home and the hospital when she is called into work while she is on standby duty.

She incurs the expense in travelling from her home to the hospital, not in the course of performing her work duties. The transport costs are a private expense. This is the case even if the shift is outside normal business hours or there is no public transport available.

Example: travelling to a distant regular work location

Aldo lives in North Queensland with his family. He is an employee on a long-term project in Sydney. His employment contract states that his place of work is the project site in Sydney.

As Aldo lives in North Queensland and only needs to be physically on site during certain stages of the project, he has an informal agreement with his employer to work from home when not required on site.

When it's necessary for Aldo to be on site, he flies to Sydney at his own expense. He generally works at the project site for about

2 weeks at a time..

He can't claim a deduction for the cost of travelling from North Queensland to Sydney because the project site in Sydney is his regular place of work.

Aldo doesn't incur the transport expenses in the course of performing his work duties. He incurs the expenses to put him in the position to start work. The expenses are private.

His travel costs to stay in Sydney, such as accommodation and meals, are also private because Aldo chooses to live in North Queensland and work in Sydney.

When you can claim trips between home and work

There are some circumstances where you can claim a deduction for the cost of trips between home and work. You must meet the eligibility conditions for at least one of the following:

- Home is a base of employment
- Transporting bulky tools and equipment
- Itinerant or shifting places of work

You may also be able to claim a deduction for a trip that includes an alternative place of work (that hasn't become a regular place of work) – see Trips you can claim.

Home is a base of employment

You can claim a deduction for the cost of a trip from home to your place of work if your home is a base of employment. You must meet all 3 of these conditions:

- You're required to start your employment duties at home then travel to your regular place of work to complete those particular duties.
- Undertaking the work in 2 locations is necessary due to the nature of your employment duties.
- The trip to your regular place of work isn't part of a normal trip to work that would have occurred anyway.

Example: home is base of employment

> Tom is the IT Security Director of a data storage company. He's on call 24 hours a day to be notified of a security breach. His employer installs a secure terminal at his home so he can work from home if he receives a call out of hours. Normally, Tom would provide advice over the phone to the staff on site, and sometimes he would log into the secure terminal at his home to correct the issue.
>
> At times, Tom starts working on a security issue from the home terminal but has to drive into the office out of hours to resolve the issue. As his home has become a base of employment, on these occasions the transport expenses he incurs for this journey are deductible.
>
> However, his regular daily trip into the office is not deductible.

Transporting bulky tools and equipment

You can claim a deduction for the cost of trips between home and work if you need to carry bulky tools or equipment and all the following conditions are met:

- the tools or equipment are essential to perform your work
- the tools or equipment are bulky, meaning they
  - are awkward to transport because of their size and weight
  - can only be transported conveniently using a motor vehicle
- there's no secure storage for these items at the workplace
- you don't transport the tools or equipment as a matter of choice (for example, if your employer provides secure storage and you choose to take the tools home instead).

If you claim a deduction, you need to keep a record of:

- all work items you carry
- the size and weight of all work items
- evidence that the items you carry are essential to your work
- evidence that your employer did not provide secure storage at the workplace.

Media: Transporting bulky tools and equipment
https://tv.ato.gov.au/ato-tv/media?v=bd1bdiubx7d1ys (**Duration:** 0:52)

Example: carrying bulky equipment is necessary

Masahito is an employee of an orchestra, where he plays double bass.

The orchestra plays in many venues and he often travels directly from home to the various venues. He practises regularly at home – which is also the only place available to store his instrument when not being used.

The double bass is over 2 metres tall and 75 cm wide when in its case and is awkward to transport.

Masahito can claim a deduction for car expenses incurred when travelling between his home and workplaces. The need to transport his cumbersome double bass by car to the different workplaces means the trips are not ordinary home to work travel.

Example: carrying bulky tools is unnecessary

Merinda works as a fitter and turner on a mine site. She drives to the mine site each day.

The mine site has a building where staff can store their tools when not on duty. The staff have their own secure tool lockers.

Merinda requires a number of tools to do her job, so her toolkit is large and heavy. Although there's room to store the toolkit in her locker, she takes it home every day.

Merinda's toolkit would be considered bulky, but she has a secure place to store it at work. It's her decision to transport her tools between home and work each day.

There's no practical need for Merinda to transport the bulky toolkit between home and her regular place of work, so her trips remain ordinary private trips. She can't claim a deduction for her car expenses.

Itinerant or shifting places of work

If you do itinerant work (you have shifting places of work), you can claim transport expenses incurred for trips between your places of work and your home. The following factors indicate you do itinerant work:

- you travel because it's a fundamental part of your work, not just because it's convenient to you or your employer
- you have a 'web' of workplaces you travel to throughout the day and no fixed place of work
- you regularly work at more than one work site before returning home
- you're often uncertain of the location of your work site
- your employer pays you a travel allowance because you need to travel continually between work sites, and you use this allowance to pay for your travel.

Example: one work site each day

Chloe is a substitute teacher who travels to different schools when teachers are away. She sometimes attends a school for just one day, and at other times for a few weeks.

Chloe is not doing itinerant work. While she may not know where she's going to work each day, she will only ever work at one location for the day. She can't claim a deduction for her trips between home and work.

Example: multiple work sites each day

Mitchell is an apprentice roof tiler. He's sent to various sites each day, going to the first site from his home and returning home at the end of the day from the last site.

Mitchell is doing itinerant work because he regularly works at multiple sites during the day. He can claim deductions for the transport costs of his trips:

- between home and work each day
- between each site during the day.

However, if Mitchell routinely goes to only one site and works there for several days until the job is finished, he's not doing itinerant work.

Claiming a trip

To claim a deduction for the transport expenses of a work-related trip, you must:

- have spent the money yourself and weren't reimbursed
- have records of your expenses.

How you work out your claim amount depends on whether you made the trip:

- in your car or other motor vehicle
- by taxi, ride-share or public transport.

If you travel overnight to perform your work duties, you can generally claim a deduction for the cost of your flights and your expenses for accommodation, meals and incidentals.

If your travel is partly private, you can only claim a deduction for the transport expenses incurred in the course of performing your work duties.

QC 72122

Taxi, ride-share and public transport expenses

Deductions for work-related transport expenses such as flights, trips by train, bus, taxi or ride-share, and tolls.

Last updated 16 June 2025

Claiming a deduction for transport expenses

To claim a tax deduction for transport expenses:

- the expenses must be work related
  - you can claim for trips between workplaces or to perform your work duties (such as a taxi ride to the airport from your office to go on a work-related trip)
  - you can't claim for trips between your home and place of work, except in limited circumstances
- you must have spent the money yourself and weren't reimbursed
- you must have a record of your expenses.

If your travel is partly private, you can only claim a deduction for the work-related portion of the expenses you incur.

You claim the deduction in your income tax return as a work-related travel expense.

Types of transport expenses you can claim

You can claim transport expenses such as:

- train, taxi, boat or bus fares
- ride-share and ride-sourcing
- flights
- short-term hire of a car
- road and bridge tolls and parking fees.

For expenses related to using a car or similar vehicle, see Motor vehicle and car expenses.

Keeping records and written evidence for transport expenses

The information you must keep includes:

- a record (such as a diary note) explaining of how the transport was work-related and your travel movements and activities such as
  - where you were
  - what you were doing
  - the start and end times for activities
- written evidence (such as receipts) for the cost of fares for air, bus, train, tram and taxi or ride-share travel, bridge and road tolls, parking and car-hire fees.

If you receive an allowance from your employer to cover transport expenses, you must include it as assessable income in your tax return. The allowance amount is shown on your income statement or payment summary.

QC 72127

Award transport payments

Income you must declare, deductions you can claim and records to keep if you receive an award transport payment.

Last updated 16 June 2025

What is an award transport payment?

An award transport payment is a payment made to you under an industrial instrument that was in force on 29 October 1986. It may be paid to you by your employer in the form of:

- an allowance to cover transport expenses
- reimbursement for car expenses on a cents per kilometre basis (this is also treated as an allowance).

Award transport payments are made to cover transport costs you may incur in the course of performing your work duties. An allowance isn't an award transport payment if it is paid to cover accommodation, meals or incidental expenses when travelling away from your home overnight for work purposes.

Transport expenses may include the cost of driving your car, ride-share and ride-sourcing, flights or catching a train, taxi, boat or bus.

To find out if your transport allowance was paid under an industrial instrument that was in force on 29 October 1986, and the amount that was payable at that date, ask:

- your employer
- your union.

Industrial instruments

An industrial instrument can be any one of the following:

- an award
- an enterprise bargaining agreement or collective agreement
- a Commonwealth, state or territory law
- an order or determination in force under a Commonwealth, state or territory law.

The most common type of industrial instruments that were in force on 29 October 1986 were awards.

An industrial instrument that is a substitution for an earlier version of an industrial instrument is considered a continuation of the earlier instrument. For example, if an industry award was in force on 29 October 1986 and was then updated every few years, the latest version of that award is considered a continuation of the 1986 version.

Income to declare

If you receive an award transport payment you must include it as income in your tax return. You declare the entire payment, even if this is more than the amount that was payable under the award on 29 October 1986.

Exception from keeping written evidence and travel records

Generally, you must keep written evidence (such as receipts) to claim a deduction for work-related transport expenses, including travel records (such as a diary) if you're away for 6 or more consecutive nights.

However, you don't need to keep written evidence or travel records if you meet all the following conditions:

- you are paid an award transport payment
- you incur deductible transport expenses that are covered by the award transport payment
- the total of the transport expenses you claim as a deduction is less than the amount payable under the award on 29 October 1986 (the 'award amount'). Your employer or union can tell you the award amount.

This exception doesn't give rise to an automatic deduction. You're still required to incur a deductible expense relating to the transport the payment covers.

If you want to claim a deduction that is more than the award amount on 29 October 1986, you will need written evidence and travel records (where necessary) for your whole claim.

Example: award transport payment – exception from keeping written evidence

Terry is paid an award transport payment in the form of an allowance of $2,500 to cover the cost of taxis and other forms of transport when he is travelling away from home overnight for work. His employer has advised him that the amount under the award on 29 October 1986 would have been $1,500. Terry's employer shows the allowance of $2,500 on his income statement.

At the end of the income year, Terry works out that he has incurred deductible transport expenses covered by the award transport payments of $1,450.

Terry must declare the $2,500 award transport payment as income in his tax return. However, he can claim a deduction of $1,450 as work-related travel expenses.

As Terry's deduction is less than the $1,500 award amount, he doesn't have to keep written evidence such as receipts.

How to claim a deduction

To claim a deduction for transport expenses covered by an award transport payment, your expenses must be incurred in the course of performing your employment duties.

Transport expenses may be for:

- driving your own car, which must be a motor vehicle (excluding a motorcycle or similar vehicle) that carries a load of less than one tonne and fewer than 9 passengers (including the driver)
- other forms of transport, including driving a vehicle other than your own car, ride-share and ride-sourcing, flights, or catching a train, taxi, boat or bus.

You claim a deduction for transport expenses as either work-related travel expenses or work-related car expenses. In some circumstances, you claim your deduction as both of these types of expenses.

Claiming for transport expenses within award amount

If you are claiming a deduction for transport expenses (including any car expenses) that is no more than the award amount on 29 October 1986, claim your deduction as **work-related travel expenses** in your tax return.

You don't need to use the cents per kilometre method or logbook method for your car expenses because you don't need to keep written evidence or travel records.

Claiming for car expenses that exceed award amount

If you have additional work-related car expenses that are not covered by the award amount, you have 2 options for claiming a deduction for your car expenses:

- claim the part of your expenses covered by the award amount as work-related travel expenses (you don't need to keep records for this part), and claim only the remainder as work-related car expenses based on written evidence
- claim all work-related car expenses based on written evidence.

Claiming only additional car expenses based on written evidence

If your work-related car expenses are more than your award amount, you can:

- calculate these expenses using the cents per kilometre or logbook method
- keep the required written evidence and records for the method you choose
- claim your deduction for these additional work-related car expenses as **work-related car expenses** in your tax return.

For your work-related car expenses deduction, kilometres that are covered by the award transport payment are not counted as work-related kilometres under either the cents per kilometre or logbook methods. However, they are counted as part of the total kilometres travelled for the logbook method.

If you don't know how many work-related kilometres relate to your award transport payment, you can make a reasonable estimate.

If we ask, you must be able to show how you calculated your deduction for work-related travel expenses and that your transport expenses were work-related.

Example: claiming additional car expenses using cents per kilometre method

Carla travels 7,000 kilometres for work during the 2024–25 income year. Of that travel, 3,000 kilometres is covered by an award transport payment.

Carla receives $1,500 for her award transport payment. However, the award amount as at 29 October 1986 is $1,000.

Carla's expenses for the 3,000 kilometres covered by the payment exceed $1,000, but she elects to only claim $1,000 so she doesn't have to keep written evidence. Carla claims the $1,000 deduction as work-related travel expenses in her tax return.

Carla uses the cents per kilometre method to claim a deduction for the remaining 4,000 kilometres. She claims a deduction for the transport expenses not covered by her award payment as work-related car expenses.

Example: claiming additional car expenses using logbook method

Haneeta travels 9,000 kilometres for work during the 2024–25 income year. Of that travel, 5,000 kilometres is covered by an award transport payment.

She receives $2,500 for her award transport payment. However, the award amount as at 29 October 1986 is $1,500.

Haneeta keeps a logbook and odometer records. Based on her odometer records, she travelled a total of 13,500 kilometres in the 2024–25 income year.

When working out her claim for the year, Haneeta chooses to rely on the exception from keeping written evidence for the transport expenses covered by the award transport payment. As she has made that choice, the travel covered by that payment won't count as work-related kilometres.

When Haneeta calculates her work-related use of her car based on her logbook, she doesn't include the work-related kilometres covered by the award transport payment as work-related kilometres. However, she includes them in her calculation of the total kilometres she travelled during the income year.

Haneeta calculates her work-related percentage use as:

> Total work-related kilometres – work-related kilometres covered by payment

9,000 kilometres − 5,000 kilometres = 4,000 kilometres

Work-related kilometres not covered by payment ÷ total kilometres

4,000 kilometres ÷ 13,500 kilometres = 29.63%

In her tax return, Haneeta claims a deduction of $1,500 as work-related travel expenses. She does not have to keep written evidence for this deduction.

Haneeta can also claim a deduction for 29.63% of her total car expenses as work-related car expenses. She must keep her logbook, odometer records and written evidence of all her car expenses to substantiate her deduction.

Claiming all car expenses based on written evidence

Alternatively, you may choose not to limit any part of your claim for work-related car expenses to the award amount. In other words, you can choose not to rely on the exception from keeping written evidence and make a claim for all of your work-related car expenses.

If you choose to do this, you:

- must claim your deduction as **work-related car expenses** in your tax return
- can calculate your claim using either the cents per kilometre method or logbook method
- can't claim a deduction for car expenses covered by your award transport payment as work-related travel expenses
- include any kilometres travelled for work purposes covered by the award transport payment as work-related kilometres.

If you use the logbook method you must keep a logbook, odometer records and written evidence (such as receipts) for all of your car expenses. If you use the cents per kilometre method, you will need to keep records (such as a diary note) that show how you work out your claim and that the kilometres you claim are work-related.

Example: claiming all car expenses using logbook method

Continuing the previous example, suppose Haneeta chooses not to rely on the exception for keeping written evidence, but instead claims all of her work-related car expenses using the logbook method.

Haneeta will be able to include all of the work-related kilometres she travels during the 2024–25 income year (9,000 kilometres) as work-related kilometres when she is calculating her work-related use percentage.

Haneeta will calculate her work-related use of her car as follows:

> Total work-related kilometres ÷ total kilometres
>
> 9,000 kilometres ÷ 13,500 kilometres = 66.67%

Haneeta can claim 66.67% of her total car expenses as work-related car expenses in her tax return. She must keep her logbook, odometer records and written evidence for all her car expenses to substantiate her deduction.

QC 72128

Removal and relocation costs

You can't claim a deduction for removal or relocation costs to transfer or relocate for work purposes.

Last updated 16 June 2025

You can't claim a deduction for removal or relocation costs.

This is the case even if relocating is a condition of your employment when you take up:

- a transfer in an existing job
- a new job with a different employer.

Removal and relocation expenses never have a sufficient connection to earning your employment income or income producing activities. You incur these expenses to start earning employment income, so they are private or domestic expenses.

If you receive an allowance from your employer to cover some of the costs of relocating, you must declare the allowance as assessable income in your tax return.

QC 72137

Cents per kilometre method

How to calculate a deduction for car expenses using the cents per kilometre method and the records you need to keep.

Published 4 May 2026

How it works

The cents per kilometre method allows you to claim a set rate for each work-related kilometre you travel, as long as you meet the conditions.

Using this method, you:

- can claim a maximum of 5,000 km for work-related use per year
- don't need receipts for your expenses (e.g. fuel receipts)
- do need a record to show how you calculate your work-related kilometres (e.g. using a diary or the myDeductions tool in the ATO app)
- need to be able to show that you own the car.

The rate per km covers all of your car expenses including decline in value, registration and insurance, maintenance, repairs and fuel costs.

You can’t add these, or any other car expenses, on top of the rate when calculating your deduction.

Calculating your deduction

To calculate your deduction using this method, multiply the number of work-related kilometres you travel in the car by the rate per kilometre for that income year.

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

'Work-related kilometres' are the kilometres your car travels in the course of earning your assessable income. For more information on what travel is incurred in the course of earning your assessable employment income, see Trips you can and can't claim.

You can work out the number of work-related kilometres the car travelled during the income year by making a reasonable estimate. For example, if you make a 20 kilometre work-related round trips in your car once a week and you worked for 48 weeks in the year, your work-related kilometres will be 960 (20 kilometres × 48 weeks).

Use the rate for the income year for which you are claiming a deduction:

- 2024–25 and 2025–26: use 88 cents per kilometre
- 2023–24: use 85 cents per kilometre
- 2022–23: use 78 cents per kilometre
- 2020–21 and 2021–22: use 72 cents per kilometre
- for rates in earlier years, see Prior year tax return forms and schedules.

You need to keep records that show how you work out your work-related kilometres.

If you and another joint owner use the car for separate income-producing purposes, you can each claim up to 5,000 work-related kilometres.

Keeping records for cents per kilometre method

If you use the cents per kilometre method, you don't need receipts.

You do need to be able to show that you own the car and how you work out your work-related kilometres. For example, you could record your work-related trips:

- in a diary
- using the myDeductions tool in the ATO app.

Example: car deduction using cents per kilometre

Once per week, Johan makes a 27-kilometre round trip in his own car from his head office in the city to meet with clients. In addition, once per month he makes a 106-kilometre round trip to visit clients at another location.

When Johan consults his diary at the end of the 2025–26 income year, he works out he was at work for 47 weeks, but he missed one weekly meeting with clients as he was sick. He also determines that, although he was on leave for 5 weeks during the income year, he still made 12 × 106-kilometre round trips to visit clients.

He works out his work-related kilometres as:

Number of weekly trips **multiplied by** distance of weekly trip **equals** total weekly trip kilometres

46 × 27 km = 1,242 km

Number of monthly trips **multiplied by** distance of monthly trip **equals** total monthly trip kilometres

12 × 106 km = 1,272 km

Total weekly trip kilometres **plus** total monthly trip kilometres **equals** total trip kilometres

1,242 km + 1,272 km = 2,514 km

Johan works out his deduction for the 2025–26 income year as:

2,514 km × 0.88 = $2,212

QC 107246

Logbook method

How to calculate a deduction for car expenses using the logbook method and the records you need to keep.

Published 4 May 2026

How it works

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, electricity, servicing, registration, insurance and the decline in value, as long as you use the car in the course of earning your assessable employment income.

To calculate your deduction using the logbook method, you need to:

- keep a logbook that shows your work-related trips for a continuous period of at least 12 weeks and your odometer records
- keep receipts or other records of your car expenses
- use your logbook to calculate the deductible portion of your car expenses.

Keeping a logbook

Your logbook must:

- cover at least 12 continuous weeks and be broadly representative of your travel
- include the reason and purpose, as well as the destination of every work-related journey, the odometer reading at the start and end of each journey, and the total kilometres travelled on the journey
- include odometer readings for the start and end of the logbook period and the total kilometres travelled during that period.

Each journey in your logbook must be made at the end of the journey or as soon as possible afterwards.

Your logbook is valid for 5 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 of your work-related use, you will need to complete a new 12-week logbook.

In each of the 4 years following the first year, you need to keep:

- odometer readings for the start and end of the full period you owned the car during the income year
- your work-related kilometres and use percentage for the income year based on the logbook.

If you are using the logbook method for 2 or more cars, keep a logbook for each car and make sure they cover the same period.

You can keep an electronic logbook using the myDeductions tool in the ATO app, or keep a paper logbook.

You must retain your logbook and odometer records for 5 years after the end of the latest income year that you rely on them to support your claim.

If you don't have a valid logbook, you can't use the logbook method to claim car expenses. You may be able to use the cents per kilometre method instead.

Keeping records of car expenses

In addition to keeping a valid logbook, you must keep the following records:

- receipts for your fuel and oil expenses, or a record of your reasonable estimate of these expenses based on the odometer readings for the start and end of the period you owned the car, the fuel consumption for your car and the average price of fuel during the income year
- receipts for other expenses for your car – for example, registration, insurance, lease payments, services, tyres, repairs, electricity expenses and interest charges
- a record of the purchase price of the car and how you work out your claim for the decline in value of your car, including the effective life

and method you use.

Electric cars – records of electricity expenses

If your car is electric, instead of keeping receipts for fuel and oil, you must keep:

- receipts for electricity from commercial charging stations
- evidence that shows you incur electricity costs to charge your car at home, such as an electricity bill and how you calculated the direct cost of charging your car

Hybrid cars - records of fuel and electricity expenses

If your car is a hybrid, you must keep all the following:

- receipts for your fuel and oil
- receipts for commercial charging stations
- evidence that shows you incur electricity costs to charge your car at home, such as an electricity bill and how you calculated the direct cost of charging your car

Calculating your deduction

To calculate your deduction using the logbook method, following these steps:

Step 1 - Work out the total number of kilometres you travelled during the logbook period.

Step 2 - Work out the number of kilometres you travelled for allowable work-related trips during the logbook period.

Step 3 - Divide the work-related kilometres (2) by the total kilometres (1), then multiply by 100. This is your work-related use percentage.

Step 4 - Add up your total expenses for the period that you are claiming.

Step 5 - Multiply your work-related use percentage (3) by your car expenses (4). This is the amount you claim as a deduction.

'Work-related kilometres' are the kilometres your car travels in the course of earning your assessable employment income. For more information on what travel is incurred in the course of earning your assessable employment income, see Trips you can and can't claim.

Calculating electricity costs for your electric vehicle

If your car is an electric (zero emissions) vehicle (EV), you can calculate your electricity costs either by:

- calculating the actual amount you spent on charging your car at commercial charging stations or at home
- by multiplying the EV home charging rate for the relevant income year set out at paragraph 16 of Practical Compliance Guideline PCG 2024/2 *Electric vehicle home charging rate - calculating electricity costs when a vehicle is charged at an employee's or individual's home* by the total number of kilometres travelled during the income year based on odometer records.

Calculating fuel and electricity costs for your plug-in hybrid vehicle

If your car is a plug-in hybrid electric vehicle (PHEV), for the 2024–25 income year onwards, you can work out your fuel and electricity expenses either by:

- calculating the actual amount you spent on fuel and charging your car at commercial charging stations or at home
- using methodology set out at paragraphs 17 to 27 of PCG 2024/2, which allows you to use the EV home charging rate.

For the 2023–24 income year and earlier income years, you can only claim the actual amount you incurred on fuel and charging your EV at commercial charging stations or at home.

If you use the home charging rate in PCG 2024/2 to calculate your electricity costs for the income year, unless your EV or PHEV has the functionality to report the percentage of the car's total charge based on the charging location, you can't add the cost of any commercial charging stations to this amount. These amounts must be disregarded.

Example: home charging percentage can be accurately determined

Bill owns an electric car which he uses for work purposes. Bill charges his electric car at home and at commercial charging stations.

For the 2025–26 income year, Bill has:

- a valid logbook
- the odometer reading for his car at the start and the end of the income year
- an electricity bill for his home showing he incurred electricity expenses
- receipts for his commercial charging station expenses which total $172.

Bill's car generates a report detailing the annual percentage of total charge that relates to home charging. The report shows that Bill charges his electric vehicle 75% at home during the 2025–26 income year.

Bill travelled a total of 10,000 km in the 2025–26 income year. His home charging kilometres are determined by applying the home charging percentage to the total kilometres travelled.

Bill calculates his home charging kilometres as:

Total kilometres **multiplied by** home charging percentage **equals** home charging kilometres

10,000km × 75% = 7,500km

To calculate his total home charging expenses, Bill multiplies the home charging kilometres by the EV home charging rate:

7,500km × 4.2c/km = $315

Bill calculates his total charging expenses as:

Home charging expenses **plus** commercial charging expenses **equals** total charging expenses

$315 + $172 = $487

To calculate his deduction for charging his car during the 2025–26 income year, Bill will multiply his total charging expenses ($487) by his work-related use percentage from his logbook.

Working out the decline in value of a car

Cars are depreciating assets so a deduction for their decline in value can be claimed as a car expense if you are using the logbook method.

However, there is a limit on the cost of the car that you can claim as decline in value deductions over the car's effective life. This is referred to as the car limit.

If the cost of the car you purchase exceeds the car limit in the year you buy it, its cost for decline in value purposes will be the car limit. The limit is applied to the cost of the car, not your ownership interest in the car. This means if you purchase a car exceeding the car limit with another person jointly, you will use half of the cost limit for the purpose of calculating your decline in value deduction.

The Commissioner's determination of the effective life of a car is generally 8 years.

Example: working out the decline in value of a car (diminishing value method)

On 3 July 2025, Lana buys a 5-seater car for $75,000 which she uses for work purposes during the 2025–26 income year.

As Lana bought the car in the 2025–26 income year, when working out the car's decline in value for that income year, the cost of the car is reduced to $69,674 (the car limit for 2025–26).

Lana uses the Commissioner's determination of the effective life and works out her decline in value using the diminishing value method in the following way:

Car cost (car limit): $69,674

Effective life of the car: 8 years

Diminishing value formula: Cost × (days held ÷ 365) × (200% ÷ asset's effective life)

$69,674 x (362 ÷ 365) × (200% ÷ 8) = $17,275.33

Based on her logbook Lana works out her work-related use percentage as 69%. This means she can claim $17,275.33 × 69% = $11,919.98 as a deduction for the decline in value of the car in her 2025–26 tax return.

Lana can also claim 69% of her fuel, insurance, tyres, repairs and other expenses for the car.

Example: working out the decline in value of a car (prime cost method)

Vlad buys an electric car on 1 July 2025 and uses to carry out his duties as an employee.

Based on his valid logbook, Vlad works out he uses his car 11% of the time for work purposes, that his work-related use percentage is 11%. The car cost $30,000.

Vlad works out his decline in value deduction using the prime cost method as follows:

Asset cost × (days held ÷ 365) × (100% ÷ asset’s effective life)

$30,000 × (365 ÷ 365) × (100% ÷ 8) = $3,750

As Vlad's work-use percentage based on his logbook is 11%, he can claim a deduction of $413 ($3,750 × 11%)for the decline in value of his car in the 2025–26 income year.

You can't claim a deduction for the decline in value of your car if you use the cents per kilometre method.

QC 107247

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