



How do you store your record collection?

The ATO is encouraging taxpayers to store the correct records for work-related expenses this financial year.

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The Australian Taxation Office (ATO) is encouraging taxpayers to consider what work-related expenses they will be looking to claim in the new financial year, and what records they will need to substantiate those deductions.

ATO Assistant Commissioner Rob Thomson said work-related expenses are a key focus for the ATO.

‘Work-related expenses are the largest category of deductions the ATO sees for individuals each year, with more than 8 million claims last year’, said Mr Thomson.

‘While you might have a special place to store your vinyl collection, you don’t want to find yourself searching far and wide for receipts at tax time if you’ve forgotten to store all your records in one spot.’

Keeping good records can reduce the cost of managing your tax affairs and ensures you can claim all expenses that you are entitled to.

‘Generally, you won’t know at the start of the financial year exactly what you can claim come tax time, but you can set yourself up for success by checking what work-related expenses you can claim, what records you will need to prove them, and making a plan to store those records for when you’ll need them,’ said Mr Thomson.

Records can be kept as a paper version, an electronic copy or a true and clear photo of an original record. You can use any electronic device or app to keep your electronic records. However, we recommend backing up your electronic records regularly.

The **myDeductions** tool on the ATO app allows you to store copies of all your receipts in one place, keeping them safe for tax time.

‘Remember, regardless of how you keep your records, you need to keep them for 5 years from the date you lodge your tax return.’ Mr Thomson said.

Work-related expenses

The three golden rules to determine if a work-related expense is deductible are:

- you must have spent the money yourself
- the expense must directly relate to earning your income
- you must have a record (usually a receipt) to prove it.

‘Your deductions may be disallowed if you’re not eligible or you don’t keep the right records,’ said Mr Thomson.

‘A bank statement, on its own, generally isn’t a sufficient level of evidence to claim a deduction for work-related expenses.’

The best way to check you are keeping the correct record to substantiate an expense is to check the ATO’s **record keeping guide (PDF, 344KB)**.

‘There is a common myth that you can claim \$300 for work-related expenses automatically, without proof – but this isn’t true. If your total claim for work-related expenses is less than \$300, you may not need receipts, but you must be able to show you spent the money and how you have calculated the amount of your claim,’ said Mr Thomson.

‘A good place to start is checking our **occupational guides** to see what you can claim based on your occupation.’

Working from home expenses

You can use the fixed rate method or the actual cost method to calculate your working from home deduction.

In 2023, over half of individuals who claimed working from home expenses used the fixed rate method.

With the fixed rate method, you will need a record of the actual number of hours you worked from home for the whole financial year

between 1 July – 30 June, and at least one record for each of the additional running expenses you incurred that the rate includes. You must also keep records for other running expenses you are claiming as a separate deduction that the rate doesn't include.

'To show your actual hours worked, this can be as simple as a timesheet, spreadsheet, diary or a record where you log which days you work from home and how many hours you work,' said Mr Thomson.

If you don't use the fixed rate method to calculate your working from home expenses, you will need to use the actual cost method, where you can work out your deduction by calculating the actual additional expenses you incur when working from home.

To use the actual cost method, you need to keep records for any additional running expenses you incurred, the depreciating assets you buy and use while working from home, and show how you apportion work-related use for your expenses and depreciating assets. You must also be able to show the time you worked from home during the year.

'It's best to keep all of your receipts and records when working from home, so when it comes to tax time next year, you have the flexibility to choose whichever method is going to give you the best result.'

Car expenses

In 2023, more than 3 million taxpayers claimed a deduction for car expenses.

'If you think you'll be one of these in 2025, there's a few things you need to consider this year, starting with your eligibility,' Mr Thomson said.

In order to claim a deduction for car expenses:

- You must own or lease the car.
- The expenses must be for work-related trips.
- You must have spent the money yourself and weren't reimbursed.
- You must have the required records.

Vehicles with a carrying capacity of one tonne or more, or 9 or more passengers (such as utes and panel vans) are not included in the definition of a car so must be claimed separately as travel expenses.

The records you require will depend on which method you use to calculate your car expenses - the logbook method, or the cents per kilometre method.

The logbook method involves keeping a logbook that shows your work-related trips for a continuous period of at least 12 weeks. The 12 weeks needs to be representative of your travel throughout the year. Each logbook is valid for up to 5 income years (but if your circumstances change you may need a new logbook).

You need to keep receipts or other records of your car expenses and then use your logbook to calculate the deductible portion of your car expenses.

Your logbook must include the destination and purpose of every journey, the odometer reading at the start and end of each journey, and the total kilometres travelled during the period, as well as include odometer readings for the start and end of the logbook period, and odometer readings for the start and end of the income year you use the logbook.

The cents per kilometre method allows you to claim a set rate per kilometre, and is all-inclusive, covering all of your eligible car expenses, including registration, insurance, repairs, maintenance, fuel, and decline in value. You cannot claim these costs separately, elsewhere in your return.

‘Using the cents per km method, you are limited to claiming a maximum of 5,000 kilometres for each car you use for income producing purposes,’ said Mr Thomson.

‘Make sure you have records for how you worked out your work-related kilometres. This could be in a diary, or in the **myDeductions** tool in the ATO app.’

‘You can claim trips directly between multiple workplaces or to perform your work duties, but you can't claim trips between your home and place of work, except in limited circumstances,’ said Mr Thomson.

Notes to journalists

- Assistant Commissioner Rob Thomson is available for interviews on request.

- ATO file footage is available for use in news bulletins from our media centre.
- A headshot of ATO Assistant Commissioner Rob Thomson is available for download from our media centre.
- Information about how to claim **working from home expenses** is available on the ATO website.

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