



# Car Travel

## *Tax Deductions*



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# WHAT CAR TRAVEL IS TAX DEDUCTIBLE?

It is important to know what car, ute or dual cab travel is classified as work or business use (and is tax deductible) by the Australian Taxation Office.

We have provided some important information below to help you determine what is valid work or business use.

## WHAT YOU CAN CLAIM

You can claim car travel tax deductions if:

- you carry bulky tools or equipment (such as an extension ladder or cello) that your employer requires you to use for work and you can't leave at work;
- you attend conferences or meetings;
- you deliver items or collect supplies;
- you travel between two separate places of employment, but not if one of the places is your home (for example if you have a second job);
- you travel from your normal workplace or your home to an alternative workplace that is not a regular workplace (for example a client's premises) while still on duty, and back to your normal workplace or directly home;
- you perform itinerant work;
- your home is a base of employment and you are required to start your work at home and travel to a workplace to continue your work for the same employer;
- you have shifting places of employment and you regularly work at more than one site each day before returning home;
- you travel from your home to an alternative workplace that is not a regular workplace for work purposes, and then to your normal workplace or directly home. This does not apply where the alternative workplace has become a regular workplace.

## WHAT YOU CAN'T CLAIM

You can't claim the cost of driving your car between work and home just because:

- you do minor work-related tasks (for example picking up the mail on the way to work or home);
- you have to drive between your home and your workplace more than once per day;
- you are on call (for example you are on stand-by duty and your employer contacts you at home to come into work);
- there is no public transport near where you work;
- you work outside normal business hours (for example shift work or overtime);
- your home is a place where you run your own business and you travel directly to a place of work where you work for somebody else;
- you do some work at home.

**There are two methods to determine your car tax deductions, the cents per kilometre method and the logbook method.**

## UNDER THE CENTS PER KILOMETRE METHOD

- a single rate is used. Your claim is based on 68 cents per kilometre for 2018/19 income year (or 66 cents per kilometre for the 2017/18 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 claim up to a maximum of 5,000 business kilometres

# TRAVEL AWAY FROM HOME

## UNDER THE LOGBOOK METHOD

- your claim is based on the business use percentage of the expenses for that car;
- expenses include running costs and decline in value but not capital costs, such as the purchase price of your car, the principal or 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

## TRAVEL AWAY FROM HOME

When you travel away from your home to another town for work or business purposes, you can claim tax deductions relevant to the trip. For example fuel, accommodation and meals are all tax deductible.

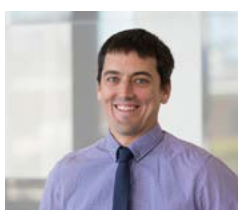
The tax office is aware that sometimes trips to another town will be partly private as well, so you may have to apportion your costs between work and private.

For example you may have to stay in brisbane for 2 nights in order to carry out a full day of work or business meetings, then have 2 additional nights away on leave. In this situation you can claim a tax deduction for all your travel costs getting to Brisbane, but only claim a tax deduction for half (2 nights) accommodation and food.

Be aware that the dominant purpose of your trip needs to be for work or business purposes. If you travel to Brisbane for 1 day of meetings then have 7 days annual leave, it will be harder to justify your trip was for work purposes (so you can claim your travel costs getting there) and not pleasure.

To provide evidence your trip was for work or business purposes (especially when you also have some leave days tacked onto your trip), information like travel and meetings agendas, business cards, minutes of meetings and the such will help prove the tax deductible purpose.

## FOR MORE INFORMATION CONTACT



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