

# ***PS LA 1999/2 - Calculating joint car expense deductions***

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! Refer to end of document for amendment history. Prior versions can be requested by emailing [TCNLawPublishingandPolicy@ato.gov.au](mailto:TCNLawPublishingandPolicy@ato.gov.au) if required.

! This document has changed over time. This version was published on *14 November 2024*



# PS LA 1999/2

## Calculating joint car expense deductions

This Practice Statement explains how car expense deductions are calculated if the car is jointly owned, leased or hired under a hire purchase agreement.

*This Practice Statement is an internal ATO document and an instruction to ATO staff.*

*Taxpayers can rely on this Practice Statement to provide them with protection from interest and penalties in the following way. If a statement turns out to be incorrect and taxpayers underpay their tax as a result, they will not have to pay a penalty, nor will they have to pay interest on the underpayment provided they reasonably relied on this Practice Statement in good faith. However, even if they do not have to pay a penalty or interest, taxpayers will have to pay the correct amount of tax provided the time limits under the law allow it.*

### 1. How taxpayers should calculate a joint car expense deduction

For income years before 1 July 2015, taxpayers can use any one of the 4 calculation methods to calculate a joint car expense deduction:

- cents per kilometre
- 12% of the original value
- one-third of actual expenses
- logbook.

Only the first and last method apply from 1 July 2015.

A taxpayer should use only one method in any one income year in relation to a specific vehicle. However, each of the joint owners can use a different method to calculate their deductions if they wish.

### 2. Method 1 – cents per kilometre

Each joint owner or joint lessee can claim a maximum deduction of 5,000 kilometres for each income year. That limit applies to a particular taxpayer in relation to a particular car, not to the car itself. So, if each of the joint owners uses the car for separate income-producing purposes, they can each claim up to 5,000 kilometres.

### 3. Method 2 – 12% of the original value

If the taxpayer travels more than 5,000 work-related kilometres in the car during in an income-producing period, they can use Method 2 to calculate their deduction.

Method 2 allows each of the joint owners to claim a proportion of the original cost of the car, to a total of 12%. That is, if there are 2 joint owners, then they can each claim a deduction of 6% of the original cost of the car.

### 4. Method 3 – one-third of actual expenses

Like Method 2, Method 3 is only available to taxpayers who have travelled more than 5,000 work-related kilometres in the car in an income year.

Taxpayers using this method can deduct one-third of the car's expenses (whether wholly their own or incurred jointly with other owners or lessees; and not including capital expenses) plus one third of their share of the decline in value of the car.

### 5. Method 4 – logbook

If the taxpayer uses a vehicle logbook, it must state:

- when the logbook period begins and ends
- the car's odometer readings at the start and end of the logbook period
- the total number of kilometres that the car travelled
- the number of kilometres travelled for work
- the business use percentage.

For each logbook period, the taxpayer would calculate their deductions as:

$$\frac{\text{(total kilometres the taxpayer travelled to produce their assessable income} \div \text{total number of kilometres the car travelled)}}{\text{(total car expenses incurred} + \text{the decline in value for the period)}}$$

## 6. More information

For more information, see:

- [Motor vehicle and car expenses](#)
- [Work-related car expenses calculator](#)

**Date issued:** 29 April 1999

**Date of effect:** Ongoing

**Business line:** IAI

## Amendment history

### 14 November 2024

| Part             | Comment                                                                                                                        |
|------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Sections 4 and 5 | The term depreciation updated to 'decline in value'.                                                                           |
| Throughout       | Content checked for currency and technical accuracy.<br>Updated in line with current ATO style and accessibility requirements. |

### 28 November 2017

| Part            | Comment  |
|-----------------|----------|
| Contact details | Updated. |

### 11 February 2016

| Part      | Comment                                                 |
|-----------|---------------------------------------------------------|
| Section 1 | Included dates when different calculations can be used. |

### 21 May 2015

| Part | Comment                               |
|------|---------------------------------------|
| All  | Updated to new LAPS format and style. |

### 22 April 2014

| Part            | Comment  |
|-----------------|----------|
| Contact details | Updated. |

### 6 December 2011

| Part                   | Comment                                                  |
|------------------------|----------------------------------------------------------|
| Related public rulings | References to IT 2398 and TD 93/177 (withdrawn) removed. |

### 28 April 2011

| Part            | Comment                                                           |
|-----------------|-------------------------------------------------------------------|
| Various         | 'Tax Office' updated to 'ATO' as per Style Guide recommendations. |
| Contact details | Updated.                                                          |

### 16 September 2008

| Part            | Comment  |
|-----------------|----------|
| Contact details | Updated. |

### 7 April 2008

| Part            | Comment  |
|-----------------|----------|
| Contact details | Updated. |

1 June 2004

| Part            | Comment                         |
|-----------------|---------------------------------|
| Various         | Legislative references updated. |
| Contact details | Updated.                        |

#### ATO references

|              |                                                               |
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