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## Claiming Motor Vehicle Expenses (income year 2019-20)

**This checklist will assist in completing the relevant deduction information for your tax return.**

If you are claiming a deduction for using your own car in performing your employment duties (including a car you lease or hire) or in running your business, it is treated as a car expense. If you use someone else's car for work purposes, you may be able to claim the direct costs (such as fuel) as a travel expense. If the travel was partly private, you can claim only the work-related portion.

### **When you can claim and can't claim for car expenses**

#### **When you can claim**

You can claim a deduction for work-related car expenses if you use your own car in the course of performing your job as an employee, or in running your business, for example, 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;
- attend conferences or meetings;
- deliver items or collect supplies;
- travel between two separate places of employment, provided one of the places is not your home (for example, when you have a second job);
- travel from your normal workplace to an alternative workplace and back to your normal workplace or directly home;
- travel from your home to an alternative workplace and then to your normal workplace or directly home (for example, if you travel to a client's premises);
- perform itinerant work.

If you receive an allowance from your employer for car expenses, it is assessable income and the allowance must be included on your tax return. The amount of the allowance will usually be shown on your payment summary.

#### **When you can't claim**

Most people can't claim the cost of travel between home and work because this travel is private.

### **Calculating your deductions**

Below is a breakdown of the methods and calculations which applied from and before 1 July 2019. (From 1 July 2015, the one-third of actual expenses method and 12% of original value method were abolished.)

The two methods available from 1 July 2019 are:

- cents per kilometre method; and
- logbook method.

### **Cents per kilometre method**

The cents per kilometre method is available for use with some changes. Separate rates based on the size of the engine are no longer available from 1 July 2015. Under the revised method, individuals use 68 cents per kilometre for all motor vehicles for the 2016–17 income year. For the 2020-21 income year, the rate increases to 72 cents per kilometer. The Commissioner of Taxation will determine the rate for future income years.

- Your claim is based on 6 cents per kilometre for 2019-20 income year
- You can claim a maximum of 5,000 business kilometres per car
- You don't need written evidence but you need to be able to show how you worked out your business kilometres (for example, by producing diary records of work-related trips).

Where you and another joint owner use the car for separate income-producing purposes, you can each claim up to a maximum of 5,000 kilometres.

### **Logbook method**

- 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.
- To work out your business-use percentage, you need a logbook and the odometer readings for the logbook period. The logbook period is a minimum continuous period of 12 weeks.
- 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.

### **Owned or leased cars**

You can claim a deduction for using a car that you owned, leased or hired under a hire-purchase agreement using one of the two deduction methods outlined above.

You may not be considered to own or lease the car if you do not make financial contributions such as the initial purchase, lease, hire-purchase agreements, and loan or lease payments – even though you pay for expenses such as registration, insurance, maintenance or other running costs.

This does not stop you from claiming a deduction for the expenses you pay, but you cannot use either of the two methods available from 1 July 2015.

If you have a family or private arrangement where you are effectively the owner of the car, even if you are not the registered owner, the ATO will treat the car as if you owned it and you can claim expenses. For example, the ATO would allow you to claim for a family car that was given to you as a birthday present, even if it was not registered in your name, if you used it as your own and you paid all the expenses.