Australian Government
Australian Taxation Office

SIRAGUSA
ACCOUNTANTS & ADVISERS

Keeping records for work-related expenses

If you claim a deduction for work-related expenses, you must have written evidence of those expenses. For some expenses you will also need records to show your work-related use and how you calculated your claim. Your deduction can be disallowed if you're not eligible or you don't keep the right records.

Written evidence is usually a receipt from the supplier of the goods or services that shows the:

- name of supplier
- amount of the expense or cost of the asset
- nature of goods or services
- date of payment
- date of the document.

A bank or credit card statement that doesn't include all of this information is not acceptable written evidence on its own.

You can keep electronic records, including photos of your receipts.

The myDeductions tool in the ATO app is a record-keeping tool you can use to keep track of your records electronically. Download the free app now.

How long to keep your records?

You need to keep your records (including written evidence) for 5 years from the date you lodge your tax return.

If you claim the decline in value of a depreciating asset that you use for work, keep written evidence and records for 5 years from the date of your last claim for the decline in value.

Record keeping exceptions

Record keeping exceptions are available to make things simpler – they don't allow you to claim an automatic deduction.

In some circumstances you may not need written evidence, but you will still need to show you spent the money and how you calculated your claim.

Commissioner's discretion to review failure to keep records

If you haven't got written evidence from a supplier, the Commissioner may allow you to claim a deduction, if the nature and quality of the evidence you provide shows that:

- you spent the money (and weren't reimbursed)
- the expense is deductible and you're eligible to claim a deduction.

Evidence can include bank or credit card statements that show the amount that was paid, when and who it was paid to, as long as you write the nature of the goods or services provided on your statement.

If you pay a supplier in cash and have no other documents to support your claim, you will not have sufficient evidence to claim a deduction.

Specific record keeping rules for work-related expenses

Car expenses

If you're eligible to claim car expenses, the type of records you need to keep depends on whether you use the cents per kilometre method or logbook method to calculate your claim.

These methods are for work-related car expenses for your own car.

You may need to keep different (or additional) records if your car expense claim is for:

- transporting bulky tools or equipment
- a borrowed car
- a vehicle other than a car (for example, a motorcycle, ute, or minibus).

Method 1: Cents per kilometre

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 use, 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.

Method 2: Logbook

You claim the work-related use of your car expenses by keeping a valid logbook.

Your logbook must cover a continuous 12-week period that represents your travel throughout the year and show:

- your work-related journeys, by recording the date and the odometer readings when you start and end each journey, the total kilometres travelled and the purpose of each journey
- the date and odometer readings when the 12-week logbook period started and finished
- the total kilometres travelled during the logbook period, as well as the total kilometres that were work-related during logbook period.

In addition, you must also keep opening and closing odometer records for every income year that you rely on your logbook. Generally, this will be the odometer reading on the first day of the income year (1 July) and last day of the income year (30 June). If you sell the car during the year, the closing odometer reading will be the reading at the date of sale.

If the work use percentage of your car based on your logbook no longer represents your pattern of work-related travel, you need to complete a new logbook.

Your logbook is valid for 5 years, but you can start a new logbook at any time.

You can claim fuel and oil costs based on your actual receipts, or you can estimate the expenses. Base the estimate on odometer readings from the start and the end of the income year (or purchase or sale date) in which you owned or leased the car during the year and the average price of fuel over the income year.

You must also keep:

- written evidence for all car expenses, including the original purchase
- details of how you calculated your claim for decline in value of your car, including the effective life and method used.

Electric vehicles

If your car is electric (zero emissions) or a plug-in hybrid electric vehicle (PHEV), instead of keeping receipts for fuel and oil, you must keep:

- receipts from commercial charging stations
- evidence that shows you incurred electricity costs to charge your car at home, such as your electricity bills and how you calculated your home charging expenses including the average units of power used per hour and the total annual hours your car was charged.

Alternatively, if your car is an electric (zero emissions) car or PHEV, you can choose to use the electric vehicle (EV) home charging rate.

For more information, go to ato.gov.au/carexpenses

Clothing, laundry, and dry-cleaning expenses

Clothing

If you're eligible to claim a work-related clothing deduction, you must keep written evidence. You can only claim clothing that is occupation-specific, protective, a compulsory uniform, or non-compulsory uniform your employer has registered on the Register of Approved Occupational Clothing.

Laundry

If your claim for laundering (washing and ironing) deductible clothing is less than $150, you don't have to keep written evidence. However, you must keep details of how you calculated your claim.

Dry-cleaning

Dry-cleaning isn't included in the $150 exception for laundry expenses. Keep all written evidence for dry-cleaning your eligible work-related clothing.

For more information, go to ato.gov.au/clothingandlaundry

Self-education expenses

If you're eligible to claim a work-related self-education deduction, keep written records for all your self-education expenses. This may include course fees, textbooks, stationery, computers or laptops and travel expenses.

You also need to be able to explain how the course directly relates to your employment at the time of study.

If you are claiming a deduction for a depreciating asset (for example, a laptop), you must keep written evidence and records of how you work out the decline in value.

For more information, go to ato.gov.au/selfeducation

Depreciating assets

Some items, like a car or computer, have a limited effective life and decline in value (depreciate) over time.

How you treat and work out your claim will depend on if the item:

- costs $300 or less
- costs more than $300
- forms part of a set that together costs more than $300
- is identical, or substantially identical, to other items purchased that together cost more than $300.

$300 or less

If the item cost $300 or less, and you use it only for work-related purposes, you can claim an immediate deduction for its cost in the year you buy it.

If you use the item for private purposes, you must reduce your deduction to take that private use into account.

More than $300

If the item cost more than $300, you can claim a deduction for the decline in value over the effective life of the item (or items).

The records you must keep include:

- written evidence from the supplier which shows the name of the supplier, the cost and a description of the asset, the date of payment and date of the document
- when you started using the item for a work-related purpose
- how you work out your percentage of work-related use, such as a diary that shows the purpose of and use of the item for work
- how you chose to work out the decline in value, by
  - using a copy of the Commissioner of Taxation's determination of effective life
  - working out the item's effective life yourself, if you don't use the Commissioner's determination.

To help you work out your claim and decline in value for a depreciating asset, use our Depreciation and capital allowances tool.

For more information, go to ato.gov.au/depreciationtool

Working from home

If you're eligible to claim running expenses as a result of working from home, the records you need to keep depend on the method you use to work out your claim.

Method 1: Fixed rate method

If you are using the fixed rate method, you need to keep records of the total number of hours you spent working at home for the entire income year. An estimate of your hours won't be accepted.

You must also keep records:

- for the expenses covered by the fixed rate method that you incurred – for example, if you use phone and electricity when you work from home, keep one bill for each of these expenses
- for items or expenses you can claim as a separate deduction, that is, expenses not covered by the rate per hour
- that show how you calculate your work-related use of those items, or work-related portion of the expenses.

Method 2: Actual cost method

If you are claiming the actual costs you incur as a result of working from home, you need written evidence for every expense you claim.

You must keep records:

- for all additional running expenses (for example, stationery, electricity, and gas)
- for all depreciating assets
- that show how you calculate your work-related use of those items and the work-related portion of your running expenses.

For more information, go to ato.gov.au/home

Overnight travel expenses

There are specific record keeping requirements for overnight travel expenses, depending on:

- whether your travel allowance is shown on your income statement or payment summary
- whether your travel was domestic or overseas
- the length of your travel and your occupation.

Travel records you should keep include:

- a travel diary or itinerary if your travel was for 6 nights or more
- receipts for all meals, airfares, accommodation and incidental expenses
- an explanation of how the travel was work-related, the number of nights you slept away from home, and the location.

You may be able to rely on an exception from keeping records if:

- you receive a travel allowance that is expected to cover your accommodation, meals, and incidental expenses
- your travel allowance is shown on your income statement or payment summary
- the amount you spent on those particular expenses does not exceed the reasonable amounts.

Different rules apply depending on whether you travel domestically or overseas. There is also a specific exemption for overseas travel for airline crew.

For more information, go to ato.gov.au/overnighttravelexpenses

This is a general summary only

For more information, go to ato.gov.au/keepingtaxrecords or speak to a registered tax professional.

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