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Work-related expenses



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myTax 2025 Claiming deductions

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Things to know

You may be able to claim deductions for work-related expenses you incurred in the course of your employment duties or while performing your work duties as an employee.

You **incurred** an expense in 2024–25 if you either:

- received a bill or invoice for an expense that you're liable for (even if you paid it after 30 June 2025)
- didn't receive a bill or invoice but you paid for the expense.

These expenses include:

- car expenses, including fuel costs and maintenance
- travel costs
- clothing expenses
- education expenses
- union fees

- home computer and phone expenses
- tools and equipment expenses
- journals and trade magazines.

Use the **Employees guide for work expenses** to help you as an employee to decide:

- whether your expenses are deductible
- what written evidence and other records you need to keep to show you incurred the expense and how you worked out your claim.

You may also be able to claim some deductions that aren't work related expenses. They are:

- interest and dividend deductions for investments
- deductions for gifts and donations
- a deduction for the cost of managing your tax affairs.

For more information, see

- Taxation Ruling TR 97/7 *Income tax: section 8-1 – meaning of 'incurred' – timing of deductions.*
- Taxation Ruling TR 2020/1 *Income tax: employees: deductions for work expenses under section 8-1 of the Income Tax Assessment Act 1997.*

Related page

Deductions you can claim

Find out which expenses you can claim as income tax deductions and work out the amount to claim.

Goods and services tax

If your expense includes an amount of goods and services tax (GST), the GST is part of the total expense and is therefore part of any deduction. For example, if you incurred union fees of \$440 which included \$40 GST, you claim a deduction for \$440.

Foreign employment

If you received a *PAYG payment summary – foreign employment* or have foreign employment payment information on your income statement, you claim deductions that you're eligible to claim for that income at work-related expenses and low value pool deductions in the **Deductions** section, as relevant.

You must convert all foreign deductions claims to Australian dollars before you complete this section.

For more information on:

- how to convert your foreign deductions, see **Foreign income conversion calculator**
- exchange rates, see **Foreign exchange rates**.

Basic rules

You must have incurred the expense in 2024–25.

To claim a deduction for a work-related expense:

- you must have spent the money yourself and weren't reimbursed
- it must be directly related to earning your income
- you must have a record to prove it (usually a receipt).

The expense mustn't be private, domestic or capital in nature. For example, the costs of normal travel to and from work, and buying lunch each day are private expenses.

If you incurred an expense:

- that was both work-related and private or domestic in nature, you only claim a deduction for the work-related part
- that was capital in nature, you may be able to claim a deduction for the [decline in value of the depreciating asset](#) you acquired and used for work
- for services [paid in advance](#), you need to work out what part of the expense is deductible in 2024–25.

You can't claim a deduction for an expense if any of the following applied:

- someone else paid for the expense

- you were, or will be, reimbursed for the expense
- the payment or reimbursement is a fringe benefit (including an exempt benefit).

If you received a partial reimbursement for the expense, you can only claim a deduction for the part that you don't receive a reimbursement for.

Record keeping for work-related expenses

When you claim a deduction, you need to keep records that show you incurred the expense. Records are written evidence of your income or expenses, these can be either paper or electronic. You need to keep records that support the claims you make in your tax return.

You need to keep records for 5 years (in most cases) from the date you lodge your tax return.

Total work-related expenses more than \$300

If the total amount of deductions you're claiming is more than \$300, you must have written evidence (such as a receipt or invoice) to show you incurred and weren't reimbursed for the expenses you claim.

The written evidence and records you keep must prove the total amount you claim, not just the amount over \$300.

The \$300 threshold doesn't include car expenses, meal allowance expenses, award transport payment expenses and travel allowance expenses. There are special written evidence rules for these claims which we explain at the relevant sections.

Total work-related expenses \$300 or less

If the total amount you're claiming is \$300 or less, you need records (such as calendar entries or a spreadsheet) to be able to show how you worked out your claims, but you don't need written evidence (such as receipts or invoices).

Advance expenditure

If you prepaid for a service costing \$1,000 or more, and the service extends for a period of more than 12 months or beyond 30 June 2026

(such as a subscription to a journal relating to your profession), you can only claim the prepaid amount that relates to 2024–25. You can also claim the proportion of your pre-paid expenses from a previous income year that relate to 2024–25.

Related page

Deductions for prepaid expenses

A guide to help you work out deductions you can claim for expenses you incur for things to be done in a later income year.

Allowances

If you received an allowance that you show in your tax return (in your income statement or payment summary details), you can claim a deduction for your expenses the allowance covered, but only if you:

- actually incurred the expenses in producing your employment income
- meet the [basic rules](#).

For example, if you received a tools allowance of \$500 and your tool expenses were \$300:

- include the whole allowance of \$500 with your income statement or payment summary details in your tax return
- you claim a deduction of \$300 at **Other work-related expenses** if you have written evidence (such as a receipt for the purchase of the tools).

Decline in value of a depreciating asset

You may be able to claim a deduction for the decline in value of a **depreciating asset** you held during 2024–25 if you used it to produce income that you show in your tax return.

A depreciating asset is an asset that has an effective life and can reasonably be expected to decline in value over time. Depreciating assets include items such as tools, reference books, computers and office furniture.

Work out the decline in value of a depreciating asset using its effective life. You can either make your own estimate of its effective life or use

the Commissioner's effective life determinations. For more information, see [Effective life of a depreciating asset](#).

You may be able to claim an immediate deduction for the full cost of depreciating assets costing \$300 or less if certain conditions are met.

\$1,000 instant tax deduction

On 13 April 2025, as part of Labor's election commitments, they proposed a \$1,000 instant tax deduction for work-related expenses. This change applies from 2026–27. It is not yet law and **does not apply to Tax Time 2025**.

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