



# Claiming Work-Related Car Expenses

We are finding some taxpayers are not adjusting to the various changes introduced to claim motor vehicle expenses from 1 July 2015. It is worthwhile revising these changes and ensuring the correct methods and substantiation are maintained.

The following is a refresher of some of these changes.

## **What happened from 1 July 2015?**

The government simplified the car expenses deduction rules in that taxpayers can only claim via the cents per km method or the logbook method.

A taxpayer can no longer claim using the 12% of original value or 1/3 of actual expenses as of 1 July 2015.

## **What changes took place under the cents per kilometre method?**

Under this method, there are no longer separate rules based on the size of the car's engine.

Instead the claim is based on 66 cents for all vehicle types up to a maximum of 5,000km per car.

It is worth pointing out that you cannot claim a deduction for travel between home and work. This is considered to be private.

## **What are the requirements to maintaining a log book?**

The claim under this method is based on the work-use percentage of the expenses for the car.

The expenses that can be claimed include running costs such as repairs & maintenance, servicing, insurance, registration and fuel & oil. The vehicle cost and any improvements can also be included as an expense, but will be depreciated generally over an 8-year period.

Please remember you will need written evidence for all expenses for the car. The exception is fuel & oil costs which can be claimed based on receipts or an estimate based on odometer records.

## **How long is the logbook valid for?**

A logbook is valid for five years and it must cover at least 12 continuous weeks.

If you started recording your logbook less than 12 weeks before the end of the year, the 12-week period can continue into the next year and you can still use the determined work percentage for the prior year.

If your pattern of car use or circumstances change significantly (i.e. change of jobs), you must prepare a new logbook.

## **What information must be included in your logbook?**

A logbook must include;

- Period start and end date including 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
- The work-use percentage for the period.

The individual entries in the logbook for each business trip must be made at the end of the journey and show the:

- Date the journey
- Odometer readings at the start and end of the journey
- Kilometres travelled on the

journey

- Reason for the journey.

For further information please contact your RCB Advisor office.

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