

USING YOUR VEHICLE FOR WORK?



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Claiming car expenses for work related travel

The way you claim your car expenses for work related travel will depend on whether you have a “non-commercial” car or a “commercial” vehicle. While a non-commercial car can use two methods to claim a tax deduction—the set rate per kilometre method or the log book method, a commercial vehicle can only use the logbook method.

How do I know if my car is a commercial vehicle?

If your vehicle is a ute with a one tonne tray-carrying capacity, then it is considered a commercial vehicle. Common examples include the Ford Ranger, Nissan Navara, Mazda BT-50 and Toyota Hilux. However, there may be different models that do not exceed the one tonne limit.

You can usually find all the required information in your vehicle’s handbook, or you can contact us with your vehicle’s details and we can check this for you.



How do I claim a tax deduction on my one tonner?

You will need to:

- Keep a valid logbook for 12 consecutive weeks
- Record your odometer reading at 30 June each year
- Keep all your receipts for vehicle expenses including fuel

A logbook must generally be started by 1 April 2017 if you wish to claim expenses for your 2017 tax. Assuming your circumstances don’t change, the logbook is valid for up to 5 years. This means you only need to complete one logbook every 5 years, even if you change vehicles every year.

What happens if I have a normal car?

If your car is a sedan, hatchback, station wagon or a ute that has a tray capacity of less than one tonne, you can claim your expenses using either the Set Rate per Kilometre or the Logbook Method.

Set Rate per Kilometre

- For normal cars, you can claim up to 5,000 km travel at the ATO set rate for that year (2017 tax: 66 cents per km).
- You don’t need a logbook to use this method. A reasonable estimate is acceptable
- We generally find that clients underestimate the amount of tax deductible travel they do. Best to keep a diary or record the travel in your smart phone.

So what is the Logbook Method?

- All vehicles (commercial & non-commercial) can use the logbook method to claim tax deductible travel.
- Your logbook must be completed for 12 consecutive weeks and include all ATO required information.
- Your logbook can last up to 5 years (unless your circumstances significantly change).
- Your tax-deductible usage is calculated by your logbook (eg. 80% work-related travel with bulky tools and no secure lockup facilities).
- Your tax deduction is calculated as the logbook percentage of your cars running costs (fuel, registration, insurance, repairs and tyres) as well as depreciation and interest on your vehicle finance.
- You must record your odometer reading at 30 June each year.
- You generally need to keep receipts for all expenses for your vehicle to claim them. For salary and wage earners, the ATO will allow bank statements and credit card statements to prove your expenses in some circumstances.
- For normal cars you can estimate your fuel costs but not for commercial vehicles.
- The logbook method often results in a larger tax deduction.
- If you are using multiple vehicles, you need to keep a 12 week logbook for each vehicle at the same time.

Example

Peter is a mechanic and is required to provide tools for his work. His employer cannot provide a secure lockup facility, so Peter needs to carry his tools to and from work each day. The tools weigh more than 20 kg and are bulky. Peter would be entitled to claim a portion of his car costs as a tax deduction.

If Peter is driving a 2015 Ford Ranger XLT how can he claim his expenses?

This vehicle has a tray carrying capacity (pay load) of more than one tonne. Peter would need to have a valid 12 week logbook and keep all his vehicle receipts to claim a tax deduction. The work-related use in his logbook determines what percentage of his car expenses Peter can claim. He can also claim a portion of the vehicle depreciation and interest on the car finance.

What if Peter was driving a 2015 Holden Colorado LTZ ?

As this vehicle has a tray carrying capacity (pay load) of less than one tonne, Peter has a choice on how to claim his car costs. He can use the logbook method or the set rate per kilometre.

If using the set rate per kilometre, Peter could claim his work related travel (up to a maximum 5,000 km) at 66c/km for 2017 tax.

Per the ATO, to be valid your a logbook must show the following information:

- When the logbook period begins and ends
- The car's odometer readings at the start and end of the logbook period
- Total number of kilometres travelled during the logbook period
- The number of kilometres travelled for each journey recorded in your logbook including:
 - State and finish dates of the journey
 - Odometer readings at start and end of the journey
 - Kilometres travelled
 - Reason for the journey
- Business-use percentage for the logbook period
- Odometer readings at start and end of each year you rely on the logbook

Have more questions? Contact us at:

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