Australian Government
Australian Taxation Office

SIRAGUSA
ACCOUNTANTS & ADVISERS

Car expenses

To claim a deduction for a work-related expense:

- you must have spent the money yourself and weren't reimbursed
- the expense must directly relate to earning your income.
- you must have a record to prove it.

What can I claim?

✅ **You can claim** a deduction for car expenses if you use your car to:

- perform your work duties
- attend work-related conferences or meetings away from your normal workplace
- travel directly between 2 separate places of employment if neither of the places is your home
- travel from your normal workplace to an alternative workplace (and return)
- travel from your home to an alternative workplace, then to your normal workplace.

Remember

❌ **You generally can't claim** the cost of trips between home and work, even if you live a long distance from your usual workplace or work outside normal business hours.

❌ **You can't claim** a deduction for a car expense that has been reimbursed.

✅ In limited circumstances, **you can claim** the cost of trips between home and work, where:

- you have shifting places of employment (that is, you regularly work at more than one site each day before returning home)
- you carry bulky tools or equipment for work and all of the following apply
  - the tools or equipment are essential to perform your employment duties and you don't carry them merely as a matter of choice
  - the tools or equipment are bulky – meaning that because of their size and weight they are awkward to transport and can only be transported conveniently using a motor vehicle
  - there is no secure storage for such items at the workplace
- your home is a base of employment (that is, you are required to start certain work activities at home and travel to a workplace to complete those work activities).

How to calculate your car expenses

You can choose between the cents per kilometre method or the logbook method to work out your deduction if you:

- own the car
- lease the car directly from the finance company
- hire the car under a purchase agreement with the car dealership or a finance company.

You don't own, lease or hire a car you use under a salary sacrifice or novated lease arrangement. This is because it's usually your employer leasing the car from the financing company and making it

available for your use. You can't claim a deduction for car expenses but you can claim additional work-related expenses you incur that are associated with your work use of the car, such as parking and tolls.

If you use someone else's car, you can claim a deduction for the actual costs you incur that relate to your work use.

Cents per kilometre method

If you use the cents per kilometre method, your claim is based on a set rate per kilometre.

You:

- can claim a maximum of 5,000 km for work-related kilometres per year, per car
- don't need receipts for your expenses (for example fuel receipts)
- need a record to show how you calculate your work-related kilometres (for example, using a diary or the myDeductions tool in the ATO app)
- need to be able to show that you own the car.

The cents per kilometre rate covers all car expenses, including decline in value, registration and insurance, maintenance, repairs and fuel costs. You can't add these, or any other car expenses, on top of the rate when calculating your deduction.

Logbook method

The logbook method allows you to claim the work-related portion of your actual car expenses.

- **You can claim** running costs such as fuel, oil and servicing, registration, insurance, and the decline in value.
- **You can't claim** capital costs, such as the purchase price of your car, the principal of a loan to buy it, or any improvement costs (for example, adding tinted windows).

You need records for all other car expenses, including evidence that you own the car and odometer readings at the start and end of the period you use the car during the year.

To work out your work-related use percentage, you need a valid logbook and the odometer readings for the start and end of the logbook period.

Your logbook:

- needs to show your work-related trips for a continuous 12-week period that represents your general pattern of work-related travel
- needs to show the destination and purpose of every journey, the odometer reading at the start and end of each journey, and the total kilometres travelled
- is valid for 5 years (unless your circumstances change – for example, you change jobs)
- can be a paper logbook, or can be kept electronically by using the myDeductions tool in the ATO app.

Tip: if you're using the logbook method for 2 or more cars, you'll need to keep a separate logbook for each car. The logbooks must be kept for the same 12-week period.

You can claim fuel and oil costs, based on either actual receipts, or an estimate of the expenses using odometer records that show readings from the start and the end of the period you used the car during the income year.

If your car is a zero emissions electric car or a plug-in hybrid electric vehicle (PHEV), you can choose to use the electric vehicle home charging rate set out in PCG 2024/2 Electric vehicle home charging rate – calculating electricity costs when a vehicle is charged at an employee's or individual's home and your odometer records to estimate your home charging expenses. From 1 July 2024, you can also use the home charging rate using the methodology in PCG 2024/2 if you own and use a plug-in electric vehicle (PHEV) for work.

Definition of a car

A car is a motor vehicle that carries a load of less than one tonne and fewer than 9 passengers (including the driver). This includes electric (zero emission), PHEVs and hybrid vehicles if they meet this definition. Motorcycles and similar vehicles are not cars.

If you are claiming for a vehicle that is not a car, you will need to keep records of all expenses and your work-related use. While it is not a requirement to keep a logbook, it is the easiest way to calculate your work-related use.

Vehicles that aren't cars

If your vehicle isn't a car, you can claim your actual work-related expenses. You can't use the logbook or cents per kilometre method.

This is a general summary only
For more information go to ato.gov.au/carexpenses or speak to a registered tax professional.

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