# *PS LA 2005/7 - Substantiating an individual's work-related expenses*

This cover sheet is provided for information only. It does not form part of *PS LA 2005/7 - Substantiating an individual's work-related expenses*

This Practice Statement refers to legislative provisions and defined terms that have been repealed or substituted by the *Treasury Laws Amendment (Tax Reform No. 1) Act 2026*.

Effective from 1 July 2026, this Practice Statement does not apply to the extent that it relies on those repealed or substituted provisions or definitions.

The following provision referred to in the Practice Statement was repealed:

- section 900-35 of the *Income Tax Assessment Act 1997* (exception for small total of expenses).

This Practice Statement will be updated in due course to reflect the changes introduced by the *Treasury Laws Amendment (Tax Reform No. 1) Act 2026*.

Until the Practice Statement is updated, it continues to apply in full for income years ending on or before 30 June 2026, including where taxpayers lodge or amend income tax returns for the 2025-26 income year or earlier years.

Guidance is available at Standard deduction for work-related expenses.

This document has changed over time. This version was published on *22 January 2025*

Refer to end of document for amendment history. Prior versions can be requested by emailing TCNLawPublishingandPolicy@ato.gov.au if required.

# PS LA 2005/7
# Substantiating an individual's work-related expenses

## This Practice Statement describes what documentary or other evidence is acceptable substantiation of an individual's work-related expenses.

*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. What this Practice Statement is about

This Practice Statement applies to expenses relating to income reported on an individual non-business payment summary or income statement, such as salary and wages income. It does not apply to non-individual, business or investment expenses.

Some taxpayers may not be able to meet the specific substantiation requirements but they may have other evidence that demonstrates they are complying with the law. You should consider all cases on their own merit.

Cases that exhibit special or exceptional circumstances should be dealt with on a case-by-case basis – for example, if there is evidence to suggest that the documentation may be fraudulent or where the taxpayer's evidence differs substantially from the approaches set out in this Practice Statement.

### 2. Acceptable evidence

If a taxpayer's total work-related expense claims exceed $300, they must provide written evidence for the entire amount (not just the amount over $300). A summary of the requirements is provided in Attachment A to this Practice Statement.

Documents (such as invoices and receipts) that the taxpayer acquires[1] from the supplier must set out the:

- supplier's name or business name
- amount of the expense or the cost of the asset, expressed in the currency in which it was incurred
- nature of the goods, services or asset
- day on which the expense was incurred or the asset was acquired
- day on which the document was made out.

If the document does not specify the nature of the goods or the day the expense was incurred, the taxpayer may write in the missing details before they lodge their tax return. They can also use alternative supporting evidence to show this information.

Records made and stored electronically are recognised as documents.

Where the documents supplied are insufficient, we may accept the following documents (or combinations of documents) as acceptable evidence of expenses:

- bank statements
- credit card statements
- payment reference numbers (such as BPAY, Post Billpay, PayID, Poli, and so on), combined with bank statements or tax invoices.

### 3. Examples – sufficient evidence

All the examples in this Practice Statement assume that the taxpayer has other work-related expenses that will take the total being claimed to more than $300.

#### *Example 1 – bank or credit card statement with alternative evidence*

*Daniel is employed by a large firm of solicitors and receives a bill for his annual professional subscription fees, which he pays using his credit card. His credit card statement bears the date of the transaction, the name of the professional association and the amount paid. Before he lodges his tax return, Daniel makes a note on his credit card statement to the effect that the transaction relates to his professional subscription fees.*

[1] This may be electronically via email, internet, and so on.

### *Example 2 – bank or credit card statement with alternative evidence*

*Kylie, having just started her first full-time job as a clerical worker, purchases a pen to use at work. She buys it from a jeweller's shop for $50. She also buys a pair of earrings for $100 and pays for both items on her credit card. Having never completed a tax return before, she is not aware that the pen will be a deductible expense. She does not request or receive a receipt.*

*When it is time to prepare her tax return, Kylie realises that she can claim her pen as a work expense. She checks her credit card statement and finds that it shows an amount of $150 and the name of the jeweller's shop. Initially, she decides it would be safest not to claim for the pen because she has no specific receipt and she is not sure of the exact amount. However, she kept the box the pen came in and noted the $50 price sticker on the outside. Before lodging her tax return, Kylie makes a note on the credit card statement detailing the 2 items and their respective prices and keeps the packaging along with her bank statement. Kylie now has sufficient information to substantiate her claim.*

*Had Kylie not kept the box but instead obtained a written breakdown of purchases from the jewellery store, she would also have been able to make a note on her credit card statement detailing the 2 items and their respective prices, which would have been sufficient evidence to substantiate her claim.*

### *Example 3 – evidence in electronic formats*

*Minh, a computer programmer, buys a data storage device for work over the internet. When he orders it, he receives an automatic response via email that quotes an order reference number, the nature of the goods and the amount due to be paid. He pays by electronic funds transfer and prints out a copy of the payment receipt. He keeps the payment receipt, which includes the supplier's name and the amount paid.*

*Minh stores the email in an electronic folder labelled 'Tax', which he also backs up. The combination of the automatic email response and payment receipt is sufficient evidence to substantiate Minh's expense.*

### *Example 4 – evidence in electronic format*

*Amanda, also a computer programmer, retains her internet-generated receipts for work expenses (including supplier details and purchase amounts) on her computer. If necessary, the receipts can be printed and we may be able to verify the receipts as genuine by communicating with the issuer. The electronic receipt is sufficient evidence to substantiate Amanda's expenses.*

### *Example 5 – evidence in electronic format*

*Jonathan often moves from job-to-job, frequently relocating to different cities in order to take up employment opportunities. He prefers not to keep paper receipts. Instead, he scans his receipts using an app downloaded to track his deductions.*

*If the original receipts contain the required information, they are sufficient to substantiate his expenses. Electronic copies that are a true and clear reproduction of the originals are also acceptable because we can verify that the receipts are genuine by communicating with the issuer.*

### *Example 6 – various payment methods*

*Louise is an apprentice plumber employed by a small plumbing business. She uses her mobile phone for business calls and she provides her own tools.*

*Louise uses BPAY to pay her mobile phone bills. She cannot claim a deduction for the private use component of her phone, so she maintains a log of calls made for business purposes, including the date, time of call and phone number called. She uses her itemised phone bill to determine the cost of her business-related calls. She notes her BPAY receipt number on the bill. The combination of the BPAY receipt number, log of phone calls and itemised phone bill is sufficient evidence to substantiate the expense.*

*Louise is a regular customer at her local hardware store so, when she purchases $250 worth of tools, they issue her with a tax invoice requesting payment within 30 days instead of asking her to pay at the time of purchase. She pays the amount at the end of the month by an electronic transfer from her bank account. The combination of the tax invoice and bank statement showing the electronic transfer is sufficient evidence to substantiate the claim for the purchases.*

*She also buys a spanner from a different hardware store because she needs to replace one that was damaged while she was on a job. She pays for the spanner using electronic funds transfer point of sale (EFTPOS), and withdraws some cash, keeping her receipt. The receipt contains the relevant details required, showing $129 for the spanner and $100 for the cash withdrawal. The receipt is sufficient evidence to substantiate Louise's expense.*

*Note: For most EFTPOS transactions, a bank statement alone would not be sufficient evidence to substantiate a claim. This is because bank statements do not generally show a cash withdrawal separately from the amounts associated with the items purchased in the transaction, nor do they usually show the nature of the items purchased.*

*If the taxpayer does not obtain or retain the receipt for an EFTPOS transaction, they will generally need further evidence to show the amount of the item*

*purchased. Had Louise not kept the receipt, we would accept other evidence that demonstrates the amount spent on the spanner – for example, the combination of the bank statement and the written price breakdown from the hardware store, or the combination of the bank statement and the tool packaging marked with the price.*

### *Example 7 – copies of receipts*

*Marco, a real estate agent employed by a large real estate agency, uses his car for work purposes and pays for fuel, oil, repairs and maintenance at the local garage. He pays by credit card, EFTPOS or cash. The receipts are printed on thermal paper, which fades over time.*

*Marco claims his car expenses via the logbook method and so does not need to keep the receipts for fuel and oil (he relies on his odometer records). However, he needs to claim separately for the repairs and maintenance. Marco photocopies the thermal paper receipts to protect the information contained on the receipts and ensure that he is able to continue to provide a copy of the receipts after the original receipts fade.*

*If the receipts contain sufficient information to support the correctness of the claim, they are acceptable as sufficient evidence to substantiate Marco's expenses, whether they are in the form of original receipts or copies of the original receipts. This is provided that the copies are a true and clear reproduction of the originals.*

## 4. Examples – insufficient evidence

### *Example 8 – prices on the product*

*Tom, an apprentice mechanic employed by a small auto-repair business, requires textbooks for the TAFE component of his apprenticeship. He purchases them for $270 in cash from an ex-student at the TAFE he attends. He does not ask for a receipt and, when preparing his tax return, cannot remember the name or contact details of the person from whom he purchased them. The textbooks have prices written in pencil on the inside cover.*

*Tom has no receipt and no way of getting a receipt or other evidence to support his claim for the textbooks. The notation on the inside cover of the textbook alone is not sufficient evidence to substantiate Tom's expense.*

### *Example 9 – screenshot of private advertisement*

*Jane, a radio engineer employed by a local radio station, purchases some tools for work for $200 from a private individual who advertised them for sale in the local paper. Jane pays cash for the tools and does not obtain a receipt but she keeps the advertisement. The advertisement includes a description of the tools, the price advertised and a contact phone number for the seller. At the end of the financial year, Jane decides to call the seller to obtain a receipt for the tools but she finds that the number has been disconnected.*

*Jane has no receipt and no way of getting a receipt or other evidence to support her claim for the tools. The advertisement alone is not sufficient evidence to substantiate her expense.*

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## 5. More information

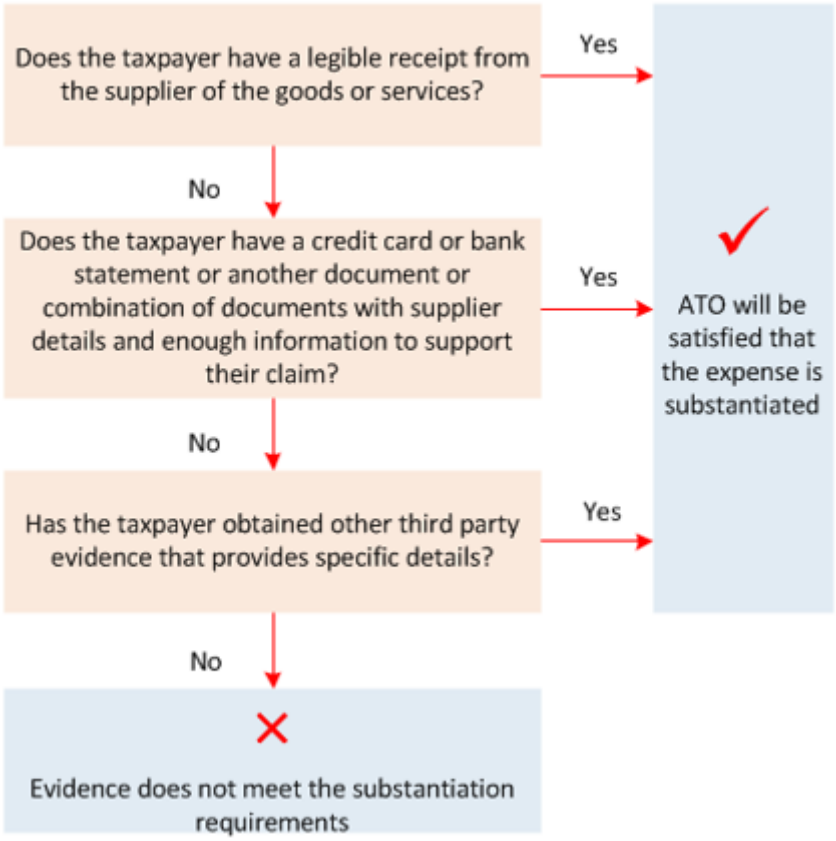
For more information, see:

- Claims of $300 or less
- Deductions you can claim
- Rules for written evidence to substantiate deductions
- Written evidence

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|---|---|
| **Date issued** | 20 April 2005 |
| **Date of effect** | 1 July 2004 |
| **Business line** | IAI |

## ATTACHMENT A

Diagram 1: Rules for accepting documentary evidence where total work expenses exceed $300




Note: Taxpayers do not need receipts if:

- the total of their work expenses (excluding car, meal allowance, award transport payments allowances and travel allowance expenses) does not exceed $300
- a taxation law or an associated publication allows a concession for reasonable expenses (for example, travel, home office expenses and laundry expenses not exceeding $150)
- the expenses are less than $10 individually and the total does not exceed $200 (section 900-125 of the *Income Tax Assessment Act 1997*), or
- the Commissioner of Taxation considers it unreasonable to expect them to have written evidence (section 900-130 of the *Income Tax Assessment Act 1997*).

## Amendment history

**22 January 2024**

| Part | Comment |
|---|---|
| All | Content checked for technical accuracy and currency.<br>Updated in line with current ATO style and accessibility guides. |

**28 November 2017**

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|---|---|
| Contact details | Updated. |

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| All | Updated to new LAPS format and style. |

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| Part | Comment |
|---|---|
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**16 September 2008**

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

**7 April 2008**

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

## References

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|---|---|
| **Legislative references** | ITAA 1997 900-125<br>ITAA 1997 900-130 |
| **Other references** | Claims of $300 or less<br>Deductions you can claim<br>Rules for written evidence to substantiate deductions<br>Written evidence |

## ATO references

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