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Deductions

How to complete deductions sections of your tax return using myTax.

Claiming deductions

How to claim deductions in your return using myTax.

Work-related expenses

How to complete myTax if you have work-related expenses.

Deductions for donations, investments and managing your tax

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myTax 2018 Claiming deductions

How to claim deductions in your return using myTax.

Last updated 28 June 2018

You may be able to claim deductions for work-related expenses you incurred while performing your job as an employee.

You incur an expense in an income year when:

- you receive a bill or invoice for an expense that you are liable for and must pay (even if you don't pay it until after the end of the income year), or
- you do not receive a bill or invoice but you are charged and you pay 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.

You may also be able to claim some deductions which are not work related. 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 and examples explaining the meaning of 'incurred', see [Taxation Ruling TR 97/7](#) *Income tax: section 8-1 - meaning of 'incurred' - timing of deductions*.

The following video shows you how to add and review deductions in myTax.

Media: How to add and review deductions in myTax.

<http://tv.ato.gov.au/ato-tv/media?v=bd1bdiuboi3ynb>  (Duration: 3:38)

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 payment summary

If you received a *PAYG payment summary - foreign employment* then any deductions that you are entitled to claim in respect of the income shown on that payment summary must be claimed as work-related expenses and low value pool deductions in the **Deductions** section, where relevant.

All foreign deductions must be translated (converted) to Australian dollars before you complete this section. For more information on how to translate your foreign deductions see [Foreign exchange gains and losses](#) or you can phone **13 28 61** to get information about the exchange rates.

Basic rules

You must have incurred the expense in 2017–18.

To claim a deduction for work-related expenses:

- you must have spent the money yourself and were not reimbursed
- it must be directly related to earning your income
- you must have a record to prove it.

The expense must not 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 can claim a deduction only for the work-related portion of the expense.

If you incurred an expense that was capital in nature you may be able to claim a deduction for the decline in value of the depreciating assets you acquired. See [Decline in value of a depreciating asset](#).

If you incurred an expense for services paid in advance, see [Advance expenditure](#) to decide what part of the expense is deductible in 2017–18.

You cannot claim a deduction for an expense if:

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

If you were partially reimbursed for the expense, you can only claim the part that was not reimbursed.

Record keeping for work-related expenses

You must be able to substantiate your claims for deductions with written evidence if the total amount of deductions you are claiming is greater than \$300. The records you keep must prove the total amount, not just the amount over \$300. The \$300 does not include car and meal allowance, award transport payments allowance and travel allowance expenses. There are special written evidence rules for these claims which are explained at the relevant sections.

If the total amount you are claiming is \$300 or less, you need to be able to show how you worked out your claims, but you do not need written evidence.

See also [Keeping your tax records](#).

Advance expenditure

If you have prepaid an amount for a service costing \$1,000 or more, and the service extends for a period of more than 12 months or beyond 30 June 2019 (such as a subscription to a journal relating to your profession), then you can claim only the portion that relates to

2017–18. You can also claim the proportion of your pre-paid expenses from a previous year that relate to 2017–18. For more information, see [Deductions for prepaid expenses](#).

Allowances

If an allowance you received is shown on your tax return (in your payment summary details), you may be able to claim a deduction for your expenses covered by the allowance. You must have incurred the expenses in producing your employment income, and must meet the basic rules discussed above. For example, if you received a tools allowance of \$500 and your tool expenses were \$300, the whole amount of the allowance is included with your payment summary details on your tax return and you claim a deduction of \$300 at **Other work related expenses** in the **Deductions** section.

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 2017–18 if you used it to produce income that you show on your tax return.

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

The decline in value of a depreciating asset is worked out on the basis of its effective life. You can either make your own estimate of its effective life or use the Commissioner's effective life determinations (see [Taxation Ruling TR 2017/2](#) *Income tax: effective life of depreciating assets* for assistance with both).

You might be able to claim an immediate deduction for the full cost of depreciating assets costing \$300 or less provided certain conditions are met. For more information, see [Guide to depreciating assets](#).

myTax 2018 Tax losses of earlier income years

How to claim other deductions when you lodge your return using myTax.

Last updated 28 June 2018

This section is about tax losses from earlier income year for which you may be able to claim a deduction in 2017–18.

You may have a tax loss at **Tax losses of earlier income years** this year which you may be able to claim as a deduction. You must complete this section whether or not you are able to claim a deduction for the loss this year.

If you became bankrupt before 1 July 2017, or were released from debts under an arrangement entered into under the bankruptcy laws before 1 July 2017, you generally cannot claim a deduction for tax losses incurred before you became bankrupt or were released from the debts.

If you have tax losses from more than one earlier income year you should generally deduct the earliest losses first.

Do not show at this section:

- capital losses. Show these at **Capital gains or losses**.
- expenses and losses you incurred in earning foreign income. Show these at **Foreign income, assets and entities**.
- deferred non-commercial business losses from a prior year
 - for partnership activities. Show these at **Partnerships** in the **Business/sole trader, partnership and trust income (including loss details)** section.
 - for sole trader activities. Show these at **Business income or losses** in the **Business/sole trader, partnership and trust income (including loss details)** section.

Completing this section

If your latest 2016–17 tax return lodgment shows a taxable income greater than \$0, you are not eligible to complete this section in myTax.

You will need the following tax losses amounts that you worked out when completing last year's tax return:

- primary production losses carried forward to 2017–18
Primary production activities are described in [Information for primary producers](#).
 - non-primary production losses carried forward to 2017–18.
1. Enter any primary production and non-primary production losses carried forward to 2017–18 into the corresponding fields.
 2. Calculate your net exempt income.
Your net exempt income is the total of your exempt income for 2017–18 less the total expenses (other than capital expenses) incurred in earning your exempt income. If the result is less than zero, your net exempt income is 0.
To find out what amounts are exempt income, see [Amounts that you do not pay tax on](#).
 3. Enter your net exempt income into the corresponding fields.

Note: To work out whether you have any losses to carry forward to 2018–19, see [Calculate losses to carry forward to 2018-19](#).

Calculate losses to carry forward to 2018–19

Step 1

Is **Taxable income** on the **Prepare return screen** a loss?

Yes - Go to **step 4**.

No - Go to **step 2**.

Step 2

Is **Taxable income** plus **Losses claimed this income year (Primary production and Non-primary production)**, treated as a positive amount, equal to or more than **Total losses available this income year (Primary production and Non-primary production)**?

Yes - You have no losses (primary production or non-primary production) to carry forward to 2018–19.

No - Go to **step 3**.

Step 3

Is **Taxable income** plus **Losses claimed this income year (Primary production and Non-primary production)**, treated as a positive amount, equal to or more than **Total losses available this income year (Primary production)**?

Yes - You have no primary production losses to carry forward to 2018–19.

No - The amount of:

- primary production losses you carry forward to 2018–19 is **Total losses available this income year (Primary production)** less **Losses claimed this income year (Primary production)**.
- non-primary production losses you carry forward to 2018–19 is **Total losses available this income year (Non-primary production)** less **Losses claimed this income year (Non-primary production)**.

Keep a record of these amounts for next year.

Step 4

Use the worksheet below to work out the primary production and non-primary production losses you carry forward to 2018–19.

Make sure you show all losses as negative amounts in the worksheet. Amounts at rows **e**, **f**, **g** and **h** may be losses. If so, show them as negative amounts.

Worksheet

Row	Calculation	Amount
a	Taxable income on your tax return. This amount is a loss, show it as a negative amount.	\$
b	Gifts or donations on your tax return.	\$

c	Personal super contributions on your tax return.	\$
d	Add rows b and c .	\$
e	Add row d , which is either zero or positive, to row a which is negative. If row e is positive, go to step 7 .	\$
f	Trusts (Net primary production amount) plus Partnerships (Net primary production amount) on your tax return.	\$
g	Business income or loss (Net primary production) on your tax return.	\$
h	Add rows f and g .	\$
i	If row h is a loss and is the same or a greater loss than row e , show the amount from row e . If row h is a loss and is a smaller loss than row e , show the amount from row h . Otherwise, show 0 .	\$
j	If row h is a loss and is the same or a greater loss than row e show 0 . If row h is a loss and is a smaller loss than row e , take row h away from e and show the answer. If row h is not a loss, show the amount from row e .	\$

Go to **step 5**.

Step 5

Is the amount at row **i** zero?

Yes - The amount of primary production losses you carry forward to 2018–19 is **Total losses available this income year (Primary production)**. Go to **step 6**.

No - Add the amount at row **i** to **Total losses available this income year (Primary production)**. When adding these two amounts ignore the fact that they are both negative amounts. The answer is the amount of primary production losses you carry forward to 2018–19. Go to **step 6**.

Step 6

Is the amount at row **j** zero?

Yes - The amount of non-primary production losses you carry forward to 2018–19 is **Total losses available this income year (Non-primary production)**.

Keep a record of these amounts for next year.

No - Add the amount at row **j** to **Total losses available this income year (Non-primary production)**. When adding these two amounts ignore the fact that they are both negative amounts. The answer is the amount of non-primary production losses you carry forward to 2018–19.

Keep a record of this amount for next year.

Step 7

Total losses available this income year (Primary production) is your primary production losses you carry forward to 2018–19.

Total losses available this income year (Non-primary production) is your non-primary production losses you carry forward to 2018–19.

Keep a record of these amounts for next year.

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If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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