Australian Government
Australian Taxation Office

Standard deduction for work-related expenses



You're eligible for the standard deduction if you're an Australian resident for tax purposes and earn 'assessable labour income', such as salary and wages.

You don't need to claim the standard deduction in your tax return or keep any records.

The standard deduction applies from the 2026–27 income year onwards.

About the standard deduction

The standard deduction:

- applies from the 2026–27 income year onwards
- is a deduction of up to $1,000 for work-related expenses
- is automatically applied if you're eligible; you don't need to
  - claim it in your tax return
  - incur any work-related expenses
  - keep records.
- is reduced dollar for dollar by work-related expenses claimed in your tax return (there are some exceptions – see 'Expenses that don't reduce the standard deduction')
- reduces your assessable income – it's not a tax offset or rebate so you don't need to claim it
- doesn't affect other deductions, such as donations or rental property expenses – you need to claim these separately in your tax return as normal.

Eligibility for the standard deduction

You're eligible for the standard deduction if you:

- are an Australian resident for tax purposes
- earn 'assessable labour income', which includes
  - salary and wages
  - director fees and office holder payments
  - payments to religious practitioners
  - return-to-work payments
  - termination and retirement payments
  - parental leave pay.

If your assessable labour income is:

- **$1,000 or more**, your maximum standard deduction is $1,000
- **less than $1,000**, your maximum standard deduction is the amount of assessable labour income you earned during the income year.

You're not eligible for the standard deduction if you only earn other types of assessable income. For example, dividends, rent or business income.

Consider your options

You have the option of receiving the standard deduction or claiming all your work-related expenses in your tax return.

If you're not sure, you may want to keep records. Unexpected costs can occur that could increase your total work-related expenses over the year.

Receive the standard deduction	Claim all work-related expenses
Don't need to have incurred the expense	You must have spent the money yourself and weren't reimbursed
Automatically applied if you're eligible	Your expense must directly relate to earning your income
Don't need to keep records	You must have a record to prove your expenses, usually a receipt

Expenses that reduce the standard deduction

If you claim any work-related expenses in your tax return, the standard deduction gets reduced dollar for dollar by the amount you claim (there are some exceptions).

Some work-related expenses that reduce the standard deduction include:

- car expenses
- self-education expenses
- expenses for compulsory work uniforms and occupational clothing
- working from home expenses
- overnight travel expenses.

Expenses that don't reduce the standard deduction

Work-related expenses that **don't** reduce the standard deduction are:

- union fees
- memberships of a trade, business or professional association.

Expenses that aren't work-related **must** be claimed as normal in your tax return. These include:

- gifts and donations
- investment and rental property deductions
- the cost of managing your tax affairs
- personal super contributions
- income protection, personal sickness or accident insurance premiums
- expenses you incur in earning other types of income, such as business or the gig economy.

To claim any of these expenses in your tax return, you **must** have incurred the expense and have records, such as receipts, invoices, statements or a notice of intent and acknowledgment from your super fund.

Example 1: Less than $1,000 in work-related expenses

Yui works for an advertising agency, earning $95,000 per year in wages. At the end of the 2026–27 income year, Yui incurred the following work-related expenses:

- $200 in working from home expenses
- $200 for a work-related training course
- $150 for travelling from her workplace to visit clients.

She also made a $50 donation to a deductible gift recipient (DGR) registered charity and paid $175 to her tax agent to complete her previous year's tax return.

Yui is entitled to a $1,000 standard deduction because she's an Australian resident for tax purposes and her income was earned from wages.

Her work-related expenses of $550 are less than the $1,000 standard deduction. Yui has 2 options.

Option 1 – Don't claim the work-related expenses

If Yui doesn't claim her work-related expenses in her 2026–27 tax return, she'll receive the full $1,000 standard deduction. She doesn't need to keep records for these expenses.

Option 2 – Claim the work-related expenses

If Yui chooses to claim the $550 in work-related expenses, she:

- must keep records to support her claim for $550 of work-related expenses
- is still entitled to the standard deduction, however it will be reduced by the amount of the work-related expenses claimed in her tax return.

The standard deduction she'll receive is $450 ($1,000 − $550). She doesn't need to report this amount, as it will be automatically included in her tax return.

In this situation, it's easier for Yui to not claim the $550 in work-related expenses.

Yui can still claim a deduction for her donation of $50 donation and her $175 tax agent fees in her tax return, as these are not covered by the standard deduction. Yui will need to have records to support these expense claims.

Example 2: Work-related expenses over $1,000

Marco is eligible for a $1,000 standard deduction in his 2026–27 tax return. He spends $3,500 in work-related expenses over the 2026–27 income year. Marco chooses to claim all his $3,500 work-related expenses in his tax return. This ensures he gets the full tax deduction he is entitled to.

Marco:

- won't receive a standard deduction as his work-related expense claims are above $1,000
- needs to meet the requirements for any deductions he claims in his tax return, including keeping the required records, like receipts.

This is a general summary only.
For more information, go to ato.gov.au/standarddeduction and ato.gov.au/keepingtaxrecords or speak to a registered tax professional.

NAT 75863-09.2026 DE-86031