



# myTax 2018 Work-related car expenses

How to complete the work-related car expenses section of your return using myTax.

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Work-related car expenses are expenses you incurred as an employee for a car you:

- owned
- leased, or
- hired under a hire-purchase agreement.

For more information, see [You need to know](#).

## What can you claim?

You can claim car expenses you incurred in performing your employment duties in 2017–18.

You can also claim the cost of using your car to travel directly between two separate places of employment when you have a second job, providing one of the places is not your home.

You cannot claim for the normal trip between home and work, unless:

- you use your car to carry bulky tools or equipment (such as an extension ladder or cello) which your employer requires you to use for work and cannot leave at work
- your home is a base for employment (you were required to start work at home and travelled to a workplace to continue work for the same employer), or
- you have shifting places of employment (you regularly work at more than one place each day).

See [Car and travel expenses](#) for information about:

- what expenses you claim as car expenses (at this section)
- what expenses you claim as travel expenses (at [Work-related travel expenses](#))
- some examples of trips you can and cannot claim.

### **Want to know what work-related expenses you may be entitled to claim?**

We provide information to help you understand what you may be able to claim at [Deductions you can claim](#).

## **Methods**

If your claim for work-related car expenses is 5,000 business kilometres or less, you can choose one of the following methods to work out your work-related car expenses:

- [cents per kilometre method](#)
- [logbook method](#).

To claim work-related car expenses over 5,000 business kilometres, you must use the logbook method.

If you qualify to use both methods, you can use whichever method gives you the largest deduction or is most convenient.

Both methods require you to know or estimate your business kilometres. Business kilometres are the kilometres you travelled in the car in the course of earning assessable income (includes work-related activities).

## Depreciation and capital allowances tool

You can use the Depreciation and capital allowances tool to work out the total decline in value deduction. The tool can be accessed when you add your work-related car expenses and **Calculation method** is 'Logbook'.

The following video shows you how to use the Depreciation and capital allowances tool.

## Completing this section

You may need:

- written evidence for your car expenses (receipts, invoices or diary entries)
- your car logbook and odometer records.

We have pre-filled your tax return with work-related car expense information provided to us. Check for work-related car expenses that are not pre-filled and ensure you add them.

1. For each work-related car that has not been pre-filled in your tax return, select **Add** and enter the description of the car (for example, make/model).
2. Select the **Calculation method** you wish to use.

3. If you select the 'Cents per kilometre' method, enter the number of business kilometres you travelled.
4. If you select the 'Logbook' method enter the information into the corresponding fields. MyTax will calculate the total expenses.
  - If you have calculated the decline in value of your car, enter the amount without any reduction for personal use. MyTax will multiply the decline in value you enter by the percentage of business use.
  - If you used the Depreciation and capital allowances tool to work out the decline in value, the calculated amount will automatically exclude the personal use percentage. To display results from the tool you must select the logbook method.
5. Select **Save**.
6. Select **Save and continue**.

**Notes:**

- You may want to work out your deduction using both methods to see which gives you the largest deduction and then save the one that does.
- If you used the Depreciation and capital allowances tool, fields containing information from the tool cannot be directly adjusted in myTax. To make any adjustments to this information, or to add new assets to the tool, select **Work it out**.

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## You need to know

Important details to help you complete the work-related car expenses section.

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## Owned or leased cars

You can claim at this section your work-related expenses for using a car that you owned, leased or hired (under a hire-purchase agreement).

You cannot claim at this section any expenses relating to motorcycles and vehicles with a carrying capacity of one tonne or more, or nine or more passengers, such as a utility truck and panel van. See [Work-related travel expenses](#).

You cannot claim at this section any expenses relating to a car owned or leased by someone else, including your employer or another member of your family. However, we consider you to be the owner or lessee of a car and eligible to claim expenses where a family or private arrangement made you the owner or lessee even though you were not the registered owner. For example, you can claim for a car that was given to you by another member of your family and which, although it was not registered in your name, you used as your own and for which you paid all expenses.

If you owned or leased a car or hired one under a hire-purchase agreement, you can use either of the methods explained in this section to claim your work-related car expenses.

## Leased luxury cars

If you leased a luxury car and wish to claim a deduction at this section, the following information about luxury cars will help you.

A leased luxury car is a leased car that at the time the lease began had a market value of more than the 'car limit' that applied in the relevant income year.

You can claim a deduction for the decline in value of a leased luxury car (but not for other leased cars). The car can be new or second-hand. You must use the logbook method.

When claiming a deduction for decline in value, the initial value that you use for the car is the limit that applied in the income year in which the lease began.

### Car limits for the past 10 years

Year	Limit
2017-18	\$57,581
2016-17	\$57,581
2015-16	\$57,466
2014-15	\$57,466
2013-14	\$57,466
2012-13	\$57,466
2011-12	\$57,466
2010-11	\$57,466
2009-10	\$57,180
2008-09	\$57,180

### If your car was sold, disposed of, stolen or destroyed

If you have been claiming deductions for your car and, during the income year, you sold or disposed of it, or it was stolen or destroyed,

you might need to make a balancing adjustment. You do not need to make a balancing adjustment if you used only the 'cents per kilometre' method for calculating expenses for your car. You will need to make a balancing adjustment if you have used the '12% of original value' method to claim your car expenses in a previous income year.

To work out the balancing adjustment, you can use the Depreciation and capital allowances tool or see [Guide to depreciating assets](#).

If you had a loss after making the adjustment, include your deduction for it at **Other work-related expenses**. If you had a profit after making your adjustment, include it at **Other income** on your tax return. If you used the Depreciation and capital allowances tool, the amount will automatically be shown at these sections.

You also make a balancing adjustment if you switched between methods to claim your car expenses. To work out the amount of the balancing adjustment in this situation, contact us or your recognised tax adviser.

If you received an award transport payment, see [Claiming a deduction for car expenses - award transport payments](#).

## Expenses relating to foreign employment income

If you received assessable income from your work as an employee outside Australia that is shown on a *PAYG payment summary - foreign employment*, you must claim any work-related car expenses you incurred in earning that income at this section.

If you received assessable foreign employment income that is not shown on a *PAYG payment summary - foreign employment*, you claim your deductions against that income at the **Foreign income, assets and entities** section and select **Foreign employment**.

## Record keeping

Keep written evidence of your car expenses, where required. If you are using the logbook method, you must record your odometer readings for the start and end of the period being claimed. Keep this evidence for five years from the due date for lodging your tax return. If you lodge your tax return after the due date, the five years start from the

date you actually lodge it. If at the end of this period you are in a dispute with us that relates to this work expense, you must keep your records until the dispute is resolved.

## Further information

See also:

- [Taxation Ruling TR 95/34](#) *Income tax: employees carrying out itinerant work - deductions, allowances and reimbursements for transport expenses*
- [Travel between home and work and between workplaces](#)
- [Law Administration Practice Statement PS LA 1999/2](#) *Calculating joint car expense deductions*

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## Methods for claiming work-related car expenses

Use this guide to help you claim work-related car expenses section of your return using myTax.

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## Method 1: Cents per kilometre

- Your claim is based on a set rate for each business kilometre.
- The rate is 66 cents per business kilometre.

- You can claim a maximum of 5,000 business kilometres per car, per year.
- You do not need written evidence, but you need to be able to show how you worked out your business kilometres. There is more information on record keeping and written evidence in [Keeping your tax records](#).

MyTax will calculate your deduction from the information you provide.

## Method 2: Logbook

- Your claim is based on the business use percentage of the expenses for the car.

Expenses include running costs and decline in value but not capital costs, such as the purchase price of your car, the principal on any money borrowed to buy it and any improvement costs. If you need to work out the decline in value of your car, see [Deductions for decline in value \(depreciation\)](#).

- To work out your business use percentage, you need a logbook and the odometer readings for the logbook period (see below).
- You can claim fuel and oil costs based on either your actual receipts or you can estimate the expenses based on odometer records that show readings from the start and the end of the period you had the car during the year.
- You need written evidence for all other expenses for the car.

Your business use percentage is the percentage of kilometres you travelled in the car for work during the year divided by the total kilometres travelled by the car during the year.

If the pattern of your car use changed during the year, make a reasonable estimate of your business use percentage for the whole of 2017–18, taking into account your logbook, odometer and other records, any variations in the pattern of use of your car and any changes in the number of cars you used in the course of earning your income.

MyTax will calculate your deduction from the information you provide.

### **Deductions for decline in value (depreciation)**

You can claim a deduction for the decline in value of the car only if:

- you use the logbook method and
- you owned the car or hired it under a hire-purchase agreement.

If you leased a luxury car, see [Leased luxury car](#) for more information.

Remember:

- the car starts to decline in value from the day you first use it, even if you don't begin using it for work until a later time
- you can claim a deduction only for a year in which you used the car for work
- if you owned your car for only part of the year, you will need to apportion your deduction accordingly.

If you are claiming a deduction for the decline in value of a car, you can use the [Depreciation and capital allowances tool](#), or see [Guide to depreciating assets](#).

## Logbook period

Your logbook is valid for five years. If this is the first year you are using this method, you must have kept a logbook during 2017–18. It must cover at least 12 continuous weeks. If you started using your car for work-related purposes less than 12 weeks before the end of the year, you can extend the 12-week period into 2018–19. (If you are using the logbook method for two or more cars, the logbook for each car must cover the same period.)

If you established your business use percentage using a logbook from an earlier year, you need to keep that logbook and maintain odometer records. You also need to keep a logbook if we told you in writing to keep one.

Your logbook must show:

- when the logbook period starts and ends, and the odometer readings at these times
- the total number of kilometres the car travelled during the logbook period
- the number of kilometres travelled for work during the logbook period based on the journeys recorded for the period

- the business use percentage for the period.

Entries in the logbook for each business trip must be made at the end of the journey (or as soon as possible afterwards) and show the:

- date the journey began and ended
- odometer readings at the start and end of the journey
- kilometres travelled on the journey
- reason for the journey.

Your records must also show the make, model, engine capacity and registration number of the car.

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## **Our commitment to you**

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

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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