

# Gifts and donations

Deductions for gifts or donations you make to deductible gift recipients, and the records you need.

**Last updated** 24 June 2024

For a summary of this content in poster format, see [Gifts and Donations \(PDF, 264KB\) \(\[https://www.ato.gov.au/api/public/content/e077b327-78b2-450c-b1bb-1b0d61be28fa\\\_TaxTimeToolkit\\\_Giftsanddonations.pdf\]\(https://www.ato.gov.au/api/public/content/e077b327-78b2-450c-b1bb-1b0d61be28fa\_TaxTimeToolkit\_Giftsanddonations.pdf\)\)](https://www.ato.gov.au/api/public/content/e077b327-78b2-450c-b1bb-1b0d61be28fa_TaxTimeToolkit_Giftsanddonations.pdf).

## When a gift or donation is deductible

You can only claim a tax deduction for a gift or donation to an organisation that has the status of a [deductible gift recipient \(#Whatisadeductiblegiftrecipient\)](#) (DGR).

To claim a deduction, you must be the person that gives the gift or donation and it must meet the following 4 conditions:

1. It must be made to a DGR.
2. It must truly be a gift or donation – that is, you are voluntarily transferring money or property without receiving, or expecting to receive, any material benefit or advantage in return. A material benefit is something that has a monetary value.
3. It must be money or property – this can include financial assets such as shares.
4. It must comply with any relevant gift conditions – for some DGRs, the income tax law adds conditions affecting the types of deductible gifts they can receive.

DGRs sometimes authorise a business to collect donations on their behalf. For example, a supermarket may be authorised to accept a donation at the register that they then send onto the DGR. You can claim a deduction for a gift or donation you make in this way, if:

- it meets the 4 conditions above
- you have [a receipt from the third party \(/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/tax-deductible-donations/keeping-a-record-of-your-donation#ato-Receiptsfromthirdparties\)](#).

If you receive a material benefit in return for your gift or donation to a DGR – for example, you

purchase a ticket to a fundraising dinner – it's considered [a contribution and extra conditions apply \(/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/tax-deductible-donations/is-it-a-gift-or-contribution#ato-Contributions\)](#).

To claim a deduction, you must have a [record of your donation \(#Keepingrecordsforgiftsanddonations\)](#) such as a receipt.

## What is a deductible gift recipient?

A DGR is an organisation or fund that registers to receive tax deductible gifts or donations.

Not all charities are DGRs. For example, crowdfunding campaigns are a popular way to raise money for charitable causes. However, many of these crowdfunding websites are not run by DGRs. Donations to these campaigns and platforms aren't deductible.

You can check the DGR status of an organisation at [ABN Look-up: Deductible gift recipients \(https://abr.business.gov.au/Tools/DgrListing\)](#).

## What you can claim

The amount you can claim as a deduction depends on the type of gift:

- Gifts of money – you can claim the amount of the gift, but it must be \$2 or more.
- Gifts of property or shares – there are different rules depending on the type and value of the property – see [Gift types, requirements and valuation rules \(/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/tax-deductible-donations/gift-types-requirements-and-valuation-rules\)](#).
- Gifts under the Heritage and Cultural programs – there are special circumstances where donations can also be deductible – see:
  - [Donating under the Cultural Gifts Program \(/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/tax-deductible-donations/gift-types-requirements-and-valuation-rules/donating-under-the-cultural-gifts-program\)](#)
  - [Heritage gifts \(/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/tax-deductible-donations/gift-types-requirements-and-valuation-rules/heritage-gifts\)](#)
  - [Claiming conservation covenant concessions \(/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/in-detail/fundraising/claiming-conservation-covenant-concessions\)](#)

If you receive a token item for your donation you can still claim a deduction. Token items are things of no material value that are used to promote the DGR, such as lapel pins, wristbands and stickers.

You claim the deduction for your gift in the income year in which you give the gift. In some circumstances you may elect to [spread the tax deduction over a period of up to 5 income years \(/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/tax-deductible-donations/when-can-i-claim\)](#).

## Bucket donations

If you made one or more small cash donations, each of \$2 or more, to bucket collections – for example, to collections conducted by a DGR for natural disaster victims – you can claim a total tax deduction of up to \$10 for those donations for the income year without a receipt.

To claim donations of more than \$10, you need a receipt.

## Political party and independent candidate donations

In some circumstances, you can claim a deduction for gifts and donations to registered political parties or independent candidates.

This includes paying a membership subscription to a registered political party.

You must have made the gift or donation as an individual (not in the course of carrying on a business) and it can't be a testamentary donation.

Your gift or donation must be worth \$2 or more. If the gift is property, the property must have been purchased within 12 months of making the donation.

The most you can claim in an income year is:

- \$1,500 for contributions and gifts to political parties
- \$1,500 for contributions and gifts to independent candidates and members.

To claim a deduction, you must have a written record of your donation.

For more information see [Claiming political contributions and gifts \(/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/in-detail/fundraising/claiming-political-contributions-and-gifts\)](#).

## What you can't claim

You can't claim gifts or donations that provide you with a personal benefit, such as:

- raffle or art union tickets – for example, an RSL Art Union prize home
- items such as chocolates, mugs, keyrings, hats or toys that have an advertised price
- the cost of attending fundraising dinners (you may be eligible to claim a deduction as a *contribution* if the cost of the event was more than the [minor benefit supplied as part of the event \(/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/fundraising-events/supporting-fundraising-events\)](#))
- club membership fees
- payments to school building funds made in return for a benefit or advantage – for example, as an alternative to an increase in school fees or placement on a waiting list
- payments where you have an understanding with the recipient that the payments will be used to provide a benefit to you
- gifts to family and friends, regardless of the reason
- donations made under a salary sacrifice arrangement
- donations made under a will.

You can't claim a tax deduction for donations made to social media or crowdfunding platforms unless they are a registered DGR.

## **Example: material benefits where a deduction can't be claimed**

Robbie is an office worker. Each year his workplace gets involved in the Daffodil day appeal to raise money and awareness for the Cancer Council. Robbie buys a teddy bear toy on Daffodil Day at a cost of \$30.

Robbie can't claim a deduction for the cost of the toy as he has received a material benefit in return for his contribution to the Cancer Council.

## **Keeping records of gifts and donations**

Keep records for all tax deductible gifts and contributions you make.

Evidence you need to keep may include:

- receipts for donations or contributions
- a signed letter from the eligible organisation confirming the amount of your donation or contribution.

If you receive a [minor benefit \(/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/valuing-contributions-and-minor-benefits/minor-benefits\)](#) (for example, a charity dinner) as a benefit for your contribution, the value of the benefit needs to be shown.

Most DGRs will issue you with a receipt for your donation, but they're not required to. If you don't have a receipt, you can still claim a deduction by using other records, such as bank statements.

If a DGR issues a receipt for a deductible gift, the receipt must state:

- the name of the fund, authority or institution to which the donation has been made
- the DGR's Australian business number (ABN) (some DGRs listed by name in the law may not have an ABN)
- that it is for a gift.

If you give through a workplace giving program, your evidence can be from either:

- your income statement or payment summary
- a [receipt from a third party \(/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/tax-deductible-donations/keeping-a-record-of-your-donation#ato-Receiptsfromthirdparties\)](#) or a written record from your employer.

You can use the [myDeductions \(/online-services/online-services-for-individuals-and-sole-traders/ato-app/mydeductions\)](#) record-keeping tool in the ATO app to keep track of your expenses and receipts throughout the year. If you have an electronic copy of your receipts that are a true and clear reproduction of the original, you're not required to keep the original paper copy.

For more information, see [Keeping a record of your donation \(/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/tax-deductible-donations/keeping-a-record-of-your-donation\)](#).

QC 72185

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# Cars, transport and travel

Deductions for car, transport and travel expenses you incur in the course of your work.

QC 72121

## Trips you can and can't claim

When you can and can't claim deductions for the cost of transport while working and between home and work.

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## Trips while working and between workplaces

You can claim a tax deduction for the cost of transport on trips to:

- perform your work duties – for example, if you travel from your regular place of work to meet with a client
- attend work-related conferences or meetings away from your regular place of work
- deliver items or collect supplies
- go between 2 or more separate places of employment, such as if you have more than one job (but not if one of the places is your home)
- go from your
  - regular place of work to an alternative place of work that isn't a regular place of work (for example, a client's premises) while still on duty, and back to your regular place of work or directly home

- home to an alternative place of work that isn't a regular place of work to perform your duties, and then to your regular place of work or directly home (this doesn't apply if the alternative place of work has become a regular workplace).

## Example: travel between 2 separate workplaces

Aaron works part time at a supermarket and also works part time as a house cleaner. On Tuesdays Aaron drives his car directly from his job at the supermarket to his regular cleaning clients.

As the trip is between 2 separate places of work, neither of which is Aaron's home, he can claim a deduction for the transport expenses he incurs for that trip.

## Example: travel to an alternative place of work

Brock works for a large company with 2 offices in Melbourne. He usually works from the city office but occasionally he's required to attend training at the company's office in Box Hill. When Brock travels to the Box Hill office, he catches a tram at his own expense.

Brock can claim a deduction for the cost of the tram between the Melbourne office and Box Hill office as it's an alternative place of work. He can also claim the cost of any trips between the Box Hill office and his home.

However, if Brock works from the city office every Monday to Thursday and from the Box Hill office every Friday as a standard arrangement, then the city office is his regular place of work every Monday to Thursday and the Box Hill office is his regular place of work every Friday. Brock can't claim a deduction for trips between his home and either of his regular places of work.

# Trips between home and work

You can't claim trips between your home and place of work, except in [limited circumstances \(#Whenyoucanclaimtripsbetweenhomeandwork\)](#).

These trips put you in a position to start work and earn income but are not part of performing your work duties. The cost of these trips is a private expense.

This is the case even if you:

- live a long way from your regular place of work
- work outside normal business hours – for example, shift work or overtime
- do minor work-related tasks on the way to work or the way home – for example, picking up the mail
- go between your home and regular place of work more than once a day
- are on call – for example, you are on standby duty and your employer contacts you at home to come into work
- have no public transport near where you work
- do some work at home
- work from your home running your own business and travel directly to a place of work where you work for somebody else.

## **Example: public transport not available**

Tim works at his local cinema. His shift often finishes late into the night. The only available bus doesn't operate past 7:00 pm so Tim has to drive to and from work.

The cost Tim incurs to drive to work is not deductible. This is because Tim incurs the cost to put him in the position to earn his employment income, not in the course of performing his work duties.

## **Example: working from home and travelling to regular place of work**

Ravi works in the accounts department of a large retail chain. At the end of each month, Ravi's workload increases. To keep on top of his work, Ravi does some work at home before he goes into the office or when he gets home from the office in the evening.

Ravi can't claim a deduction for the expenses he incurs when he travels between his home and the office on these occasions.

Ravi works at home for convenience and doesn't incur the cost of travelling from his home to the office in the course of performing his work duties. He incurs the expenses to be in the position to start work. The transport costs are a private expense.

## Example: travelling while on standby duty

Nadena is a registered nurse at a hospital. During a typical fortnight, Nadena has 9 shifts and one standby shift. If another nurse calls in sick when Nadena is on standby duty she may be called in to work that shift.

The standby shift may be at night, early morning or during the day, depending on her roster cycle.

Nadena can't claim a deduction for travel between her home and the hospital when she is called into work while she is on standby duty.

She incurs the expense in travelling from her home to the hospital, not in the course of performing her work duties. The transport costs are a private expense. This is the case even if the shift is outside normal business hours or there is no public transport available.

## Example: travelling to a distant regular work location

Aldo lives in North Queensland with his family. He is an employee on a long-term project in Sydney. His employment contract states that his place of work is the office on the project site in Sydney.

As Aldo lives in North Queensland and only needs to be physically on site during certain stages of the project, he has an informal agreement with his employer to work from home whenever he's not required on site.

When it's necessary for Aldo to be on site, he's generally at the project site for no longer than 2 weeks at a time. When Aldo needs to be on site, he flies to Sydney at his own expense.

The project site in Sydney is Aldo's regular place of work and he can't claim a deduction for the cost of travelling from North Queensland to Sydney.

Aldo doesn't incur the transport expenses in the course of performing his work duties. He incurs the expenses to put him in the position to start work.

His travel costs to stay in Sydney, such as accommodation and meals, are also private because Aldo chooses to live in North Queensland and work in Sydney.

## When you can claim trips between home and work

There are some circumstances where you can claim a deduction for the cost of trips between home and work. You must check that you meet the eligibility conditions:

- [Home is a base of employment \(#Homeisabaseofemployment\)](#)
- [Transporting bulky tools and equipment \(#Transportingbulkytoolsandequipment\)](#)
- [Itinerant or shifting places of work \(#Itinerantorshiftingplacesofwork\)](#)

You may also be able to claim a deduction for a trip that includes an alternative place of work that isn't a regular place of work – see [Trips while working and between workplaces \(#Tripswhileworkingandbetweenworkplaces\)](#).

## **Home is a base of employment**

You can claim a deduction for the cost of a trip from home to your place of work if your home was a base of employment. You must meet all 3 of these conditions:

- You're required to start your employment duties at home then travel to your regular place of work to complete those particular duties.
- Undertaking the work in 2 locations is necessary due to the nature of your employment duties.
- The trip to your regular place of work isn't part of a normal trip to work that would have occurred anyway.

### **Example: home is base of employment**

Tom is the IT Security Director of a data storage company. He's on call 24 hours a day to be notified of a security breach. His employer installs a secure terminal at his home so he can work from home if he receives a call out of hours. Normally, Tom would provide advice over the phone to the staff on site, and sometimes he would log into the secure terminal at his home to correct the issue.

At times, Tom starts working on a security issue from the home terminal but is then required to drive into the office out of hours to resolve the issue. On these occasions the transport expenses he incurs for this journey are deductible, as his home has become a base of employment. However, his regular daily trip into the office is not deductible.

## **Transporting bulky tools and equipment**

You can claim a deduction for the cost of trips between home and work if you need to carry bulky tools or equipment and all the following conditions are met:

- the tools or equipment are essential to perform your work
- the tools or equipment are bulky, meaning that
  - they are awkward to transport because of their size and weight

- they can only be transported conveniently using a motor vehicle
- there is no secure storage for such items at the workplace
- you don't transport the tools or equipment as a matter of choice (for example, if your employer provides secure storage and you choose to take the tools home instead).

If you claim a deduction, you will need to keep a record of:

- all work items you carry
- the size and weight of all work items
- evidence that the items you carry are essential to your work
- evidence that your employer did not provide secure storage at the workplace.



**Media:** Transporting bulky tools and equipment

<https://tv.ato.gov.au/ato-tv/media?v=bd1bdiubx7d1ys> (Duration: 00:52)

### **Example: carrying bulky equipment is necessary**

Masahito is an employee of an orchestra, where he plays double bass.

The orchestra plays in a number of venues and Masahito often travels directly from home to the various venues. He practises regularly at home, this is also the only place available to store his instrument when not being used.

The double bass is over 2 metres tall and 75 cm wide when in its case and is awkward to transport.

Masahito can claim a deduction for the car expenses he incurs when travelling between his home and workplaces. The need to transport his cumbersome double bass by car to the different workplaces means that the trips are not ordinary home to work travel.

### **Example: carrying bulky tools is unnecessary**

Merinda works as a fitter and turner on a mine site. She drives to the mine site each day.

The mine site has a building where staff can store their tools when not on duty. The staff have their own secure tool lockers.

Merinda requires a number of tools to do her job, so her toolkit is large and heavy. Although there is room to store the toolkit in her locker, she takes it home every day.

Merinda's toolkit would be considered bulky, but she has a secure place to store it at work. It is her decision to transport her tools between home and work each day.

As there is no practical need for Merinda to transport the bulky toolkit between home and her regular place of work, her trips remain ordinary private trips. She can't claim a deduction for her car expenses.

### **Itinerant or shifting places of work**

If you do itinerant work (you have shifting places of work), you can claim transport expenses you incur for trips between your places of work and your home. The following factors indicate you do itinerant work:

- You travel because it's a fundamental part of your work, not just because it's convenient to you or your employer.
- You have a 'web' of workplaces you travel to throughout the day and no fixed place of work.
- You regularly work at more than one work site before returning home.
- You are often uncertain of the location of your work site.
- Your employer pays you a travel allowance because you need to travel continually between work sites, and you use this allowance to pay for your travel.

### **Example: one work site each day**

Chloe is a substitute teacher, who travels to different schools when teachers are away. She sometimes attends a school for just one day, and at other times for a few weeks.

Chloe is not doing itinerant work. While she may not know where she's going to work each day, she will only ever work at one location for the day. She can't claim a deduction for her trips between home and work.

### **Example: multiple work sites each day**

Mitchell is an apprentice roof tiler. He is sent to various sites each day, going to the first site from his home and returning home at the end of the day from the last site.

Mitchell is doing itinerant work because he is regularly working at multiple sites during the day. He can claim deductions for the transport costs of his trips:

- between home and work each day
- between each site during the day.

However, if Mitchell routinely goes to only one site and works there for several days until the job is finished, he is not doing itinerant work.

## **Claiming a trip**

To claim a tax deduction for the transport expenses of a work-related trip, you must:

- have spent the money yourself and weren't reimbursed
- have records of your expenses.

How you work out your claim amount depends on whether you made the trip:

- in your [car or other motor vehicle \(/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/motor-vehicle-and-car-expenses\)](#)
- by [taxi, ride-share or public transport \(/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/taxi-ride-share-and-public-transport-expenses\)](#).

If you [travel overnight \(/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/overnight-travel-expenses-and-allowances\)](#) to perform your work duties, you can generally claim a deduction for the cost of your flights and your expenses for accommodation, meals and incidentals.

If your travel is partly private, you can only claim a deduction for the transport expenses you

incur in the course of performing your work duties.

QC 72122

# Taxi, ride-share and public transport expenses

Deductions for work-related transport expenses such as flights, trips by train, bus, taxi or ride-share, and tolls.

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## Claiming a deduction for transport expenses

To claim a tax deduction for transport expenses:

- [the expenses must be work related \(/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/trips-you-can-and-can-t-claim#Tripswhileworkingandbetweenworkplaces\)](#)
  - you can claim for trips between workplaces or to perform your work duties
  - you can't claim for trips between your home and place of work, except in [limited circumstances \(/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/trips-you-can-and-can-t-claim#Whencyoucanclaimtripsbetweenhomeandwork\)](#)
- you must have spent the money yourself and weren't reimbursed
- you must have a record of your expenses.

If your travel is partly private, you can only claim a deduction for the work-related portion of the expenses you incur.

You claim the deduction in your income tax return as a work-related travel expense.

# Types of transport expenses you can claim

You can claim transport expenses such as:

- train, taxi, boat or bus fares
- ride-share and ride-sourcing
- flights
- short-term hire of a car
- road and bridge tolls and parking fees.

For expenses related to using a car or similar vehicle, see [Motor vehicle and car expenses](#)  
[\(/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/motor-vehicle-and-car-expenses\)](#)

## Keeping records for transport expenses

The records you must keep include:

- an explanation of how the transport was work-related
- travel movements and activities such as
  - where you were
  - what you were doing
  - the start and end times for activities
- records, such as receipts, for the cost of fares for air, bus, train, tram and taxi or ride-share travel, bridge and road tolls, parking and car-hire fees.

If you receive an allowance from your employer to cover transport expenses, you must include it as assessable income in your tax return. The allowance amount is shown on your income statement or payment summary.

# Award transport payments

Income you must declare, deductions you can claim and records to keep if you receive an award transport payment.

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## What is an award transport payment?

An award transport payment is a payment made to you under an [industrial instrument \(#Industrialinstruments\)](#) that was in force on 29 October 1986. It may be paid to you by your employer in the form of:

- an allowance to cover transport expenses
- reimbursement for car expenses on a cents per kilometre basis (this is also treated as an allowance).

Award transport payments are made to cover transport costs you may incur in the course of performing your work duties. An allowance isn't an award transport payment if it is paid to cover accommodation, meals or incidental expenses when [travelling away from your home overnight for work purposes \(/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/overnight-travel-expenses-and-allowances/overnight-travel-expenses\)](#).

Transport expenses may include the cost of driving your car, ride-share and ride-sourcing, flights or catching a train, taxi, boat or bus.

To find out if your transport allowance was paid under an industrial instrument that was in force on 29 October 1986, and the amount that was payable at that date, ask:

- your employer
- your union.

## Industrial instruments

An industrial instrument can be any one of the following:

- an award
- an enterprise bargaining agreement or collective agreement
- a Commonwealth, state or territory law
- an order or determination in force under a Commonwealth, state or territory law.

The most common type of industrial instruments that were in force on 29 October 1986 were awards.

An industrial instrument that is a substitution for an earlier version of an industrial instrument is considered a continuation of the earlier instrument. For example, if an industry award was in force on 29 October 1986 and was then updated every few years, the latest version of that award is considered a continuation of the 1986 version.

## Income to declare

If you receive an award transport payment you must include it as income in your tax return. You declare the entire payment, even if this is more than the amount that was payable under the award on 29 October 1986.

## Exception from keeping written evidence and travel records

Generally, you must keep written evidence to claim a deduction for work-related transport expenses, including a travel diary if you're away for 6 or more consecutive nights.

However, you don't need to keep written evidence or a travel diary if you meet all the following conditions:

- you are paid an award transport payment
- you incur deductible transport expenses that are covered by the award transport payment
- the total of the transport expenses you claim as a deduction is less than the amount payable under the award on 29 October 1986 (the 'award amount'). Your employer or union can tell you the award amount.

This exception doesn't give rise to an automatic deduction. You're still required to incur a deductible expense relating to the transport the payment covers.

If you want to claim a deduction that is more than the award amount on 29 October 1986, you will need written evidence and a travel diary (where necessary) for your whole claim.

### Example: award transport payment – exception from keeping written evidence

Terry is paid an award transport payment in the form of an allowance of \$2,500 to cover the cost of taxis and other forms of transport when he is travelling away from home overnight for work. His employer has advised him that the amount under the award on 29 October 1986 would have been \$1,500. Terry's employer shows the allowance of \$2,500 on his income statement.

At the end of the income year, Terry works out that he has incurred travel expenses covered by the award transport payments of \$1,450.

Terry must declare the \$2,500 award transport payment as income in his tax return. However, he can claim a deduction of \$1,450 as work-related travel expenses.

As Terry's deduction is less than the \$1,500 award amount, he doesn't have to keep written records such as receipts.

## How to claim a deduction

To claim a deduction for transport expenses covered by an award transport payment, your expenses must be incurred in the course of performing your employment duties.

Transport expenses may be for:

- driving your own car, which must be a motor vehicle (excluding a motorcycle or similar vehicle) that carries a load of less than one tonne and fewer than 9 passengers (including the driver)
- other forms of transport, including driving a vehicle other than your own car, ride-share and ride-sourcing, flights, or catching a train, taxi, boat or bus.

You claim a deduction for transport expenses as either work-related travel expenses or work-related car expenses. In some circumstances, you claim your deduction as both of these types of expenses.

## Claiming for transport expenses within award amount

If you are claiming a deduction for transport expenses (including any car expenses) that is no more than the award amount on 29 October 1986, claim your deduction as **work-related travel expenses** in your tax return.

You don't need to use the cents per kilometre method or logbook method for your car expenses because you don't need to keep written evidence or a travel diary.

## Claiming for car expenses that exceed award amount

If you have additional work-related car expenses that are not covered by the award amount, you have 2 options for claiming a deduction for your car expenses:

- claim the part of your expenses covered by the award amount as work-related travel expenses (you don't need to keep records for this part), and [Claiming only the remainder as work-related car expenses based on written records](#) (#Claimingonlyadditionalcareexpensesbasedon)
- [Claiming all work-related car expenses based on written records](#) (#Claimingallcareexpensesbasedonwrittenreco).

## Claiming only additional car expenses based on written records

If your work-related car expenses are more than your award amount, you can:

- calculate these expenses using the [cents per kilometre method or logbook method](#) (/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/motor-vehicle-and-car-expenses/expenses-for-a-car-you-own-or-lease#Calculatingyourcareexpensedeductionsandke)
- keep written evidence for the method you choose
- claim your deduction for these additional work-related car expenses as **work-related car expenses** in your tax return.

For your work-related car expenses deduction, kilometres that are covered by the award transport payment are not counted as work-related kilometres under either the cents per kilometre or logbook methods. However, they are counted as part of the total kilometres travelled for the logbook method.

If you don't know how many work-related kilometres relate to your award transport payment, you can make a reasonable estimate.

If we ask, you must be able to show how you calculated your deduction for work-related travel expenses and that your transport expenses were work-related.

### Example: claiming additional car expenses using cents per kilometre method

Carla travels 7,000 kilometres for work during the 2023–24 income year. Of that travel, 3,000 kilometres is covered by an award transport payment.

Carla receives \$1,500 for her award transport payment. However, the award amount as at 29 October 1986 is \$1,000.

Carla's expenses for the 3,000 kilometres covered by the payment exceed \$1,000, but she elects to only claim \$1,000 so she doesn't have to keep written records. Carla claims the \$1,000 deduction as work-related travel expenses in her tax return.

Carla uses the cents per kilometre method to claim a deduction for the remaining

4,000 kilometres. She claims a deduction for the transport expenses not covered by her award payment as work-related car expenses.

## Example: claiming additional car expenses using logbook method

Haneeta travels 9,000 kilometres for work during the 2023–24 income year. Of that travel, 5,000 kilometres is covered by an award transport payment.

She receives \$2,500 for her award transport payment. However, the award amount as at 29 October 1986 is \$1,500.

Haneeta keeps a logbook and odometer records. Based on her odometer records, she travelled a total of 13,500 kilometres in the 2023–24 income year.

When working out her claim for the year, Haneeta chooses to rely on the exception from keeping written evidence for the transport expenses covered by the award transport payment. As she has made that choice, the travel covered by that payment won't count as work-related kilometres.

When Haneeta calculates her work-related use of her car based on her logbook, she doesn't include the work-related kilometres covered by the award transport payment as work-related kilometres. However, she includes them in her calculation of the total kilometres she travelled during the income year.

Haneeta calculates her work-related percentage use as:

Total work-related kilometres – work-related kilometres covered by payment

9,000 kilometres – 5,000 kilometres = 4,000 kilometres

Work-related kilometres not covered by payment ÷ total kilometres

4,000 kilometres ÷ 13,500 kilometres = 29.63%

In her tax return, Haneeta claims a deduction of \$1,500 as work-related travel expenses. She does not have to keep written evidence for this deduction.

Haneeta can also claim a deduction for 29.63% of her total car expenses as work-related car expenses. She must keep her logbook, odometer records and written evidence of all her car expenses to substantiate her deduction.

## Claiming all car expenses based on written records

Alternatively, you may choose not to limit any part of your claim for work-related car expenses to the award amount. In other words, you can choose not to rely on the exception from keeping written records and make a claim for all of your work-related car expenses.

If you choose to do this, you:

- must claim your deduction as **work-related car expenses** in your tax return
- can calculate your claim using either the [cents per kilometre method or logbook method \(/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/motor-vehicle-and-car-expenses/expenses-for-a-car-you-own-or-lease#Calculatingyourcarexpensedeductionsandke\)](#)
- can't claim a deduction for car expenses covered by your award transport payment as work-related travel expenses
- include any kilometres travelled for work purposes covered by the award transport payment as work-related kilometres.

If you use the logbook method you must keep a logbook, odometer records and written evidence, such as receipts, for all of your car expenses. If you use the cents per kilometre method, you will need to show how you work out your claim and that the kilometres you claim are work-related.

### **Example: claiming all car expenses using logbook method**

Continuing the previous example, suppose Haneeta chooses not to rely on the exception for keeping written evidence, but instead claims all of her work-related car expenses using the logbook method.

Haneeta will be able to include all of the work-related kilometres she travels during the 2023–24 income year (9,000 kilometres) as work-related kilometres when she is calculating her work-related use percentage.

Haneeta will calculate her work-related use of her car as follows:

Total work-related kilometres ÷ total kilometres

9,000 kilometres ÷ 13,500 kilometres = 66.67%

Haneeta can claim 66.67% of her total car expenses as work-related car expenses in her tax return. She must keep her logbook, odometer records and written evidence for all her car expenses to substantiate her deduction.

# Removal and relocation costs

You can't claim a deduction for removal or relocation costs to transfer or relocate for work purposes.

**Last updated** 24 June 2024

You can't claim a deduction for removal or relocation costs.

This is the case even if relocating is a condition of your employment when you take up:

- a transfer in an existing job
- a new job with a different employer.

Removal and relocation expenses never have a sufficient connection to earning your employment income or income producing activities. You incur these expenses to start earning employment income, so they are private or domestic expenses.

If you receive an allowance from your employer to cover some of the costs of relocating, you must declare the allowance as assessable income in your tax return.

QC 72137

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If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

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# Cars, transport and travel

Deductions for car, transport and travel expenses you incur in the course of your work.



QC 72121

## Trips you can and can't claim

When you can and can't claim deductions for the cost of transport while working and between home and work.

**Last updated** 24 June 2024

### On this page

[Trips while working and between workplaces](#)

[Trips between home and work](#)

[Claiming a trip](#)

## Trips while working and between workplaces

You can claim a tax deduction for the cost of transport on trips to:

- perform your work duties – for example, if you travel from your regular place of work to meet with a client
- attend work-related conferences or meetings away from your regular place of work
- deliver items or collect supplies
- go between 2 or more separate places of employment, such as if you have more than one job (but not if one of the places is your home)
- go from your
  - regular place of work to an alternative place of work that isn't a regular place of work (for example, a client's premises) while still on duty, and back to your regular place of work or directly home
  - home to an alternative place of work that isn't a regular place of work to perform your duties, and then to your regular place of work or directly home (this doesn't apply if the alternative place of work has become a regular workplace).



## Example: travel between 2 separate workplaces

Aaron works part time at a supermarket and also works part time as a house cleaner. On Tuesdays Aaron drives his car directly from his job at the supermarket to his regular cleaning clients.

As the trip is between 2 separate places of work, neither of which is Aaron's home, he can claim a deduction for the transport expenses he incurs for that trip.

## Example: travel to an alternative place of work

Brock works for a large company with 2 offices in Melbourne. He usually works from the city office but occasionally he's required to attend training at the company's office in Box Hill. When Brock travels to the Box Hill office, he catches a tram at his own expense.

Brock can claim a deduction for the cost of the tram between the Melbourne office and Box Hill office as it's an alternative place of work. He can also claim the cost of any trips between the Box Hill office and his home.

However, if Brock works from the city office every Monday to Thursday and from the Box Hill office every Friday as a standard arrangement, then the city office is his regular place of work every Monday to Thursday and the Box Hill office is his regular place of work every Friday. Brock can't claim a deduction for trips between his home and either of his regular places of work.

## Trips between home and work

You can't claim trips between your home and place of work, except in limited circumstances ([#Whenyoucanclaimtripsbetweenhomeandwork](#)).

These trips put you in a position to start work and earn income but are not part of performing your work duties. The cost of these trips is a private expense.

This is the case even if you:

- live a long way from your regular place of work
- work outside normal business hours – for example, shift work or overtime
- do minor work-related tasks on the way to work or the way home – for example, picking up the mail
- go between your home and regular place of work more than once a day
- are on call – for example, you are on standby duty and your employer contacts you at home to come into work
- have no public transport near where you work
- do some work at home
- work from your home running your own business and travel directly to a place of work where you work for somebody else.



### Example: public transport not available

Tim works at his local cinema. His shift often finishes late into the night. The only available bus doesn't operate past 7:00 pm so Tim has to drive to and from work.

The cost Tim incurs to drive to work is not deductible. This is because Tim incurs the cost to put him in the position to earn his employment income, not in the course of performing his work duties.

## Example: working from home and travelling to regular place of work

Ravi works in the accounts department of a large retail chain. At the end of each month, Ravi's workload increases. To keep on top of his work, Ravi does some work at home before he goes into the office or when he gets home from the office in the evening.

Ravi can't claim a deduction for the expenses he incurs when he travels between his home and the office on these occasions.

Ravi works at home for convenience and doesn't incur the cost of travelling from his home to the office in the course of performing his work duties. He incurs the expenses to be in the position to start work. The transport costs are a private expense.

## Example: travelling while on standby duty

Nadena is a registered nurse at a hospital. During a typical fortnight, Nadena has 9 shifts and one standby shift. If another nurse calls in sick when Nadena is on standby duty she may be called in to work that shift.

The standby shift may be at night, early morning or during the day, depending on her roster cycle.

Nadena can't claim a deduction for travel between her home and the hospital when she is called into work while she is on standby duty.

She incurs the expense in travelling from her home to the hospital, not in the course of performing her work duties. The transport costs are a private expense. This is

the case even if the shift is outside normal business hours or there is no public transport available.

## Example: travelling to a distant regular work location

Aldo lives in North Queensland with his family. He is an employee on a long-term project in Sydney. His employment contract states that his place of work is the office on the project site in Sydney.

As Aldo lives in North Queensland and only needs to be physically on site during certain stages of the project, he has an informal agreement with his employer to work from home whenever he's not required on site.

When it's necessary for Aldo to be on site, he's generally at the project site for no longer than 2 weeks at a time. When Aldo needs to be on site, he flies to Sydney at his own expense.

The project site in Sydney is Aldo's regular place of work and he can't claim a deduction for the cost of travelling from North Queensland to Sydney.

Aldo doesn't incur the transport expenses in the course of performing his work duties. He incurs the expenses to put him in the position to start work.

His travel costs to stay in Sydney, such as accommodation and meals, are also private because Aldo chooses to live in North Queensland and work in Sydney.



## When you can claim trips between home and work

There are some circumstances where you can claim a deduction for the cost of trips between home and work. You must check that you meet the eligibility conditions:

- Home is a base of employment (#Homeisabaseofemployment)
- Transporting bulky tools and equipment (#Transportingbulkytoolsandequipment)
- Itinerant or shifting places of work (#Itinerantorshiftingplacesofwork)

You may also be able to claim a deduction for a trip that includes an alternative place of work that isn't a regular place of work – see Trips while working and between workplaces (#Tripswhileworkingandbetweenworkplaces).

## Home is a base of employment

You can claim a deduction for the cost of a trip from home to your place of work if your home was a base of employment. You must meet all 3 of these conditions:

- You're required to start your employment duties at home then travel to your regular place of work to complete those particular duties.
- Undertaking the work in 2 locations is necessary due to the nature of your employment duties.
- The trip to your regular place of work isn't part of a normal trip to work that would have occurred anyway.



### Example: home is base of employment

Tom is the IT Security Director of a data storage company. He's on call 24 hours a day to be notified of a security breach. His employer installs a secure terminal at home so he can work from home if he receives a call out of hours. Normally, Tom would provide advice over the phone to the staff on site, and sometimes he would log into the secure terminal at his home to correct the issue.

At times, Tom starts working on a security issue from the home terminal but is then required to drive into the office out of hours to resolve the issue. On these occasions the transport expenses he incurs for this journey are deductible, as his home has become a base of employment. However, his regular daily trip into the office is not deductible.

## Transporting bulky tools and equipment

You can claim a deduction for the cost of trips between home and work if you need to carry bulky tools or equipment and all the following conditions are met:

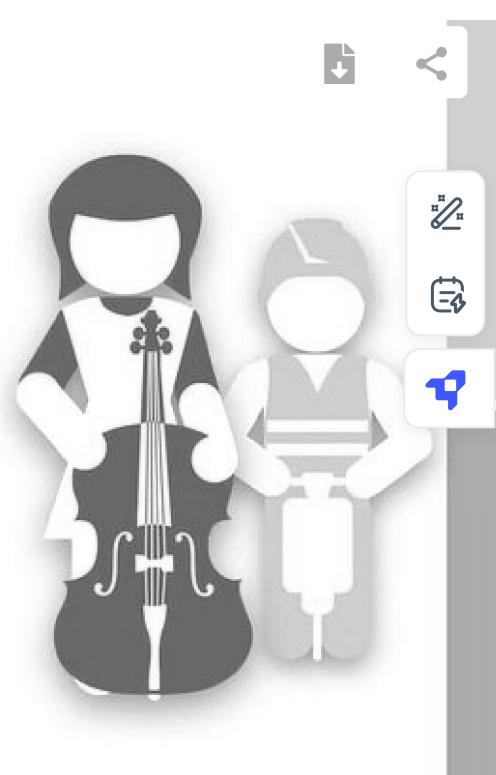
- the tools or equipment are essential to perform your work
- the tools or equipment are bulky, meaning that
  - they are awkward to transport because of their size and weight
  - they can only be transported conveniently using a motor vehicle
- there is no secure storage for such items at the workplace
- you don't transport the tools or equipment as a matter of choice (for example, if your employer provides secure storage and you choose to take the tools home instead).

If you claim a deduction, you will need to keep a record of:

- all work items you carry
- the size and weight of all work items
- evidence that the items you carry are essential to your work
- evidence that your employer did not provide secure storage at the workplace.



# transporting bulky tools and equipment



**Media:** transporting bulky tools and equipment

<https://tv.ato.gov.au/ato-tv/media?v=bd1bdiubx7d1ys> (Duration: 00:52)

## Example: carrying bulky equipment is necessary

Masahito is an employee of an orchestra, where he plays double bass.

The orchestra plays in a number of venues and Masahito often travels directly from home to the various venues. He practises regularly at home, this is also the only place available to store his instrument when not being used.

The double bass is over 2 metres tall and 75 cm wide when in its case and is awkward to transport.

Masahito can claim a deduction for the car expenses he incurs when travelling between his home and workplaces. The need to transport his cumbersome double bass by car to the different workplaces means that the trips are not ordinary home to work travel.

## Example: carrying bulky tools is unnecessary

Merinda works as a fitter and turner on a mine site. She drives to the mine site each day.

The mine site has a building where staff can store their tools when not on duty. The staff have their own secure tool lockers.

Merinda requires a number of tools to do her job, so her toolkit is large and heavy. Although there is room to store the toolkit in her locker, she takes it home every day.

Merinda's toolkit would be considered bulky, but she has a secure place to store at work. It is her decision to transport her tools between home and work each day.



As there is no practical need for Merinda to transport the bulky toolkit between home and her regular place of work, her trips remain ordinary private trips. She can't claim a deduction for her car expenses.

## Itinerant or shifting places of work

If you do itinerant work (you have shifting places of work), you can claim transport expenses you incur for trips between your places of work and your home. The following factors indicate you do itinerant work:

- You travel because it's a fundamental part of your work, not just because it's convenient to you or your employer.
- You have a 'web' of workplaces you travel to throughout the day and no fixed place of work.
- You regularly work at more than one work site before returning home.
- You are often uncertain of the location of your work site.
- Your employer pays you a travel allowance because you need to travel continually between work sites, and you use this allowance to pay for your travel.

## Example: one work site each day

Chloe is a substitute teacher, who travels to different schools when teachers are away. She sometimes attends a school for just one day, and at other times for a few weeks.

Chloe is not doing itinerant work. While she may not know where she's going to work each day, she will only ever work at one location for the day. She can't claim a deduction for her trips between home and work.

### Example: multiple work sites each day

Mitchell is an apprentice roof tiler. He is sent to various sites each day, going to the first site from his home and returning home at the end of the day from the last site.

Mitchell is doing itinerant work because he is regularly working at multiple sites during the day. He can claim deductions for the transport costs of his trips:

- between home and work each day
- between each site during the day.



However, if Mitchell routinely goes to only one site and works there for several days until the job is finished, he is not doing itinerant work.

## Claiming a trip

To claim a tax deduction for the transport expenses of a work-related trip, you must:

- have spent the money yourself and weren't reimbursed
- have records of your expenses.

How you work out your claim amount depends on whether you made the trip:

- in your [car or other motor vehicle \(/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/motor-vehicle-and-car-expenses\)](#)
- by [taxi, ride-share or public transport \(/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/taxi-ride-share-and-public-transport-expenses\)](#).

If you [travel overnight \(/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/overnight-travel-expenses-and-allowances\)](#) to perform your work duties, you can generally claim a

deduction for the cost of your flights and your expenses for accommodation, meals and incidentals.

If your travel is partly private, you can only claim a deduction for the transport expenses you incur in the course of performing your work duties.

QC 72122



# Taxi, ride-share and public transport expenses

Deductions for work-related transport expenses such as flights, trips by train, bus, taxi or ride-share, and tolls.

**Last updated** 24 June 2024

## On this page

[Claiming a deduction for transport expenses](#)

[Types of transport expenses you can claim](#)

[Keeping records for transport expenses](#)

# Claiming a deduction for transport expenses

To claim a tax deduction for transport expenses:

- [the expenses must be work related \(/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-](#)

## [travel/trips-you-can-and-can-t-claim#Tripswhileworkingandbetweenworkplaces](#)

you can claim for trips between workplaces or to perform your work duties

you can't claim for trips between your home and place of work, except in limited circumstances (/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/trips-you-can-and-can-t-claim#Whentoyoucanclaimtripsbetweenhomeandwork)

- you must have spent the money yourself and weren't reimbursed
- you must have a record of your expenses.

If your travel is partly private, you can only claim a deduction for the work-related portion of the expenses you incur.

You claim the deduction in your income tax return as a work-related travel expense.



## Types of transport expenses you can claim

You can claim transport expenses such as:

- train, taxi, boat or bus fares
- ride-share and ride-sourcing
- flights
- short-term hire of a car
- road and bridge tolls and parking fees.

For expenses related to using a car or similar vehicle, see [Motor vehicle and car expenses](#) (/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/motor-vehicle-and-car-expenses)

## Keeping records for transport expenses

The records you must keep include:

- an explanation of how the transport was work-related
- travel movements and activities such as
  - where you were

what you were doing

the start and end times for activities

- records, such as receipts, for the cost of fares for air, bus, train, tram and taxi or ride-share travel, bridge and road tolls, parking and car-hire fees.

If you receive an allowance from your employer to cover transport expenses, you must include it as assessable income in your tax return. The allowance amount is shown on your income statement or payment summary.



QC 72127

## Award transport payments

Income you must declare, deductions you can claim and records to keep if you receive an award transport payment.

Last updated 24 June 2024

### On this page

[What is an award transport payment?](#)

[Income to declare](#)

[Exception from keeping written evidence and travel records](#)

[How to claim a deduction](#)

## What is an award transport payment?

An award transport payment is a payment made to you under an [industrial instrument](#) ([#Industrialinstruments](#)) that was in force on 29 October 1986. It may be paid to you by your employer in the form of:

- an allowance to cover transport expenses
- reimbursement for car expenses on a cents per kilometre basis (this is also treated as an allowance).

Award transport payments are made to cover transport costs you may incur in the course of performing your work duties. An allowance isn't an award transport payment if it is paid to cover accommodation, meals or incidental expenses when travelling away from your home overnight for work purposes ([/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/overnight-travel-expenses-and-allowances/overnight-travel-expenses](#)).

Transport expenses may include the cost of driving your car, ride-share and ride-sourcing, flights or catching a train, taxi, boat or bus.

To find out if your transport allowance was paid under an industrial instrument that was in force on 29 October 1986, and the amount that was payable at that date, ask:

- your employer
- your union.



## Industrial instruments

An industrial instrument can be any one of the following:

- an award
- an enterprise bargaining agreement or collective agreement
- a Commonwealth, state or territory law
- an order or determination in force under a Commonwealth, state or territory law.

The most common type of industrial instruments that were in force on 29 October 1986 were awards.

An industrial instrument that is a substitution for an earlier version of an industrial instrument is considered a continuation of the earlier instrument. For example, if an industry award was in force on 29 October 1986 and was then updated every few years, the latest version of that award is considered a continuation of the 1986 version.

## Income to declare

If you receive an award transport payment you must include it as income in your tax return. You declare the entire payment, even if this is more than the amount that was payable under the award on 29 October 1986.

## Exception from keeping written evidence and travel records

Generally, you must keep written evidence to claim a deduction for work-related transport expenses, including a travel diary if you're away for 6 or more consecutive nights.

However, you don't need to keep written evidence or a travel diary if you meet all the following conditions:

- you are paid an award transport payment
- you incur deductible transport expenses that are covered by the award transport payment
- the total of the transport expenses you claim as a deduction is less than the amount payable under the award on 29 October 1986 (the 'award amount'). Your employer or union can tell you the award amount.

This exception doesn't give rise to an automatic deduction. You're still required to incur a deductible expense relating to the transport the payment covers.

If you want to claim a deduction that is more than the award amount on 29 October 1986, you will need written evidence and a travel diary (where necessary) for your whole claim.



### Example: award transport payment – exception from keeping written evidence

Terry is paid an award transport payment in the form of an allowance of \$2,500 to cover the cost of taxis and other forms of transport when he is travelling away from home overnight for work. His employer has advised him that the amount under the award on 29 October 1986 would have been \$1,500. Terry's employer shows the allowance of \$2,500 on his income statement.

At the end of the income year, Terry works out that he has incurred travel expenses covered by the award transport payments of \$1,450.

Terry must declare the \$2,500 award transport payment as income in his tax return. However, he can claim a deduction of \$1,450 as work-related travel expenses.

As Terry's deduction is less than the \$1,500 award amount, he doesn't have to keep written records such as receipts.

## How to claim a deduction

To claim a deduction for transport expenses covered by an award transport payment, your expenses must be incurred in the course of performing your employment duties.

Transport expenses may be for:

- driving your own car, which must be a motor vehicle (excluding a motorcycle or similar vehicle) that carries a load of less than one tonne and fewer than 9 passengers (including the driver)
- other forms of transport, including driving a vehicle other than your own car, ride-share and ride-sourcing, flights, or catching a train, taxi, boat or bus.

You claim a deduction for transport expenses as either work-related travel expenses or work-related car expenses. In some circumstances, you claim your deduction as both of these types of expenses.

### Claiming for transport expenses within award amount

If you are claiming a deduction for transport expenses (including any car expenses) that is no more than the award amount on 29 October 1986, claim your deduction as **work-related travel expenses** in your tax return.

You don't need to use the cents per kilometre method or logbook method for your car expenses because you don't need to keep written evidence or a travel diary.

### Claiming for car expenses that exceed award amount

If you have additional work-related car expenses that are not covered by the award amount, you have 2 options for claiming a deduction for your car expenses:

- claim the part of your expenses covered by the award amount as work-related travel expenses (you don't need to keep records for this part), and Claiming only the remainder as work-related car expenses based on written records ([#Claimingonlyadditionalcarexpensesbasedon](#))

- Claiming all work-related car expenses based on written records (#Claimingallcarexpensesbasedonwrittenreco).

## Claiming only additional car expenses based on written records

If your work-related car expenses are more than your award amount, you can:

- calculate these expenses using the cents per kilometre method or logbook method (/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/motor-vehicle-and-car-expenses/expenses-for-a-car-you-own-or-lease#Calculatingyourcarexpensedeductionsandke)
- keep written evidence for the method you choose
- claim your deduction for these additional work-related car expenses as **work-related car expenses** in your tax return.



For your work-related car expenses deduction, kilometres that are covered by the award transport payment are not counted as work-related kilometres under either the cents per kilometre or logbook methods. However, they are counted as part of the total kilometres travelled for the logbook method.

If you don't know how many work-related kilometres relate to your award transport payment, you can make a reasonable estimate.

If we ask, you must be able to show how you calculated your deduction for work-related travel expenses and that your transport expenses were work-related.

### Example: claiming additional car expenses using cents per kilometre method

Carla travels 7,000 kilometres for work during the 2023–24 income year. Of that travel, 3,000 kilometres is covered by an award transport payment.

Carla receives \$1,500 for her award transport payment. However, the award amount as at 29 October 1986 is \$1,000.

Carla's expenses for the 3,000 kilometres covered by the payment exceed \$1,000, but she elects to only claim \$1,000 so she doesn't have to keep written records. Carla claims the \$1,000 deduction as work-related travel expenses in her tax return.

Carla uses the cents per kilometre method to claim a deduction for the remaining 4,000 kilometres. She claims a deduction for the transport expenses not covered by her award payment as work-related car expenses.

### Example: claiming additional car expenses using logbook method

Haneeta travels 9,000 kilometres for work during the 2023–24 income year. Of that travel, 5,000 kilometres is covered by an award transport payment.

She receives \$2,500 for her award transport payment. However, the award amount as at 29 October 1986 is \$1,500.

Haneeta keeps a logbook and odometer records. Based on her odometer records, she travelled a total of 13,500 kilometres in the 2023–24 income year.

When working out her claim for the year, Haneeta chooses to rely on the exception from keeping written evidence for the transport expenses covered by the award transport payment. As she has made that choice, the travel covered by that payment won't count as work-related kilometres.

When Haneeta calculates her work-related use of her car based on her logbook, she doesn't include the work-related kilometres covered by the award transport payment as work-related kilometres. However, she includes them in her calculation of the total kilometres she travelled during the income year.

Haneeta calculates her work-related percentage use as:

Total work-related kilometres – work-related kilometres covered by payment

9,000 kilometres – 5,000 kilometres = 4,000 kilometres

Work-related kilometres not covered by payment ÷ total kilometres

4,000 kilometres ÷ 13,500 kilometres = 29.63%

In her tax return, Haneeta claims a deduction of \$1,500 as work-related travel expenses. She does not have to keep written evidence for this deduction.

Haneeta can also claim a deduction for 29.63% of her total car expenses as work-related car expenses. She must keep her logbook, odometer records and written evidence of all her car expenses to substantiate her deduction.

### Claiming all car expenses based on written records

Alternatively, you may choose not to limit any part of your claim for work-related car expenses to the award amount. In other words, you can choose not to rely on the exception from keeping written records and make a claim for all of your work-related car expenses.

If you choose to do this, you:

- must claim your deduction as **work-related car expenses** in your tax return
- can calculate your claim using either the [cents per kilometre method or logbook method](#) ([/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/motor-vehicle-and-car-expenses/expenses-for-a-car-you-own-or-lease#Calculatingyourcarexpensedeductionsandke](#))
- can't claim a deduction for car expenses covered by your award transport payment as work-related travel expenses
- include any kilometres travelled for work purposes covered by the award transport payment as work-related kilometres.



If you use the logbook method you must keep a logbook, odometer records and written evidence, such as receipts, for all of your car expenses. If you use the cents per kilometre method, you will need to show how you work out your claim and that the kilometres you claim are work-related.

### Example: claiming all car expenses using logbook method

Continuing the previous example, suppose Haneeta chooses not to rely on the exception for keeping written evidence, but instead claims all of her work-related car expenses using the logbook method.

Haneeta will be able to include all of the work-related kilometres she travels during the 2023–24 income year (9,000 kilometres) as work-related kilometres when she is calculating her work-related use percentage.

Haneeta will calculate her work-related use of her car as follows:

Total work-related kilometres ÷ total kilometres

9,000 kilometres ÷ 13,500 kilometres = 66.67%

Haneeta can claim 66.67% of her total car expenses as work-related car expenses in her tax return. She must keep her logbook, odometer records and written evidence for all her car expenses to substantiate her deduction.

QC 72128

# Removal and relocation costs

You can't claim a deduction for removal or relocation costs to transfer or relocate for work purposes.

**Last updated** 24 June 2024

You can't claim a deduction for removal or relocation costs.

This is the case even if relocating is a condition of your employment when you take up:

- a transfer in an existing job
- a new job with a different employer.

Removal and relocation expenses never have a sufficient connection to earning your employment income or income producing activities. You incur these expenses to start earning employment income, so they are private or domestic expenses.

If you receive an allowance from your employer to cover some of the costs of relocating, you must declare the allowance as assessable income in your tax return.

QC 72137

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If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

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 Print whole section

## Clothes and items you wear at work

Deductions for clothes, glasses, protective gear and other items you wear at work.

### Clothing laundry and dry-cleaning expenses

Deductions when you buy, repair or launder occupation-specific or protective clothing, or distinctive uniforms.

### Glasses contact lenses and protective glasses

Deductions for safety goggles or sunglasses used to protect your eyes from the risk of illness or injury while working.

### Watches and smart watches

With few exceptions, you can't claim a deduction for a watch or smart watch.

### Protective items equipment and products

Deductions for items that protect you from the real and likely risk of illness or injury while working.

# Clothing, laundry and dry-cleaning expenses

Deductions when you buy, repair or launder occupation-specific or protective clothing, or distinctive uniforms.

**Last updated** 25 June 2024

For a summary of this content in poster format, see [Clothing and laundry \(PDF, 390KB\)](#) 

## When you can't claim a deduction

You can't claim a deduction for buying, hiring, repairing or cleaning conventional clothing you buy for work, even if your employer says the clothing is compulsory or you only wear it at work.

'Conventional clothing' is everyday clothing worn by people regardless of their occupation – for example, black trousers worn by waiters, business attire worn by office workers, or jeans or drill shirts worn by tradespeople.

You also can't claim a deduction if your employer:

- buys, repairs, replaces or cleans your work clothing
- reimburses you for expenses you incur for work clothing.

## Occupation-specific clothing

You can claim your costs to buy or clean occupation-specific clothing that distinctly identifies you as a person associated with a particular occupation, such as:

- a chef's chequered pants
- a judge's robe.

You can't claim for clothes you wear for work that are not specific to your occupation, may be worn in multiple professions or are everyday

clothes. For example, you can't claim for:

- a bartender's black trousers and white shirt
- a business suit
- a swimming instructor's swimwear.

### **Example: occupation-specific clothing**

Joe is a chef with 2 jobs. When working at a restaurant he wears the traditional chef's uniform of chequered pants, white jacket and chef's toque. He also works on a food truck, but just wears jeans and a t-shirt at that job.

Joe can claim his traditional chef's uniform, but not his food truck clothing. The chef's clothing is relevant to his profession, but the jeans and t-shirt are conventional clothes.

For more information about clothing you can claim, check our Occupation and industry specific guides.

## **Protective clothing**

You can claim a deduction for clothing and footwear you wear to protect you from the real and likely risk of illness or injury from your work activities or your work environment.

There has to be a link between your work-related activities, the risk presented by your work environment and the form and function of the clothing to mitigate that risk.

To be considered protective, the items must have both:

- protective features or functions
- a sufficient degree of protection against the risk of illness and injury you are exposed to in carrying out your work.

Protective clothing includes:

- fire-resistant clothing
- sunprotection clothing with a UPF sun protection rating
- safety-coloured vests

- non-slip nurse's shoes
- protective boots, such as steel-capped boots or rubber boots for concreters
- gloves and heavy-duty shirts and trousers
- occupational heavy duty wet-weather gear
- boiler suits, overalls, smocks or aprons you wear to avoid damaging or soiling your ordinary clothes during your work activities.

You can't claim a deduction for conventional clothes that don't have features for protection against the risks of illness or injury at your work. For example, you can't claim for jeans, drill shirts, shorts, trousers, socks or everyday enclosed shoes.

Clothing that provides a sufficient degree of protection against the risk of illness or injury includes, but is not limited to, clothing that:

- is made to cope with more rigorous conditions, where conventional clothing would be inadequate
- is designed to protect you – for example heavy duty shirts and trousers, distinct from ordinary cotton drill trousers, shorts and short sleeve shirts that may be considered as work wear but do not adequately protect the wearer from the risk of injury or illness
- has a density of weave which gives a UPF rating sufficient to protect you from the sun where your job requires you to work outdoors.

### **Example: conventional clothing**

Bob works on a building site. He wears jeans with T-shirts or long sleeve shirts at work. Bob wears these clothes to work as they are comfortable. Although they are not very durable, they do provide Bob some protection from skin abrasions when handling tools and building materials at the building site.

The jeans and shirts are conventional clothing, so Bob can't claim a deduction for the cost of these items. This is the case even if Bob only wears the items at work.

The cost of the clothing is a private expense because it only provides limited protection from injury and the items are worn

mainly for Bob's comfort.

### **Example: protective clothing**

Bert works on a building site and wears heavy denim abrasion-resistant trousers and steel capped boots when working. As the trousers and boots protect Bert from the risk of injury while he is working, he can claim a deduction for the cost of these items.

The expense is not private in nature and there is the necessary connection between the expense and Bert's income-earning activities.

## **Compulsory work uniform**

You can claim the costs you incur to buy and clean a compulsory uniform you wear at work.

A compulsory uniform is a set of clothing that identifies you as an employee of an organisation. Your employer must make it compulsory to wear the uniform through a strictly enforced workplace agreement or policy.

A compulsory uniform must either:

- be distinctive to your particular organisation, so that a casual observer can clearly identify you as working for a particular employer
- identify the products or services provided by your employer.

In limited circumstances, you can claim a deduction for shoes, socks and stockings if:

- they are an essential part of a distinctive compulsory uniform
- the characteristics (colour, style and type) are an integral and distinctive part of your uniform that your employer specifies in the uniform policy.

You can claim for a single item of clothing, such as a jumper, if it's distinctive and compulsory for you to wear it at work. Clothing is

unique and distinctive if it:

- has been designed and made only for the employer
- has the employer's logo permanently attached and is not available to the public.

Conventional or everyday clothing is not a compulsory uniform, even if your employer requires you to wear it, or you pin a name badge to it.

### **Example: conventional clothes worn with a uniform**

Rick works at a supermarket. His employer's uniform policy requires him to buy and wear a shirt with the supermarket's logo embroidered on it. If he shows up to work not wearing this shirt he is sent home and issued with a warning.

The uniform policy also includes a requirement to wear black pants and closed black shoes, but doesn't stipulate any other qualities of those items.

Rick can claim a deduction for the cost of the shirts as they are a compulsory uniform, but he can't claim the cost of the pants or shoes.

Even though his employer requires him to wear a specific colour, they are not distinctive enough to make them part of his uniform and are still conventional clothes.

## **Non-compulsory work uniform**

You can't claim for non-compulsory work uniforms unless your employer has registered the design. This means the uniform is on the [Register of Approved Occupational Clothing](#) and you wear the uniform at work.

Shoes, stockings and underwear can never form part of a non-compulsory work uniform. Single items of clothing, such as a shirt, also can't form part of a non-compulsory uniform unless they are a full body item such as a dress or overalls.

## Example: registered non-compulsory uniform

Lena works in administration for a bus company. The administration staff usually wear a suit in the company colour with the company logo.

It's not compulsory for Lena to wear the suit, however her employer encourages staff members to wear it. Lena's employer has registered the suit as a non-compulsory uniform on the Register of Approved Occupational Clothing.

Lena can claim a deduction for the cost of buying the suit. This is because it is on the Register of Approved Occupational Clothing.

## Laundry, dry-cleaning and repair

You can claim the costs you incur to launder, dry-clean or repair clothing you wear at work, even if the clothing is supplied by your employer, if the clothing is:

- [occupation-specific and not conventional](#)
- [protective](#)
- [a compulsory uniform](#)
- [a registered non-compulsory uniform](#).

## Laundry expenses

You can claim the costs you incur to wash (launder), dry and iron work clothing from one of the categories above.

This includes laundromat expenses.

You can't claim a deduction if your employer launders your clothing or reimburses you.

We consider that a reasonable basis for working out your laundry claim is:

- \$1 per load if it only contains work clothing from one of the categories above

- 50c per load if you mix personal items of clothing with work clothing from one of the categories above.

If you receive an allowance from your employer for laundry expenses:

- you can only claim a deduction for the amount you actually spent, not simply the amount of your allowance
- the allowance is assessable income that you must include on your tax return.

## **Dry-cleaning and repair expenses**

You can claim a deduction for the actual costs you incur to dry-clean and repair work clothing from one of the categories above.

## **Keeping records for clothing, laundry and dry-cleaning**

You need to keep receipts to claim a deduction for buying, dry-cleaning or repairing work-related clothing.

Your records need to show:

- the name or business name of the supplier
- the amount you spent
- the nature of the items you paid for
- the date you made the payment
- the date the receipt or other document was produced.

If you don't (or can't) get a receipt, you can provide other forms of evidence for your expenses. This evidence needs to show all of the information described above. Other forms of evidence might include:

- bank statements
- invoices
- purchase orders.

If your total claim for work-related expenses (including laundry expenses but excluding car, travel and overtime meal allowance expenses) is \$300 or less, you can claim the amount without providing

receipts. However, you need to be able to show how you have come up with the total of your claim.

If you claim a deduction for laundering (washing and drying), you must keep details of how you work out your claim.

If your laundry expenses (washing, drying and ironing but **not** dry-cleaning expenses) are \$150 or less, you can claim the amount you incur on laundry without providing written evidence of your laundry expenses. This is the case even if your total claim for work-related expenses is more than \$300 including your laundry expenses.

However, if your total claim for work-related expenses is more than \$300, you must have written evidence for your other work-related expenses.

You must have written evidence, such as diary entries and receipts, for your laundry expenses if both:

- your total claim for work-related expenses is more than \$300
- your total claim for laundry expenses is more than \$150.

You need to be able to show how you came up with the total of your laundry expense claim. This isn't an automatic deduction.

If you choose a different basis to work out your claim, we may ask you to explain that basis.

### **Example: laundry expenses**

Jelani receives a uniform from her employer. She washes, dries and irons her uniforms in a separate load of washing twice a week. Jelani works 48 weeks during the year. Her claim of \$96 for laundry expenses is worked out as follows:

Number of claimable laundry loads per week × Number of weeks  
= Total number of claimable laundry loads

$$2 \times 48 = 96$$

Total number of claimable laundry loads × Reasonable cost per load = Total claim amount

$$96 \times \$1 = \$96$$

Jelani also claims \$250 in union fees for her job, but no other work-related expenses. As her total claim for laundry expenses is

under \$150 ( $96 \times \$1 = \$96$ ) she does not have to provide written evidence of her laundry expenses.

However, as her total claim for work-related expenses is over \$300 ( $\$96 + \$250 = \$346$ ), Jelani will have to keep written records of her other work expenses (that is, her union fees).

Although Jelani is not required to substantiate her claim for laundry, if asked, she will still need to explain how she calculated her claim.

You can use the [myDeductions](#) tool in the ATO app to record your expenses, or upload a photo of receipts or invoices.

For more information about the format for keeping records and how long to keep them, see [Records you need to keep](#).

QC 72154

## Glasses, contact lenses and protective glasses

Deductions for safety goggles or sunglasses used to protect your eyes from the risk of illness or injury while working.

**Last updated** 25 June 2024

You can't claim a deduction for prescription glasses or contact lenses, even if you wear them while working. These are private expenses.

You may be able to claim a deduction for the work-related cost of:

- safety goggles or glasses – if your work requires you to be in an environment that could be harmful to you if you don't take adequate safety precautions
- protective sunglasses – if your work requires you to be outdoors and you're exposed to the risk of eye damage from sunlight.

Protective sunglasses include prescription sunglasses, photochromatic and anti-glare glasses.

To claim a deduction, you must be able to show that wearing them:

- has a direct connection with your work duties
- protects you from the real and likely risk of illness or injury while at work.

You only claim a deduction for the work-related use of the item.

## **Example: prescription sunglasses and glasses**

Sergei works as a landscaper and spends most of his days outdoors in the sun. He gets prescription sunglasses to protect his eyes from the glare. When he is working in his office, he wears his regular prescription glasses.

Sergei can claim a deduction for his prescription sunglasses as they protect him from the risk of illness or injury while performing his work-related activity.

The prescription glasses he wears in the office offer no protection. They are a private expense and he can't claim a deduction for them.

As Sergei wears his prescription sunglasses on his days off, he apportions the cost of his sunglasses to account for his private use.

QC 72155

## **Watches and smart watches**

With few exceptions, you can't claim a deduction for a watch or smart watch.

## Watches

You can't claim a deduction for the cost of buying or maintaining watches or timepieces, even if you require one as part of your job. This is a private expense.

However, you can claim a deduction if your watch has special characteristics that you use for a work-related purpose. For example, a nurse can claim the cost of their fob watch.

### Example: specialty watch deductible

Alastair is a nurse. When he started working in a hospital, he bought a nurses' fob watch for \$150 that he only wears during work hours. Alastair can't wear a normal wristwatch for hygiene reasons.

Alastair can claim a deduction for the expense.

## Smart watches

As with ordinary watches, a smart watch (that connects to a phone or other device to provide notifications, apps and GPS, for example) is a private expense and not deductible under ordinary circumstances.

However, if you require some of the smart watch's functions as an essential part of your employment activities you can claim a deduction for the expenses related to your work-related use of the smart watch.

To show your work-related use of the watch, you need to keep a diary or similar record of your use of the device for a representative period.

### Example: smart watch not deductible

Dan is a personal trainer who mainly trains his clients one-on-one. As part of his role, he tracks his clients' progress, including reps and weights used. Dan's employer provides him with a device and a program for recording these details.

The device provided by Dan's employer doesn't allow him to check his messages while he is working so he buys a smart watch. He receives both private and work-related messages through the smart watch.

Dan can't claim a deduction for the smart watch because his employer has provided him with the necessary tools to do his work. The ability to check messages during work with his smart watch is not part of his employment duties.

## Expenses you can claim

If you are entitled to claim a deduction for a watch or smart watch:

- you can claim for the cost of buying and maintaining the watch, including repairs, batteries and watchbands
- if the watch cost more than \$300, you claim a deduction for its decline in value over its effective life
- you can only claim a deduction for the amount you use the item at work – if you also wear it for private purposes you must apportion your claim.

### Example: specialty watch apportioned for private use

Bianca works on the police diving squad. She buys a diving watch that she uses every day for work. She also uses the watch when she goes diving recreationally.

As the watch cost more than \$300, she can claim a deduction for the decline in value of the watch. However, Bianca would need to apportion the decline in value amount between her work and private use, and claim only the portion that relates to her work.

# Protective items, equipment and products

Deductions for items that protect you from the real and likely risk of illness or injury while working.

**Last updated** 25 June 2024

## Personal protective equipment (PPE)

You may be able to claim a deduction for personal protective equipment (PPE) you buy and use at work.

You must incur the expense for the protective items, equipment or products. You can't claim a deduction if your employer:

- pays for the items
- provides the items
- reimburses you for the cost you incur.

To claim a deduction, you must need to use the PPE in direct connection to earning your employment income. This means:

- you are exposed to the risk of illness or injury in the course of carrying out your work duties
- the risk is not remote or negligible
- in the circumstances there would be reason to expect the use of that kind of protective item
- you use the item in the course of carrying out your work duties.

PPE includes items such as:

- hard hats and helmets
- safety glasses or goggles
- earplugs
- gloves
- face masks or face shields
- sanitiser

- anti-bacterial spray.

The PPE you can claim as a deduction will depend on the nature of your employment duties.

### **Example: deduction allowable for helmet and safety visor**

Wiremu works on a building site. He is required to wear a helmet and safety visor on site. If he doesn't wear them, he is at risk of being injured.

There is a direct connection between the expense he incurs to buy the helmet and safety visor and the protection the items provide for him at work.

Wiremu can claim a deduction for the cost of the helmet and safety visor.

### **Personal protective equipment during COVID-19**

During the COVID-19 pandemic, you can claim a deduction for the cost of buying a face mask to wear at work if all the following conditions are met:

- your employment duties require you and other employees to be at your place of work
- a face mask is not provided to you by your employer
- you need to wear a mask because your duties bring you in close contact with clients.

To claim a deduction for other items of PPE such as gloves, sanitiser or anti-bacterial spray, your specific work duties must either:

- require you to have physical contact or be in close proximity to clients or customers while carrying out your duties
- involve you cleaning a premises.

This will usually be people working in the following industries:

- medical industry (such as doctors, nurses, dentists and allied health workers)

- cleaning industry
- airline industry
- hairdressing and beautician industry
- retail, café and restaurant industry.

If you work in these industries or occupations, the risk is not remote or negligible.

To claim a deduction for PPE items, you will need to **keep records**, such as a receipt, to prove your claim. You also must not have been reimbursed for the expense.

If your private use of the item is no more than incidental to your protection from the risks you are exposed to while carrying out your work duties, you don't have to apportion the expense. However, if your private use is more than incidental, you can only claim a deduction for the portion of the expense that relates to your work-related use.

### **Example: no deduction allowable for face masks**

Kate is an employee website designer who works from home. As a result of COVID-19, she does not meet her clients face to face.

To break up her day, Kate likes to leave the house to eat her lunch and do some exercise. When she leaves the house, Kate wears a face mask. Although the face mask protects Kate from the risk of COVID-19, she is not performing work duties when she is on her lunch break or exercising.

Kate can't claim a deduction for the face masks she buys. The risk of illness from her work environment (her home) is remote. She only wears a face mask when undertaking private activities.

## **Sunscreen and sunhats**

You can only claim a deduction for the cost of sunscreen and sunhats if:

- your work exposes you to the effects of the sun because you are required to perform your duties for prolonged periods outdoors

- you wear them while you are at work to protect you from that risk.

You need to apportion your expenses for sunscreen and sunhats if you use them for work and private purposes.

If a product is safe and effective as a sunscreen, it is given an Australian Register of Therapeutic Goods identification (ARTG ID) number by the Therapeutic Goods Administration. This is displayed on the product as an AUST L number.

Any product with an ARTG ID and an AUST L number on the label will be accepted as sunscreen. The AUST L number is different to the SPF number.

To find out whether a product has been given an ARTG ID, visit the [Therapeutic Goods Administration](#)  website.

You can't claim a deduction for a cosmetic with added sunblock protection unless it has an AUST L number.

### **Example: sun protection**

Jackie, a teacher, is required to attend a weekly school sports afternoon held outdoors. She buys a bottle of high-protection sunscreen, sunhat and sunglasses to wear at the sports afternoons. She doesn't wear that sunscreen at any other time.

Jackie can claim a deduction for the cost of the sunscreen, sunglasses and sunhat. If Jackie uses the sunglasses and sunhat for private purposes as well, she will have to apportion her deduction for those items.

## **Protective glasses and clothing**

You can claim a deduction for protective clothing or protective glasses that:

- protect you from the real and likely risk of illness or injury at work
- directly provide a degree of protection against that risk.

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## Deductions you can claim

Find out which expenses you can claim as income tax deductions and work out the amount to claim.

### How to claim deductions

How to claim income tax deductions for work-related expenses and other expenses, and record your deductions.

### Cars, transport and travel

Deductions for car, transport and travel expenses you incur in the course of your work.

### Tools, computers and items you use for work

Deductions for tools, computers, internet, stationery, books and other items you use for work.

### Clothes and items you wear at work

Deductions for clothes, glasses, protective gear and other items you wear at work.

### Working from home expenses

Deductions for expenses you incur to work from home such as

## **Education, training and seminars**

Deductions for self-education, conferences and training. You can't claim children's school fees or care.

## **Memberships, accreditations, fees and commissions**

Deductions for union fees, professional memberships, working with children check, agency fees and commissions.

## **Meals, entertainment and functions**

Deductions for meals, snacks, overtime meals, entertainment and functions.

## **Personal grooming, health and fitness**

Deductions for medical assessments, vaccinations, COVID-19 tests, gym fees, cosmetics and personal grooming.

## **Gifts and donations**

Deductions for gifts or donations you make to deductible gift recipients, and the records you need.

## **Investments, insurance and super**

Deductions for investment expenses, income protection insurance, personal super contributions and foreign pensions.

## **Cost of managing tax affairs**

Deduction for expenses to manage your tax affairs, such as lodging with a registered agent.

## Occupation and industry specific guides

Income and allowances to declare and the expenses you can claim a deduction for in your occupation or industry.

QC 72119

# How to claim deductions

How to claim income tax deductions for work-related expenses and other expenses, and record your deductions.

Last updated 25 June 2024

## How tax deductions work

You can claim some of your expenses as deductions in your tax return.

The expenses you can claim are mostly related to earning your income, but there are a few (such as donations) that aren't related to earning income.

Deductions reduce your taxable income.

It works like this:

your assessable income (money you earn from work or investments)

*minus* your allowable deductions (such as costs you incur to earn your income)

*equals* your taxable income (the amount you actually pay tax on).

## Work-related 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 (usually a receipt).

You claim these deductions in your tax return at the sections about work-related expenses. For instructions on how to complete your tax return, see [Lodgment options for preparing your tax return](#).

If the expense was incurred for both work and private purposes, you only claim a deduction for the work-related portion.

You can't claim a deduction if your employer pays for the expense or reimburses you for it. If we think your employer may reimburse you for an expense, we may check with them.

## Other expenses you can claim

There are a few expenses you can claim as a deduction even though they don't relate to your work.

These include:

- gifts and donations
- expenses related to earning income from investments
- personal super contributions
- income protection insurance
- the cost of managing your tax affairs.

You claim these in your tax return at the specific expense category (where available) or as an **Other deduction**. For instructions on how to complete your tax return, see [Lodgment options for preparing your tax return](#).

## Recording and claiming your expenses

When you claim a deduction [you need to keep records](#) that show you incurred the expense.

You can use the [myDeductions](#) tool in the ATO app to help keep track of your:

- work-related expenses (such as vehicle trips)
- general expenses (such as gifts and donations).

You can upload these records or share them with a registered tax agent at tax time to make lodging your tax return easier.

## Deductions in your occupation or industry

Our [occupation and industry specific guides](#) have information about income, allowances and deductions you may be eligible to claim. These guides are tailored to your occupation or industry.

## Information in other languages

A summary of common expenses may be available in your language:

1. Select your language from the [other languages' homepage](#).
2. Select the heading **Individuals**.
3. Check the list to see if a summary is available.

QC 72120

## Working from home expenses

Deductions for expenses you incur to work from home such as stationery, energy and office equipment.

**Last updated** 25 June 2024

## Eligibility to claim

To claim working from home expenses, you must:

- be working from home to fulfil your employment duties, not just carrying out minimal tasks, such as occasionally checking emails or taking calls
- incur additional running expenses as a result of working from home

- have records that show you incur these expenses.

To calculate your deduction for working from home expenses, you must use one of the methods set out below.

Where you incur running expenses for both private and work purposes, you need to apportion your deduction. You can only claim the work-related portion as a deduction.

## **Additional running expenses**

Running expenses relate to the use of facilities within your home. These expenses are generally considered private and domestic expenses. You can claim a deduction for additional running expenses you incur as a direct result of working from home.

Additional running expenses may include:

- electricity or gas (energy expenses) for heating or cooling and lighting
- home and mobile internet or data expenses
- mobile and home phone expenses
- stationery and office supplies
- the decline in value of depreciating assets you use for work – for example

- office furniture such as chairs and desks
- equipment such as computers, laptops and software
- the repairs and maintenance to depreciating assets.

In limited circumstances where you have a dedicated home office, you may also be able to claim:

- occupancy expenses (such as mortgage interest or rent)
- cleaning expenses.

If your employer pays you an allowance to cover your working from home expenses, you must include it as income in your tax return.

If you're a sole trader or business owner and your home is your principal place of business, see [Deductions for home-based business expenses](#).

## Choosing a method to calculate your claim

From 1 July 2022 there are 2 methods available to calculate your claim:

- Fixed rate method
  - an amount (67 cents) per work hour for additional running expenses
  - separate amount for expenses not covered by the fixed rate, such as the decline in value of depreciating assets
  - you no longer need a dedicated home office.
- Actual cost method
  - the actual expenses you incur as a result of working from home.

You must keep records to show you incur expenses as a result of working from home. The type of records you need to keep will depend on the method you choose to calculate your expenses.

For a summary of this information in PDF format, see [Working from home deduction \(PDF, 777 KB\)](#).

## Prior year work from home methods

To work out your deduction for working from home expenses in prior income years, use the table below for the methods available.

### Availability of work from home expenses methods

Method	Availability	Rate
<u>Actual cost</u>	Always available	Calculate actual costs
<u>Fixed-rate method</u>	1 July 2018 to 30 June 2019 1 July 2019 to 30 June 2020 1 July 2020 to 30 June 2021 1 July 2021 to 30 June 2022	52 cents per work hour
<u>Shortcut method</u>	1 March 2020 to 30 June 2020 1 July 2020 to 30 June 2021 1 July 2021 to 30 June 2022	80 cents per work hour

For the work from home fixed rates before 2018–19, see [PS LA 2001/6 Verification approaches for electronic device usage expenses](#).

## Expenses you can't claim

You can't claim a deduction for:

- coffee, tea, milk and other general household items, even if your employer may provide these at work
- costs that relate to your children's education, such as equipment you buy – for example, iPads and desks, subscriptions for online learning
- items your employer provides – for example, a laptop or a mobile phone

- expenses where your employer reimburses you for the cost.

Authorised by the Australian Government, Canberra.

## Fixed rate method – 67 cents

Check your eligibility to calculate your working from home expenses using the fixed rate method – 67c per hour.

## Actual cost method

Check if you're eligible to calculate your work from home expenses using the actual cost method.

## Occupancy expenses

Check if you're eligible to claim occupancy expenses when you work from home.

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## Fixed rate method – 67 cents

Check your eligibility to calculate your working from home expenses using the fixed rate method – 67c per hour.

Last updated 25 June 2024

## Fixed rate method

The fixed rate method for calculating your deduction for working from home expenses is available from 1 July 2022.

If you don't use the fixed rate method, you need to use the actual costs method to claim a deduction for the additional expenses you

incur as a result of working from home.

If you are working out your claim for working from home expenses for 2021–22 or earlier income years, see [Prior year work from home methods](#).

## Eligibility to claim

To use the fixed rate method, you must:

- incur [additional running expenses](#) as a result of working from home
- have a [record](#) of the total number of hours you work from home and the expenses you incur while working at home.

## How it works

You can claim 67 c for each hour you work from home during the relevant income year. The rate includes the additional running expenses you incur for:

- home and mobile internet or data expenses
- mobile and home phone usage expenses
- electricity and gas (energy expenses) for heating, cooling and lighting
- stationery and computer consumables, such as printer ink and paper.

The rate per work hour (67c) includes the total deductible expenses for the above additional running expenses. If you're using this method, you can't claim an additional separate deduction for these expenses.

## How to claim expenses the fixed rate doesn't include

You can separately claim a deduction for the work-related use of technology and office furniture such as chairs, desks, computers, bookshelves. These are generally depreciating assets that decline in value over time. You can also claim the repairs and maintenance of these items.

If the item cost \$300 or less and you use it mainly for a work-related purpose, you can claim an immediate deduction for the cost in the year

you buy it. This may include items, such as keyboards, computer mouses, power boards, desk lamps and chargers.

You can claim a deduction for the [decline in value of depreciating assets](#) over the effective life of the item, if it either:

- cost more than \$300
- forms part of a set that together cost more than \$300.

You may choose to work out the decline in value of low-cost assets and low-value assets with a cost or opening adjustable value of less than \$1,000 through a [low-value pool](#). You calculate decline in value of depreciating assets in a low-value pool using a diminishing value rate.

Where you use your depreciating assets for both work and private purposes, you need to apportion your decline in value deduction. You can only claim the work-related portion as a deduction. In limited circumstances where you have a dedicated home office, you may also be able to claim:

- [occupancy expenses](#) (such as mortgage interest or rent)
- cleaning expenses (such as the cost of cleaning that relates to the work-related use of a room in your house set up as a home office).

For more information about the deductions allowable for 'home office' expenses, see [PCG 2023/1 Claiming a deduction for additional running expenses incurred while working from home - ATO compliance approach](#)

### **Example: no additional deduction as expense covered by fixed rate**

Keisha is an employee engineer. During 2023–24, Keisha works from home and uses her timesheets to record the hours she spends working from home.

At the end of the income year, Keisha works out that she worked at home for a total of 843 hours.

When she is working from home, Keisha incurs electricity expenses, internet expenses and mobile phone expenses. However, Keisha also uses her mobile phone for work purposes on days when she is not working from home.

If Keisha uses the fixed rate method to calculate her working from home expenses deduction, she can claim a deduction of \$564. That is, 843 hours × 67c per work hour in her 2023–24 tax return.

Keisha can't claim a separate deduction in her tax return for the mobile phone expenses she incurs when she's not working from home as the rate per work hour includes this expense.

If Keisha wants to claim all of her work-related mobile phone expenses, she will need to use the actual costs method to calculate her claim for working from home expenses.

## Calculate your deduction

Use our home office expenses calculator to help work out your deduction.

[Home office expenses calculator](#)

You can also calculate your deduction manually using the steps below.

### Steps for calculating your work from home deduction manually

Before you calculate your deduction, check you have all the records you are required to keep.

#### **Step 1: Work out the total number of hours you worked from home**

Work out the total number of hours you worked from home during the income year using your records – for example, your timesheets, rosters, diary or similar document you keep at the same time as when you work.

#### **Step 2: Multiply your total work from home hours by the rate per hour**

Multiply the total number of hours worked from home during the year by 67c per hour.

#### **Step 3: Work out the decline in value of depreciating assets used for working from home**

Calculate the work-related decline in value of any depreciating assets that you used to work from home during the income year.

Use our [Depreciation and capital allowances tool](#) to help work this out.

For more information, see [Depreciating assets you use for work](#).

**Step 4: Work out the amount of any other working from home expenses you incurred that the rate per hour doesn't cover**

Use your records to work out the amount of any other work-related expenses you incurred as a result of working from home.

Don't include any amount for expenses the [rate per work hour covers](#).

**Step 5: Add the amounts at step 2, step 3 and step 4 together**

The total of step 2, step 3 and step 4 is the amount you claim as a working from home deduction in your tax return.

**Example: deduction calculated using fixed rate method**

Yang is employed as a software engineer. On 6 December 2023, Yang starts working from home 2 days a week and at the office 3 days a week.

On 1 December 2023, Yang buys a desk for \$250 and an office chair for \$299. Yang only uses the desk and office chair when working from home. He keeps his receipt for both items.

When working from home, Yang uses his work laptop, his personal internet connection and his personal mobile phone. Yang also uses the air conditioner in his spare room to cool and heat the room he works in.

Yang uses a spreadsheet to record the time he starts and finishes working from home. Yang also keeps one quarterly invoice for his electricity expenses, one monthly internet bill and one monthly mobile phone bill for the period between 6 December 2023 and 30 June 2024.

At the end of the 2023–24 income year, Yang decides to use the fixed rate method to calculate his working from home deduction. Yang calculates his deduction manually as follows:

1. Yang uses his spreadsheet to calculate that he worked from home for a total of 560 hours.
2. Yang calculates his deduction for electricity, mobile phone and internet by multiplying the total number of hours he worked from home by the hourly rate.

His calculation is:

$$560 \text{ hours} \times 67 \text{c per work hour} = \$375$$

3. Yang works out his decline in value deduction.

As the desk and office chair Yang bought cost less than \$300 each and he only uses them when he works from home, he can claim the cost of the desk and the office chair as a decline in value deduction for the 2023–24 income year.

His deduction is:

Chair – \$299

Desk – \$250

4. Yang has no other expenses.

5. Yang calculates his total deduction by adding the amount he calculated at Step 2 and Step 3. This is calculated as:

$$\$375 + \$299 + \$250 = \$924 \text{ (rounded to the nearest whole dollar)}$$

When he lodges his 2023–24 tax return, Yang includes a deduction of \$924 for his working from home expenses.

## Record keeping for the fixed rate method

To claim your working from home deduction using this method, you must keep:

- a record of the number of actual hours you work from home during the entire income year – for example, a timesheet, roster, diary or other similar document (an estimate of your hours won't be acceptable)
- at least one record for each of the additional running expenses you incur that the rate per work hour includes – for example, if you incurred electricity and stationery expenses keep one quarterly bill for your electricity expenses and one receipt for your stationery expenses

You need to [keep your records](#) for 5 years (in most cases) from the date you lodge your tax return.

You must [keep records for depreciating assets](#) from the time you buy them, that shows:

- the amount spent on depreciating assets you buy
- the [percentage of the year you use your depreciating assets](#) exclusively for work, such as a diary or similar document.

You must also keep these records for other running expenses you are claiming as a separate deduction.

You need to keep these records for 5 years from the date of your last claim for decline in value.

## Record keeping for 2022–23

If you haven't been keeping a record of the actual hours you worked from home, **for the 2022–23 income year only**, you must be able to provide both:

- a representative record of the total number of hours worked from home during the period from 1 July 2022 to 28 February 2023 – for example, any kind of record of the hours you worked from home for a particular period that you can apply to the whole 8 month period.
- a record of the total number of actual hours worked from home for the period 1 March 2023 to 30 June 2023.

If you haven't kept receipts or written evidence of your depreciating assets, you may still be able to claim a decline in value deduction if:

- you didn't keep it because you were using the fixed rate method or shortcut method to calculate your working from home deduction in the income year you purchased the asset
- you have other evidence or records which show
  - you incurred the cost of the depreciating asset
  - when you bought the depreciating asset
  - your work-related use of the depreciating asset.

For more information, see [TR 97/24 Income tax: relief from the effects of failing to substantiate](#).

## Example: Representative record of hours worked from home

Wanda has an agreement with her employer to work from home one day a week. She is required to work 8 hours each working day (40 hours per week). Wanda sits at her kitchen table when she works at home and uses her employer provided laptop and mobile phone. Wanda uses her own internet connection and electricity.

Wanda keeps one monthly internet bill and a quarterly electricity bill but she doesn't keep any records of the hours she spent working from home during the period from 1 July 2022 to 28 February 2023.

Wanda has evidence of:

- her agreement to work at home one day per week
- her regular working hours
- taking annual leave for 2 weeks during the period.

Wanda can use these documents to work out the hours she worked from home during the first 8 months of the year. She works this out as:

Weeks from 1 July 2022 to 28 February 2023 = 34 weeks

34 weeks - 2 weeks (annual leave) = 32 weeks

$(32 \text{ weeks} \times 1 \text{ day per week}) \times 8 \text{ hours per day} = 256 \text{ hours}$

For the period from 1 March 2023 to 30 June 2023, Wanda keeps a record in her email calendar of when she starts and finishes work (including any breaks) on the day she works from home each week. At the end of the 2022–23 income year, Wanda calculates the hours she worked from home during this 4 month period as 129 hours.

Wanda can claim a deduction for her working from home expenses using the revised fixed rate method because she has kept records of:

- the expenses she incurred which are covered by the rate per hour, that is, her electricity and internet expenses

- a representative record of her hours worked from home for the period 1 July 2022 to 28 February 2023
- a record of the actual hours she worked from home during the period 1 March 2023 to 30 June 2023.

Wanda calculates deduction as:

$(256 \text{ hours} + 129 \text{ hours}) \times 67c = \$257$  (rounded up to the nearest whole dollar).

You can use the myDeductions tool in the ATO app to keep track of your expenses and receipts throughout the year.

[myDeductions tool](#)

QC 72159

## Actual cost method

Check if you're eligible to calculate your work from home expenses using the actual cost method.

Last updated 16 August 2024

## Eligibility to claim

To use the actual cost method to claim actual expenses, you must:

- incur [additional running expenses](#) as a result of working from home
- keep records or other written evidence, which shows the amount
  - you spend on expenses
  - you spend on depreciating assets you buy and use while working from home
  - of work-related use for your expenses and depreciating assets.

You don't incur additional running expenses if other members of your household (who are not working from home) are in the same room as you while you are working from home.

### Example: working from a lounge room

Lee works from her lounge room while her partner and 3 children watch television. Lee isn't incurring any additional costs for lighting, heating or cooling as a result of working in that room, so she can't claim a deduction for them.

## How it works

Using the actual costs method, you work out your deduction by calculating the actual additional expenses you incur when working from home. This includes expenses you incur for:

- the decline in value of depreciating assets – for example, home office furniture (desk, chair) and furnishings, phones and computers, laptops or similar devices
- electricity and gas (energy expenses) for heating, cooling and lighting
- home and mobile phone, data and internet expenses
- stationery and computer consumables, such as printer ink and paper
- cleaning your dedicated home office.

Where you incur running expenses for both private and work purposes, you need to apportion your deduction on a fair and reasonable basis. You can only claim the work-related portion as a deduction.

In limited circumstances, you may also be able to claim [occupancy expenses](#) (such as mortgage interest or rent).

## Decline in value of depreciating assets

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

You can claim a deduction for the [decline in value of depreciating assets](#) over the effective life of the item, if it either:

- cost more than \$300
- forms part of a set that together cost more than \$300.

You may choose to work out the decline in value of low-cost assets and low-value assets with a cost or opening adjustable value of less than \$1,000 through a [low-value pool](#). You calculate decline in value of depreciating assets in a low-value pool using a diminishing value rate.

If you use the asset for work and private purposes, you can only claim the work-related portion of the decline in value as a deduction.

For example, if you buy a device for \$289 that you use 80% of the time for work-related purposes and 20% of the time for private purposes, you can only claim a deduction of \$231 ( $80\% \times \$289$ ) in the income year you buy it.

You can use the [depreciation and capital allowances tool](#) to calculate your deduction for the decline in value of equipment, furniture and furnishings.

To claim a deduction for the decline in value of depreciating assets, you must:

- keep receipts showing the amount you spent on the assets
- show the percentage of the year you used those depreciating assets exclusively for work.

## Cleaning expenses

If you have a dedicated home office, work out the cost of your cleaning expenses and apportion your claim for any:

- private use of your home office
- use of the home office by other members of your household.

For example, if you have a room set up as a home office, add together your receipts for cleaning expenses and multiply by the floor area of the dedicated work area, divided by the whole floor area of the house. Then reduce this amount by the percentage of private use by yourself and the use of the home office by other household members.

## Electricity and gas for heating, cooling and lighting

You can work out the cost of your electricity and gas (energy expenses) for heating, cooling and lighting by using the:

- cost per unit of power you use (your utility bill has this information)
- average units you use per hour, which is the power consumption (this information may be found in the manufacturer information, the star energy rating label or by searching the internet) and is
  - per kilowatt (kw) hour for each electrical appliance, equipment or light you use
  - per megajoule (MJ) hour for gas heating appliances you use
- total annual hours used for work-related purposes by checking your record of hours worked or your diary.

### **Example: electricity for cooling and heating**

Ben works at home several days per week and keeps a record of the total hours he works from home. His record shows he worked a total of 768 hours from home in 2023–24.

When he works from home, Ben sits in a separate room of his house and always uses the air conditioner in the room when he is working. Based on the manufacturer's information, his air conditioning unit costs 1.09 kw per hour to run.

Based on his electricity bills, Ben pays 27.81c per kw hour (28c rounded up) for electricity.

Ben calculates the cost of cooling and heating for the room he uses when he is working from home as:

$$1.09 \text{ kw per hour} \times 0.28 \text{c per hour} = 30.52 \text{c per kw hour}$$

$$768 \text{ hours} \times 30.52 \text{c} = \$234.39.$$

Ben can also use the online home office expenses calculator to work out his actual expenses. Ben would fill out the following:

- Select income year: 2023–24
- Do you want to claim a deduction based on actual expenses?:  
Yes
- Choose one of the following methods to calculate electricity expenses: Actual running expenses

- Cost per unit of electricity used: 0.28c
- Average units of electricity used per hour for income producing purposes: 1.09 kw
- Hours of electricity used for income producing purposes during the year: 768.

## Phone, data and internet

If you receive an [itemised phone or internet bill](#), you need to work out your work-related use over a continuous 4-week period. You can use your work-related percentage for the 4-week period to work out your expenses for the whole income year.

For example, you can mark your work-related calls on your monthly phone bill and work out your work-related use based on the number of those phone calls compared to your total calls.

For more information, see [PS LA 2001/6 Verification approaches for electronic device usage expenses](#).

## Stationery and computer consumables

Work out the cost of computer consumables and stationery by using receipts for the items you buy. If you use the item for both private and work-related purposes, you can only claim the work-related portion of the expense.

## Calculate your deduction

Use our home office expenses calculator to help work out your deduction.

[Home office expenses calculator](#)

## Record keeping for actual costs method

To claim your work from home expenses using actual costs, you must keep:

- either a record showing

- the number of actual hours you work from home during the entire income year – for example, a timesheet or spreadsheet
- a continuous 4-week period that represents your usual pattern of working at home – for example, a diary.

You must also keep records that show:

- the additional running expenses you incurred while working from home, such as receipts, bills and other documents
- how you worked out the amount of your deduction.

You can use the myDeductions tool in the ATO app to keep track of your expenses and receipts throughout the year.

[myDeductions tool](#)

QC 72161

## Occupancy expenses

Check if you're eligible to claim occupancy expenses when you work from home.

**Last updated** 25 June 2024

## Occupancy expenses for employees

As an employee working from home, generally:

- you can't claim occupancy expenses
- you can claim [running expenses](#).

If you acquired your home after 20 September 1985 and you are eligible to claim occupancy expenses, there are capital gains tax (CGT) implications for your home. There are no CGT implications if you only claim running expenses.

See [Deductions for home-based business expenses](#) if you operate a business from your home.

Occupancy expenses are expenses that you pay to own or rent your home. These include:

- mortgage interest
- rent
- council and water rates
- land taxes
- house insurance premiums.

If you're eligible to claim occupancy expenses, you can also claim running expenses you incur.

## Eligibility to claim

You can only claim occupancy expenses if you have an area set aside that has the character of a 'place of business'. Indicators that the area of your home you've set aside to work from may be a place of business include:

- the area is clearly identifiable as a place of business
- the area isn't readily capable of being used for private or domestic purposes
- the area is exclusively or almost exclusively used for carrying on a business
- the area is used regularly for visits of clients or customers.

To claim occupancy expenses when you work from home, you must show that:

- the nature of your income earning activities requires you to have a place of business
- it was necessary for you to work from home because your employer doesn't provide you with an alternative place of business
- the area of your home that you use for work is exclusively or almost exclusively used for work purposes and isn't readily capable of being used for any other purpose.

## Calculate your occupancy expenses

Occupancy expenses can generally be apportioned on a floor area basis. You must also apportion your expenses on a time basis if you only use that area of your home for work purposes for part of the year.

## Example: occupancy expenses deductible

Abdul works at his employer's office in Brisbane. His employer permanently closes the office at the end of January 2024.

Abdul's employer still requires staff in Brisbane to provide services to their clients, which includes face-to-face meetings.

Abdul's employer provides him with the equipment he needs to fulfil his work functions. They also pay for a work, health and safety check on the room in Abdul's home that he intends to work from. Abdul's home address is listed on his employer's website as an address for the business and he is required to keep client files secure.

From 1 February 2024, Abdul starts working from the room set aside in his house. The floor area of the room is 10% of the total floor area of the whole house.

Abdul doesn't use the room for non-work purposes and keeps it locked because it is set up as a permanent office of his employer where his clients attend for meetings.

Abdul can claim a deduction for occupancy expenses as a result of working from home for 5 months of the year because:

- his income earning activities require him to have a place of business for client meetings and to keep files
- his employer doesn't provide him with an alternative place of business
- it is necessary for him to work from home
- the room he works from is used exclusively for work purposes and it is not readily capable of being used for any other purpose.

Abdul's occupancy expenses for the 2023–24 income year are \$24,918. That is:

- mortgage interest \$19,524

- council rates \$4,259
- home insurance \$1,135.

Abdul calculates his deduction for occupancy expenses as follows:

Total occupancy expenses × floor area percentage × time used for work purposes

$$\$24,918 \times 10\% \times (5 \text{ months} \div 12 \text{ months}) = \$1,038.$$

As Abdul can claim mortgage interest expenses as a deduction, he will be required to pay tax on a portion of any capital gain he makes when he sells his home. He can't claim the full main residence exemption.

### **Example: occupancy expenses not deductible**

Randy's employer decides to permanently close the office he currently works from before their shutdown in mid-December 2023. From January 2024, Randy works from home in either his loungeroom at a desk or at the dining table. As Randy only needs a laptop and a mobile phone, he doesn't have a room set aside to work from.

Randy can't claim a deduction for any portion of his occupancy expenses.

Even though his employer hasn't provided him with a work location and it is necessary for him to work from home, he doesn't have an area of his home set aside to use exclusively, or almost exclusively, for income producing purposes. His dining room and lounge room are also readily capable of being used, and are used regularly, for private purposes.

### **Record keeping for occupancy expenses**

You must keep records for all of your occupancy expenses, including:

- bank statements for your mortgage interest

- rental receipts
- quarterly invoices for your water and council rates
- invoices or receipts for your house insurance
- land tax assessment notices and evidence of payment
- a floor plan of your home with the floor area used when working from home clearly marked
- records of time spent using the area for a purpose other than working from home
- records showing how you apportioned your occupancy expenses.

You must also [keep records for the property](#), including:

- the purchase and sale contract for your home
- records of any incidental expenses you incur on the purchase and sale of your home – for example, real estate agent commission and stamp duty
- records of the occupancy expenses for every year you claim them.

If you become eligible to claim occupancy expenses sometime after you buy your home and you're eligible to claim a deduction for interest expenses, you won't be eligible for the full [main residence exemption](#). It doesn't matter whether you actually had a home loan or whether you claimed a deduction for interest, your main residence exemption will still be affected. However, there are special rules around the cost of your home in these circumstances. As such, you should get a market valuation for your house at the time you first start using it for income producing purposes.

These records must be kept for the entire period that you own your home and for 5 years after you sell it.

Find out more about how your home may be affected if you [use your home in earning your income](#).

# Gifts and donations

Deductions for gifts or donations you make to deductible gift recipients, and the records you need.

**Last updated** 25 June 2024

For a summary of this content in poster format, see [Gifts and Donations \(PDF, 264KB\)](#).

## When a gift or donation is deductible

You can only claim a tax deduction for a gift or donation to an organisation that has the status of a [deductible gift recipient](#) (DGR).

To claim a deduction, you must be the person that gives the gift or donation and it must meet the following 4 conditions:

1. It must be made to a DGR.
2. It must truly be a gift or donation – that is, you are voluntarily transferring money or property without receiving, or expecting to receive, any material benefit or advantage in return. A material benefit is something that has a monetary value.
3. It must be money or property – this can include financial assets such as shares.
4. It must comply with any relevant gift conditions – for some DGRs, the income tax law adds conditions affecting the types of deductible gifts they can receive.

DGRs sometimes authorise a business to collect donations on their behalf. For example, a supermarket may be authorised to accept a donation at the register that they then send onto the DGR. You can claim a deduction for a gift or donation you make in this way, if:

- it meets the 4 conditions above
- you have [a receipt from the third party](#).

If you receive a material benefit in return for your gift or donation to a DGR – for example, you purchase a ticket to a fundraising dinner – it's considered [a contribution and extra conditions apply](#).

To claim a deduction, you must have a [record of your donation](#) such as a receipt.

## What is a deductible gift recipient?

A DGR is an organisation or fund that registers to receive tax deductible gifts or donations.

Not all charities are DGRs. For example, crowdfunding campaigns are a popular way to raise money for charitable causes. However, many of these crowdfunding websites are not run by DGRs. Donations to these campaigns and platforms aren't deductible.

You can check the DGR status of an organisation at [ABN Look-up: Deductible gift recipients](#).

## What you can claim

The amount you can claim as a deduction depends on the type of gift:

- Gifts of money – you can claim the amount of the gift, but it must be \$2 or more.
- Gifts of property or shares – there are different rules depending on the type and value of the property – see [Gift types, requirements and valuation rules](#).
- Gifts under the Heritage and Cultural programs – there are special circumstances where donations can also be deductible – see:
  - [Donating under the Cultural Gifts Program](#)
  - [Heritage gifts](#)
  - [Claiming conservation covenant concessions](#)

If you receive a token item for your donation you can still claim a deduction. Token items are things of no material value that are used to promote the DGR, such as lapel pins, wristbands and stickers.

You claim the deduction for your gift in the income year in which you give the gift. In some circumstances you may elect to [spread the tax deduction over a period of up to 5 income years](#).

## Bucket donations

If you made one or more small cash donations, each of \$2 or more, to bucket collections – for example, to collections conducted by a DGR for natural disaster victims – you can claim a total tax deduction of up to \$10 for those donations for the income year without a receipt.

To claim donations of more than \$10, you need a receipt.

## Political party and independent candidate donations

In some circumstances, you can claim a deduction for gifts and donations to registered political parties or independent candidates.

This includes paying a membership subscription to a registered political party.

You must have made the gift or donation as an individual (not in the course of carrying on a business) and it can't be a testamentary donation.

Your gift or donation must be worth \$2 or more. If the gift is property, the property must have been purchased within 12 months of making the donation.

The most you can claim in an income year is:

- \$1,500 for contributions and gifts to political parties
- \$1,500 for contributions and gifts to independent candidates and members.

To claim a deduction, you must have a written record of your donation.

For more information see [Claiming political contributions and gifts](#).

## What you can't claim

You can't claim gifts or donations that provide you with a personal benefit, such as:

- raffle or art union tickets – for example, an RSL Art Union prize home
- items such as chocolates, mugs, keyrings, hats or toys that have an advertised price
- the cost of attending fundraising dinners (you may be eligible to claim a deduction as a *contribution* if the cost of the event was

more than the [minor benefit supplied as part of the event](#))

- club membership fees
- payments to school building funds made in return for a benefit or advantage – for example, as an alternative to an increase in school fees or placement on a waiting list
- payments where you have an understanding with the recipient that the payments will be used to provide a benefit to you
- gifts to family and friends, regardless of the reason
- donations made under a salary sacrifice arrangement
- donations made under a will.

You can't claim a tax deduction for donations made to social media or crowdfunding platforms unless they are a registered DGR.

### **Example: material benefits where a deduction can't be claimed**

Robbie is an office worker. Each year his workplace gets involved in the Daffodil day appeal to raise money and awareness for the Cancer Council. Robbie buys a teddy bear toy on Daffodil Day at a cost of \$30.

Robbie can't claim a deduction for the cost of the toy as he has received a material benefit in return for his contribution to the Cancer Council.

## **Keeping records of gifts and donations**

Keep records for all tax deductible gifts and contributions you make.

Evidence you need to keep may include:

- receipts for donations or contributions
- a signed letter from the eligible organisation confirming the amount of your donation or contribution.

If you receive a [minor benefit](#) (for example, a charity dinner) as a benefit for your contribution, the value of the benefit needs to be

shown.

Most DGRs will issue you with a receipt for your donation, but they're not required to. If you don't have a receipt, you can still claim a deduction by using other records, such as bank statements.

If a DGR issues a receipt for a deductible gift, the receipt must state:

- the name of the fund, authority or institution to which the donation has been made
- the DGR's Australian business number (ABN) (some DGRs listed by name in the law may not have an ABN)
- that it is for a gift.

If you give through a workplace giving program, your evidence can be from either:

- your income statement or payment summary
- a [receipt from a third party](#) or a written record from your employer.

You can use the [myDeductions](#) record-keeping tool in the ATO app to keep track of your expenses and receipts throughout the year. If you have an electronic copy of your receipts that are a true and clear reproduction of the original, you're not required to keep the original paper copy.

For more information, see [Keeping a record of your donation](#).

QC 72185

## Cost of managing tax affairs

Deduction for expenses to manage your tax affairs, such as lodging with a registered agent.

**Last updated** 25 June 2024

You can claim a deduction for expenses you incur in managing your own tax affairs, such as the cost to lodge through a registered agent.

Costs you can claim include:

- costs associated with preparing and lodging your tax return and activity statements, such as
  - buying tax reference material
  - tax return preparation courses
  - lodging your tax return through a registered tax agent
  - getting tax advice from a recognised tax adviser (a registered tax agent, barrister or solicitor)
  - dealing with us about your tax affairs
  - buying software that allows you to prepare and lodge your tax return (you can only claim a portion of the cost if you also use the software for other purposes)
- travel costs to get tax advice – for example, the travel costs of attending a meeting with a recognised tax adviser
- litigation costs, including court and Administrative Appeals Tribunal fees, and solicitor, barrister and other legal costs
- the cost of a valuation for a deductible gift or donation of property, or for a deduction for entering into a conservation covenant
- an interest charge we impose
- some fees you incur when you pay your tax obligations by card, such as
  - credit and debit card fees for a business tax liability – for example, GST
  - debit card fees when paying an individual tax liability
- costs to comply with your legal obligations for another person's (or other entity's) tax affairs.

If you receive a single invoice for preparing your tax returns and the tax returns for associated people (such as a spouse), you need to split the fees you incur. You must also:

- be able to show how you work out the cost for each
- keep evidence to support the deduction you claim.

You generally incur the fees in the income year you pay them.

## Interest charged by the ATO



You can claim a deduction for certain interest we impose or charge.

QC 72191

# Interest charged by the ATO

You can claim a deduction for certain interest we impose or charge.

**Last updated** 25 June 2024

We impose interest in specific situations, including:

- late payment of taxes and penalties
- an increase in your tax liability as a result of an amendment to your assessment
- an increase in other tax liabilities, such as goods and services tax or pay as you go amounts.

The interest we impose includes:

- general interest charge (GIC)
- shortfall interest charge (SIC)
- late payment interest.

You can claim a deduction for the GIC and SIC we impose in the year you incur the charge. This will depend on when you actually became liable for the interest. For example:

- SIC imposed on an unpaid income tax shortfall is incurred in the year you are served a notice of amended assessment.
- GIC imposed on existing unpaid tax liabilities is incurred on a daily basis, in the year it is imposed.

You claim a deduction for ATO interest at **Cost of managing tax affairs – Interest charged by the ATO** in your tax return.

The amount of interest you have been charged is normally pre-filled on your tax return. However, if you need to work out how much you have been charged, see [Calculate and report ATO interest](#).

If we remit GIC or SIC, you must include the remission amount as interest income in your tax return in the income year that we grant it.

QC 72192

## Occupation and industry specific guides

Income and allowances to declare and the expenses you can claim a deduction for in your occupation or industry.

**Last updated** 25 June 2024

### Using our guides

Our occupation and industry guides help you to complete your tax return, use these guides to:

- work out what income and allowances to declare
- check if you can or can't claim work-related expenses as a deduction
- find out what records you need to keep.

To claim a deduction for work-related expenses, you must meet the 3 golden rules:

1. You must have spent the money and you weren't reimbursed.
2. The expense must directly relate to earning your income.
3. You must [keep records](#) that show you incur the expense (usually a receipt).

### Our guides

We tailor our occupation and industry specific guides to address common expense claims we see as deductions in your occupation or industry. Use the table below to access either:

- the complete occupation or industry guide including income, expenses, record keeping and examples
  - select the link in the left column of the table
  - read the content online
- the PDF summary of common work-related expenses for your occupation or industry, you can
  - select the link in the right column of the table to open the PDF
  - download as a PDF.

**Table: Occupation guides and summary PDF posters**

<b>Occupation and industry guides</b>	<b>Deduction summary – PDF download</b>
<a href="#"><u>Adult industry workers</u></a>	Not available
<a href="#"><u>Agricultural workers</u></a>	<a href="#"><u>Agricultural industry (PDF, 448KB)</u></a> 
<a href="#"><u>Apprentices and trainees</u></a>	<a href="#"><u>Apprentice (PDF, 443KB)</u></a> 
<a href="#"><u>Australian Defence Force members</u></a>	<a href="#"><u>ADF members (PDF, 569KB)</u></a> 
<a href="#"><u>Building and construction employees</u></a>	<a href="#"><u>Building and construction worker (PDF, 389KB)</u></a> 
<a href="#"><u>Bus drivers</u></a>	<a href="#"><u>Bus driver (PDF, 436KB)</u></a> 
<a href="#"><u>Call centre operators</u></a>	<a href="#"><u>Call centre operator (PDF, 416KB)</u></a> 
<a href="#"><u>Cleaners</u></a>	<a href="#"><u>Cleaner (PDF, 405KB)</u></a> 

<a href="#">Community support workers and direct carers</a>	<a href="#">Community support worker and direct carer (PDF, 427KB)</a> 
<a href="#">Doctor, specialist or other medical professional</a>	<a href="#">Doctor, specialist or other medical professional (PDF, 420KB)</a> 
<a href="#">Engineers</a>	<a href="#">Engineer (PDF, 423KB)</a> 
<a href="#">Factory workers</a>	<a href="#">Factory worker (PDF, 458KB)</a> 
<a href="#">Fire fighters</a>	<a href="#">Fire fighter (PDF, 399KB)</a> 
<a href="#">Fitness and sporting industry employees</a>	<a href="#">Fitness or sporting industry employees (PDF, 375KB)</a> 
<a href="#">Flight crew</a>	<a href="#">Flight attendant (PDF, 423KB)</a> 
<a href="#">Gaming attendants</a>	<a href="#">Gaming attendant (PDF, 369KB)</a> 
<a href="#">Guards and security employees</a>	<a href="#">Security industry (PDF, 495KB)</a> 
<a href="#">Hairdressers and beauty professionals</a>	<a href="#">Hairdresser and beauty therapist (PDF, 432KB)</a> 
<a href="#">Hospitality industry employees</a>	<a href="#">Hospitality worker (PDF, 426KB)</a> 
<a href="#">IT professionals</a>	<a href="#">IT professional (PDF, 393KB)</a> 
<a href="#">Lawyers</a>	<a href="#">Lawyer (PDF, 434KB)</a> 
<a href="#">Meat workers</a>	<a href="#">Meat processing worker (PDF, 443KB)</a> 
<a href="#">Media professionals</a>	<a href="#">Media professional (PDF, 438KB)</a> 

<a href="#">Mining site employees</a>	<a href="#">Miners (PDF, 429KB)</a> 
<a href="#">Nurses and midwives</a>	<a href="#">Nurse or midwife (PDF, 440KB)</a> 
<a href="#">Office workers</a>	<a href="#">Office worker (PDF, 467KB)</a>  <a href="#">Public servant (PDF, 395KB)</a> 
<a href="#">Paramedics</a>	<a href="#">Paramedic (PDF, 457KB)</a> 
<a href="#">Performing artists</a>	<a href="#">Performing artist (PDF, 434KB)</a> 
<a href="#">Pilots</a>	<a href="#">Pilot (PDF, 399KB)</a> 
<a href="#">Police</a>	<a href="#">Police officer (PDF, 427KB)</a> 
<a href="#">Professional sportsperson</a>	Not available
<a href="#">Real estate employees</a>	<a href="#">Real estate employees (PDF, 482KB)</a> 
<a href="#">Recruitment consultants</a>	<a href="#">Recruitment consultant (PDF, 425KB)</a> 
<a href="#">Retail industry workers</a>	<a href="#">Retail industry worker (PDF, 428KB)</a> 
<a href="#">Sales and marketing</a>	<a href="#">Sales and marketing (PDF, 449KB)</a> 
<a href="#">Teachers and education professionals</a>	<a href="#">Teacher (PDF, 427KB)</a> 
<a href="#">Tradesperson</a>	<a href="#">Tradesperson (Tradies) (PDF, 415KB)</a> 
<a href="#">Train drivers</a>	<a href="#">Train driver (PDF, 413KB)</a> 

<a href="#">Travel agent employees</a>	<a href="#">Travel agent (PDF, 450KB) </a>
<a href="#">Truck drivers</a>	<a href="#">Truck driver (PDF, 466KB) </a>

## Information in other languages

A summary of the common work-related expenses for your occupation or industry may be available in your language:

- Select your language from the [other languages' homepage](#).
- Select the heading **Individuals**.
- Check the list, to see if a deductions summary for your occupation or industry is available.

QC 72193

## Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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 Print whole section

## Education, training and seminars

Deductions for self-education, conferences and training.  
You can't claim children's school fees or care.

### Self-education expenses

You can claim a deduction for self-education expenses if the education relates to your employment activities.

### School fees and child care

You can't claim a deduction for child care, or for school or higher education fees for your children.

### Seminars conferences and training courses

Deductions for attending seminars, conferences, and first aid or other training courses connected with your work.

QC 72165

## Self-education expenses

You can claim a deduction for self-education expenses if the education relates to your employment activities.

For a summary of this content in poster format, see [Self-education expenses \(PDF, 691KB\)](#).

## What are self-education expenses?

Self-education expenses are the costs you incur when you:

- undertake courses at an educational institution (whether or not the courses lead to a formal qualification)
- undertake courses provided by a professional or industry organisation
- attend work-related conferences or seminars
- do self-paced learning and study tours (whether within Australia or overseas).

## Eligibility to claim self-education expenses

You can claim a deduction for a self-education expense if, at the time you incur the expense, it has a sufficient connection to earning income from your employment activities.

Self-education has a sufficient connection to earning your employment income if it either:

- maintains or improves the specific skills or knowledge you require for your current employment activities
- results in, or is likely to result in, an increase in your income from your current employment activities.

Your employment activities are the duties and tasks expected of you to perform your job and are usually set out in your duty statement.

You may also be eligible if you undertake a course to maintain your right to receive a [taxable bonded scholarship](#).

### Example: course related to apprenticeship

Isaiah is employed as an apprentice hairdresser. As part of his apprenticeship he's required to work 4 days a week at his employer's salon receiving on-the-job training, and one day a

week at TAFE doing a Certificate 3 in Hairdressing. Isaiah pays for the TAFE course himself.

The course will improve the knowledge and skills that Isaiah requires to carry out his employment activities. Isaiah can claim a deduction for the self-education expenses he incurs.

### **Example: course leading to increased income**

Ranita is one of several systems administrators employed by a large company. Ranita's employer pays systems administrators more if they know how to use a particular programming language.

Ranita enrolls in and pays for a course on how to use the programming language. On completion, Ranita's employer gives her a pay rise.

Ranita can claim a deduction for the self-education expenses she incurs because the course results in an increase in income from her employment activities.

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

You can't claim a deduction for a self-education expense if, at the time you incur the expenses:

- it doesn't have a sufficient connection to your employment activities at that time
- you are not employed
- it only relates in a general way to your employment activities at that time – such as undertaking a full-time fashion photography course and working as a casual sales assistant on the weekends
- it enables you to get new employment or change employment – such as moving from employment as a nurse to employment as a doctor.

## **Example: expense only generally related to employment**

Louis is a computer science student who works at the university laboratory installing computers. The course and the job are generally related, and what Louis learns might help him in his job.

However, the high-level professional skills Louis acquires from his studies are well beyond the skills he requires for his current job. There isn't a sufficient connection between his current employment income and his course so Louis can't claim a deduction for his self-education expenses.

## **Example: employment ceases while studying**

Callum is an employee software developer. To improve his skills in his current employment, Callum starts a Graduate Diploma in Advanced Software and Network Technology. The course takes one year and is paid for in 2 instalments, which become due as each semester starts. Callum's employer is supportive of his study and offers paid leave for Callum to study each week.

During semester one, Callum is made redundant. He chooses to continue studying the course while unemployed.

Callum can claim a deduction for the semester one payment, as he was working and earning income when he made the payment and the course had a sufficient connection to his employment income at that time.

Callum can't claim a deduction for the semester 2 payment. As Callum was unemployed at the time he made the semester 2 payment, it was not incurred in earning his income.

## **Taxable bonded scholarship recipients**

You can claim a deduction for self-education expenses if you do the course to satisfy study requirements to maintain your right to a **taxable bonded scholarship**.

If you're an employee of the scholarship provider, normal work-related self-education rules apply.

## Expenses you can claim

If your self-education expenses meet the [eligibility criteria](#), you can claim a deduction for the following expenses:

- [Tuition, course, conference or seminar fees](#)
- [General course expenses](#)
- [Decline in value of depreciating assets](#)
- [Car and other transport expenses](#)
- [Accommodation and meal expenses](#) (incurred when the self-education requires you to travel and be away from your home for one or more nights)
- [Interest on borrowings](#)

For self-education expenses incurred before 1 July 2022, you generally can't claim the first \$250 of expenses.

### Tuition, course, conference or seminar fees

You can claim a deduction for tuition fees, including student and amenities fees, you incur if you are enrolled in a full fee paying-place at a university or other higher education institution. You incur deductible course or tuition fees when the debt becomes a legal obligation you need to pay back (for example, on the census date). This is not when you make a repayment.

This includes fees that you pay with the assistance of a:

- FEE-HELP loan
- VET Student Loan (VSL) (formerly known as VET-FEE HELP).

You can't claim a deduction for voluntary or compulsory [repayments of these loans](#) in your tax return.

If you're unsure whether you are enrolled in a full fee-paying place, you can check with your university or higher education institution.

**Example: deduction for course fees**

Tara enrols in 2 subjects for her Master of Business Administration course. Each subject cost \$10,000. Tara has deferred payment of the course fees through a FEE-HELP loan.

Tara's subjects have a census date of 22 March, meaning she will not need to pay the course fees if she withdraws from the subject before this date.

Tara decides to withdraw from one subject on 17 March due to an unexpected increase in workload. On 22 March, Tara incurs the course fees of \$10,000 for the remaining subject she enrolled in.

Tara can claim a deduction for the course fees of \$10,000 she incurs on 22 March in the income year it occurs, even though she has a deferred payment through a FEE-HELP loan.

On 15 June, Tara gets a bonus of \$5,000 from her employer. She decides to use the bonus to make a voluntary repayment of \$5,000 to her FEE-HELP loan.

Tara can't claim a deduction for the voluntary repayment of \$5,000 that she makes to her FEE-HELP loan. She also can't claim a deduction for any compulsory repayments included on her notice of assessments that she is required to make to her FEE-HELP loan.

There are certain [tuition fees you can't claim as a deduction](#).

For seminars, conferences and similar courses, you can claim a deduction for the cost you incur to attend the event or enrol in the course.

You can't claim a deduction for tuition, course, conference or seminar fees if your employer reimburses you or pays the fees on your behalf.

## General course expenses

You can claim a deduction for the following general course expenses you incur as a result of undertaking your work-related self-education:

- computer consumables – for example, printer cartridges
- equipment repairs – for example, the cost of repairing a computer
- internet and data usage (excluding connection fees)

- phone calls
- postage
- stationery
- student union fees
- textbooks
- trade, professional, or academic journals.

## Decline in value of depreciating assets

A depreciating asset is an asset that loses its value over time. You can claim a deduction each year for the decline in value (depreciation) until the value of the asset is nil. This period is called the effective life of the asset.

You can claim a deduction for the decline in value (depreciation) of assets you use for work-related self-education purposes. For example:

- computers
- professional libraries
- desks and chairs
- filing cabinets and bookshelves
- calculators
- technical instruments and tools
- other equipment (such as desk lamps).

## \$300 or less

You can claim the cost of a depreciating asset you purchase in the year you buy it if:

- the asset cost \$300 or less
- you mainly use it for work-related self-education (or in the course of earning other non-business assessable income) in the income year you buy it.

You need to apportion your claim if you also use the asset for private purposes.

## More than \$300

If the depreciating asset you are using for work-related self-education cost more than \$300, you can claim a deduction for its decline in value over its effective life.

You must reduce your claim if you either:

- bought the asset part-way through the income year
- use the asset partly for private purposes.

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

### Depreciation and capital allowances tool

You can manually calculate the decline in value of a depreciating asset using either the prime cost method or diminishing value method.

#### Example: apportioning deduction for decline in value of assets

Danika is employed full time as a senior manager and is completing a Masters of Business Administration (MBA) part time. When she completes the course, Danika's employer will give her a pay rise. Danika can claim a deduction for the cost of the MBA because:

- the course will improve the skills and knowledge she needs to carry out her current duties
- on completion of the course, Danika's salary will increase.

On 1 February, Danika purchases a laptop for \$1,400 and a desk for \$229.

Based on her records, Danika works out that she uses the laptop and desk 80% for self-education purposes and 20% for private purposes.

As the desk cost less than \$300, she can claim its cost in the year she purchased it. However, because Danika used her desk for private purposes as well as self-education purposes, she must apportion her deduction. Danika calculates her deduction as:

$\$229 \text{ (purchase cost)} \times 80\% \text{ (time used for self-education purposes)} = \$183.20$

Danika chooses to use the diminishing value method to calculate the decline in value of her laptop. She uses the Depreciation and capital allowances tool to calculate her deduction. The tool calculates Danika's deduction as follows:

- Year of purchase
  - Opening adjustable value: \$1,400.00
  - Decline in value: \$575.33
  - Taxable use: 80%
  - Days held: 150
  - Deductible decline in value: \$460.26
  - Adjustable value at end of year: \$824.67
- Year 2
  - Opening adjustable value: \$824.67
  - Decline in value: \$824.67
  - Taxable use: 80%
  - Days held: 365
  - Deductible decline in value: \$659.74
  - Adjustable value at end of year: \$0.00

Danika can claim a deduction of \$460.26 for the decline in value of her laptop in the year she purchased it. She can claim \$659.74 in the following year, at which time the value of the asset is nil. This means Danika can't claim any further deductions for the laptop.

## Car and other transport expenses

If your self-education expenses have a sufficient connection to earning income from your employment activities, you can claim transport expenses for both trips when you travel from your:

- home to your place of education and back home

- work to your place of education and back to work.

You can only claim the first leg of your trip when you travel from your:

- home to your place of education and then to work
- work to your place of education and then home.

The second leg of these trips is private and you can't claim a deduction for the transport costs you incur for them.

If you incur parking fees when you attend your place of education or venue where the course or seminar is being held, you can claim a deduction for the cost of those fees as well.

For information on how to calculate your deduction for these expenses, see [Motor vehicle and car expenses](#).

### **Example: car and parking expenses deductible**

Akito is a mechanical engineer. Akito's employer pays for him to attend a 5-day conference on current issues and trends in the industry. The conference will allow Akito to improve the specific knowledge that he needs to carry out his current employment activities.

Akito drives his own car from his home to where the conference is being held and pays \$15 for parking each day. At the end of each day, Akito drives directly back to his home. His employer does not reimburse him for the cost of using his car or his parking fees.

Akito can claim a deduction for the car expenses he incurs when he travels between his home and the conference centre each day. Akito can also claim the cost he incurs for parking at the conference centre each day.

### **Example: certain public transport fares deductible**

Lyle is employed as an assistant visual merchandiser in a retail store. To improve his skills and apply for a promotion to be a

visual merchandiser specialist, Lyle enrolls in a Diploma of Visual Merchandising. The course requires Lyle to attend the place of education for 3 hours one day per week.

On the day he attends the place of education, Lyle takes:

- the train from his house to the place of education in the morning (trip one)
- the bus from the place of education to his place of work after lunch (trip 2)
- the bus from his place of work to home at the end of the day (trip 3).

Lyle can claim a deduction for the cost of his train fares for the journey from his home to the place of education (trip one).

Lyle can't claim a deduction for the cost of trip 2 or 3. These are private travel expenses being from the place of education to his work and then work to his home.

## Accommodation and meal expenses

The day-to-day costs you incur relating to your accommodation and meals are generally private living expenses.

You can claim the cost of accommodation and meals only when:

- you are participating in work-related self-education activities
- the self-education requires you to be temporarily away from home for one or more nights.

### Example: attending a conference

Amara is employed as a computer programmer. Amara is taking a holiday in the United States of America (USA) and decides to attend the annual 3-day conference on software developments in Las Vegas immediately following her holiday. She arrives in Las Vegas at dinner time the day before the conference begins. Due to the finish time on the last day, Amara stays the night in Las Vegas and flies home the next day.

Amara's employer is supportive of her attending the conference and pays the registration fee for her to attend as it will improve

the skills and knowledge she uses to carry out her employment activities. Her employer doesn't pay or reimburse Amara for any accommodation or meal expenses.

Amara can claim a deduction for the amount she spends on 4 nights of accommodation in Las Vegas (one night before the conference and 3 nights of the conference) and the meals she purchases during this time.

Amara can't claim a deduction for the amount she spends on accommodation and meals leading up to the conference. These are private expenses.

### **Example: study expenses while on leave from work**

Jamal is an employee research laboratory assistant in Adelaide. Jamal takes 12 months leave without pay to do a postgraduate course on understanding research methods at a university in London.

Jamal moves out of his rented unit in Adelaide and moves to London for a year. While he is in London, Jamal rents a unit with another course participant.

Even though the course will improve the skills and knowledge Jamal requires to carry out his current employment activities, he can't claim a deduction for the cost of accommodation and meals while he is in London studying. The expenses are private living expenses.

### **Interest on borrowings**

You can claim the interest on a loan where you use the borrowed funds to pay for deductible self-education expenses.

You can't claim a deduction for repayments of loan principal.

### **Example: interest on borrowings**

Tim is employed as a solicitor and is undertaking a Master of Law degree part-time. He borrows \$10,000, repayable over 3 years, to pay for his tuition fees. He incurs \$1,000 interest each year.

Tim can claim a deduction of \$1,000 for interest in each of the 3 years (provided he continues to be employed as a solicitor for those 3 years).

## Expenses you can't claim

You can't claim the following expenses in relation to your self-education:

- tuition fees paid by someone else or that your employer or a third-party reimburses you for
- tuition fees for Commonwealth supported places at a university or higher education provider, which includes any fees you pay with the assistance of a HECS-HELP loan
- repayments of study and training support loans such as
  - Higher Education Loan Program (HELP), including FEE-HELP and HECS-HELP
  - Student Financial Supplement Scheme
  - VET Student Loans (VSL)
  - Student Start-up Loans
  - ABSTUDY Student Start-up Loans
  - Australian Apprenticeship Support Loans (AASL) (formerly known as Trade Support Loans (TSL))
- accommodation and meals where you are not required to be temporarily away from home for one or more nights.

You also can't claim a deduction for self-education expenses you incur if your only income is a qualifying Australian Government allowance or payment. This allowance or payment is a rebatable benefit and is eligible for the beneficiary tax offset.

For self-education expenses incurred before 1 July 2022, you generally can't claim the first \$250 of expenses.

## Example: receiving Austudy payments

Alison starts a full-time Bachelor of Pharmacy. She applies for and receives Austudy payments from Centrelink to support herself while studying.

Austudy is a taxable government assistance payment and is eligible for the beneficiary tax offset.

Alison can't claim a deduction for her self-education expenses because the Austudy payments are her sole income and Austudy is a rebatable benefit.

For more information see *TR 2024/3 Income tax: deductibility of self-education expenses incurred by an individual*

## Apportioning expenses

If you incur an expense for work-related self-education purposes and private purposes, you can only claim the work-related portion of the expense. This means you need to apportion the expense. See [Example: apportioning deduction for decline in value of assets](#).

If the self-education isn't connected to your current employment income overall, but particular subjects of a qualification or components of a course are, you may be able to claim a deduction for the cost of those subjects or components. You can claim a deduction if the subjects or components have a sufficient connection to your employment activities at the time you incur the expense and you can work out their cost.

## Example: course overall isn't connected to current employment

James is an employee civil engineer. His duties include designing water and sewerage systems, determining the materials to be used for the systems, carrying out environmental impact studies, and project management of the projects he works on.

After 10 years in a workplace, James decides to enrol in a Master of Business Administration (MBA) at a university to broaden his

career opportunities, including possibly opening his own firm in the future. The cost of each subject is identified in documents he receives from the university.

Not every subject in the MBA has a sufficient connection with James' current employment activities, so James can't claim a deduction for the total course fees. However, if James studies a subject on project management as part of his MBA qualification, that particular subject would have a sufficient connection to his current employment activity of managing projects. James would be able to claim the cost of the project management subject as a deduction.

## Calculate your self-education deduction

Use the calculator to work out your eligibility and estimate your self-education deduction.

[Self-education expenses calculator](#)

## Keeping records for self-education expenses

You must keep receipts for all self-education expenses you incur, including:

- course fees
- text books
- stationery
- depreciating assets such as computers, laptops and office equipment
- transport and travel expenses.

You also need to be able to explain how the course directly relates to your employment activities at the time you incurred the self-education expense.

If you are claiming a deduction for a depreciating asset that you have used for self-education, you must keep:

- your receipts or invoices that clearly show the cost of the depreciating asset and the date of purchase
- details of how you worked out the effective life of the depreciating asset where you haven't used the effective life determined by the ATO
- details of how you work out your claim for decline in value, including which method you used and the opening adjustable value
- details of the percentage of time you use the asset for self-education.

Use the **myDeductions** tool in the ATO app to keep records of your expenses and income in one place, including photos of your receipts and invoices.

## **Self-education reduction in expenses**



How to calculate your self-education expenses deduction and whether you need to reduce your deduction by \$250.

QC 72166

# **Self-education reduction in expenses**

How to calculate your self-education expenses deduction and whether you need to reduce your deduction by \$250.

**Last updated** 25 June 2024

## **What is the \$250 reduction?**

Before 1 July 2022, you were required to reduce your allowable self-education expenses by \$250 to calculate your deduction.

## Expenses from 1 July 2022

If you're claiming a deduction for self-education expenses incurred from 1 July 2022:

- you no longer need to reduce your allowable expenses by \$250
- you can claim a deduction for all allowable self-education expenses
- the information below does not apply to you.

## Expenses before 1 July 2022

If you're claiming a deduction for self-education expenses incurred before 1 July 2022, you may have to reduce your allowable self-education expenses by \$250.

That is, you may need to reduce your self-education expenses for 2021–22 or earlier income years.

## Calculating your claim

Use the calculator to work out your eligibility to claim a deduction and the amount of your self-education deduction.

[Self-education expenses calculator](#)

Alternatively, you can work it out manually using the following procedures.

There are 5 categories of self-education expenses, as shown in the table below.

### Self-education expense categories

Category	Expenses
A	Tuition fees, textbooks, stationery, student union fees, student services and amenities fees, public transport fares, car expenses worked out using the 'logbook' method (other than the decline in value of a car), running expenses for a room set aside specifically for study.

B	Decline in value (depreciation) deductions for items such as a computer, desk, or car for which you are claiming a deduction in Category A under the 'logbook' method.
C	Repair costs to assets used for self-education purposes. Don't include car repair expenses here as it is part of car expenses in Category A or D.
D	Car expenses using the 'cents per kilometre' method – you can't use this method if you have used the 'logbook' method in category A.
E	<p>Expenses you have incurred but can't claim as a deduction – for example:</p> <ul style="list-style-type: none"> <li>• child care costs related to attendance at lectures or other self-education activities</li> <li>• for work-related self-education, travel expenses for the last stage of travel from your <ul style="list-style-type: none"> <li>– home to place of education and then to your workplace, or</li> <li>– workplace to your place of education and then to your home</li> </ul> </li> <li>• for taxable bonded scholarship recipients who are not employed by the scholarship provider, travel expenses from your home to your normal place of education and back</li> <li>• capital costs of items acquired in the income year and used for self-education purposes, such as a computer or desk (you can take the cost of the asset into account for the purpose of category E in this table; it doesn't affect your decline in value (depreciation) deductions at category B in this table).</li> </ul> <p>While you can't claim a deduction for these expenses, you can use them to offset the \$250 reduction to your allowable self-education expenses where you incurred them before 1 July 2022.</p> <p>From 1 July 2022 you do not need to record category E expenses.</p>

## Reducing your expenses by \$250

If the total of your expenses consists solely of Category A items, your total must be reduced by \$250.

### **Example: category A expenses**

Maureen is an apprentice hairdresser studying hairdressing at a TAFE college. Her course fees, textbooks and public transport fares are all Category A expenses totalling \$290. Maureen does not have any expenses in category B, C D or E. Maureen can only claim \$40 after the \$250 reduction.

If you have expenses in Categories C, D or E, you can use these amounts to offset against the \$250 reduction before you reduce your Category A amount.

The formula for calculating your claim for work-related self-education expenses is:

$$\begin{aligned}\text{Total claim estimate} = & (A - [\$250 - (C+D+E \text{ expenses})]) \\ & + B + C + D\end{aligned}$$

If the total of (C+D+E expenses) is greater than \$250 it is reduced to **0** (zero), not a negative amount. For example, if the total of your Categories C, D and E expenses is \$290, then the amount in square brackets in the formula above will be nil (\$250 - \$250=\$0) and your deduction for self-education expenses will be the total of your Categories A, B, C and D expenses.

To calculate an estimate of your claim, complete the steps in the following table.

### **Steps to manually calculate your claim**

Step 1: Add together the expenses you incurred for Category A expenses.

Step 2: Add together the totals for your Categories C, D and E expenses.

Step 3: Subtract the Step 2 total from \$250. If this is a negative amount, show '0' (zero).

Step 4: Subtract the Step 3 amount from the Step 1 amount. If this is a negative amount, show '0' (zero).

Step 5: Add the Step 4 amount to Categories B, C and D expenses. This amount is the estimate of your self-education claim.

When calculating travel expenses for a car, you can only use one calculation method. If you choose to include car expenses in Category A using the 'logbook' method, you can't calculate an amount for Category D using the 'cents per kilometre' method.

A car's repair expenses should be included as part of car expenses in Category A if you are using the logbook method. If you are using the cents per kilometre method, repairs to your car are covered by the rate per kilometre and are included at the amount shown at Category D. Do not include a car's repair expenses in Category C.

If you are claiming car expenses at more than one question (for example, at 'Work-related self-education expenses' and 'Work-related car expenses') then you will need to allocate the applicable expenses between the questions. You must use the same method (logbook or cents per kilometre) for calculating your work-related car expenses and your work-related self-education car expenses.

For more information see [TR 2024/3 \*Income tax: deductibility of self-education expenses incurred by an individual\*](#).

QC 72167

## School fees and child care

You can't claim a deduction for child care, or for school or higher education fees for your children.

**Last updated** 25 June 2024

## School fees (including university and TAFE fees)

You can't claim a deduction for the cost of educating your children (or any other students), including school fees, university fees and TAFE fees. These are private expenses that are not connected with earning your employment income.

## Example: private school fees

Troy, a single father, works 2 jobs so that he can afford private school fees for his twins Yasmine and Jasmine.

Troy can't claim a deduction for the school fees. The expense has no connection to his employment income and is private in nature.

You may be able to claim a deduction for your own self-education and study expenses if the education relates to your employment activities.

If you make a donation to the school building fund of your child's school:

- you can claim a deduction for your donation if the school building fund is a deductible gift recipient
- you can't claim a deduction if the donation isn't truly a gift – for example, if you make a payment to the school building fund as an alternative to an increase in your child's school fees, or for placement on a waiting list.

For more information, see [Gifts and donations](#).

## Child care

You can't claim a deduction for the cost of child care, or before or after school care.

This is a private expense that isn't directly connected with earning your employment income.

QC 72168

## Seminars, conferences and training courses

Deductions for attending seminars, conferences, and first aid or other training courses connected with your work.

## What you can claim

You can claim a deduction for the cost of attending seminars, conferences, or training courses to maintain or increase the knowledge, capabilities or skills you need to earn your income in your current employment.

You can claim:

- fares to attend the venue where the seminar, conference or training course is held (unless it is held at your normal workplace)
- registration costs
- accommodation and meals, but only if you need to travel and stay away from home overnight to attend the event.

## Reducing your deduction for private components of the event

If there is a private component to attending the seminar, conference, or training course, you may not be able to claim all of your expenses as a deduction.

If the private component is incidental to the event (for example, a catered lunch or reception for delegates), you can still claim all of your expenses as a deduction.

### Example: private component is incidental

Gary, a qualified architect, attends an 8-day work-related conference in Hawaii on modern trends in architecture. One day of the conference involves a sight-seeing tour of the island, and a networking game of golf is held on the final afternoon.

As his main purpose is work-related, Gary can claim a deduction for all of his expenses (conference fees, air fares, accommodation, and meals).

If your main purpose is private and the conference, seminar or training course is merely incidental, you can only claim the direct costs of the conference, seminar, or course (for example, registration costs).

### **Example: seminar is incidental to trip**

Jodie is holidaying in Cairns when she becomes aware of a half-day work-related seminar nearby. She attends the seminar.

Jodie can claim a deduction for the cost of attending, but she can't claim her airfares to and from Cairns, or her accommodation and meals, as the primary purpose of her travel is private.

If there is a private component and your attendance involves travel, you may need to reduce your deduction to exclude the private part of your trip.

### **Example: dual-purpose trip**

Megan flies to London for a 10-day work-related conference. She stays over for an extra 15 days to sightsee.

As the sightseeing is not an incidental part of the conference or the trip as a whole, Megan can only claim a deduction for:

- the work-related portion of the airfares, which is 40%  
(10 days / 25 days)
- the accommodation and meals for the 10 days she attends the conference.

Megan can't claim a deduction for her accommodation and meals for the 15 days of private travel.

## **First aid courses**

You can claim a deduction if it is necessary for you, as a designated first aid person, to undertake first aid training to assist in emergency situations at work.

You can't claim a deduction if:

- your employer pays for the training or reimburses you
- you're required to have a first aid qualification before you can be employed in an occupation. This is because you incurred the expense to enable you to start your employment, not during your employment.

### **Example: first aid course**

Leanne is a flight attendant. She is required to hold a first aid qualification as she may need to apply first aid in the event of an emergency.

Leanne can claim a deduction for the cost of a first aid course.

QC 72169

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 Print whole section

# Investments, insurance and super

Deductions for investment expenses, income protection insurance, personal super contributions and foreign pensions.

## Interest dividend and other investment income deductions

Deductions for the costs of earning interest, share dividends, or income from other investments.

## Income protection insurance

Deductions for the premiums you pay for insurance against the loss of your employment income.

## Personal super contributions

Deductions for personal super contributions.

## Undeducted purchase price of a foreign pension or annuity

Deductions from foreign pension or annuity income that has an undeducted purchase price.

# Interest, dividend and other investment income deductions

Deductions for the costs of earning interest, share dividends, or income from other investments.

Last updated 25 June 2024

## Interest income expenses

You can claim a deduction for account-keeping fees you incur on an account held for investment purposes, such as a cash management account. You will find these fees listed on your statements.

If you have a joint account, you can only claim your share of the fees, charges or taxes on the account. For example, if you hold an equal share in an account with your spouse, you can only claim half of any allowable account-keeping fees.

You can't claim a deduction for interest you incur on a personal tax debt. For example, you can't claim the interest on a loan you take to pay your personal tax debt.

## Investment seminars

If you attend an investment seminar about an existing investment, you may be entitled to claim a deduction for the portion of your expenses that relate to earning investment income.

You can't claim a deduction to attend a seminar about something you're considering investing in, even if you subsequently invest in it.

## Dividend and share income expenses

### What you can claim

You can claim a deduction for costs you incur to invest in shares, such as:

- ongoing management fees or retainers
- fees for advice about changes in your investment mix

- the portion of your costs that are for managing your investments, such as:
  - some travel expenses, for example to attend the annual general meeting of a company you hold shares in
  - the cost of specialist investment journals and subscriptions
  - borrowing costs and interest
  - the cost of internet access
  - the decline in value of your computer
- 50% of the Listed investment company (LIC) capital gain amount – if you were an Australian resident when a listed investment company paid you a dividend, and the dividend included a LIC capital gain amount.

## What you can't claim

When you invest in shares, you can't claim:

- fees you incur for drawing up an investment plan, unless you are carrying on an investment business
- some interest expenses where you borrow money under a capital protected borrowing arrangement to buy shares, units in unit trusts and stapled securities.  
The interest is treated as the cost of the capital protection feature
- brokerage fees and other transaction costs (but you can include these costs to work out your capital gains tax when you sell the shares).

## Interest you pay on borrowed money

If you borrow money to buy shares or related investments from which you earn dividends or other assessable income, you can claim a deduction for the interest you pay.

Only interest expenses you incur for an income-producing purpose are deductible.

If you use the money you borrow for both private and income-producing purposes, you must apportion the interest between each purpose.

You can't claim a deduction if you receive an exempt dividend or other exempt income.

## Rental and holiday home expenses

If you own a rental property, including a holiday home, see the [Rental property guide](#).

## Forestry managed investment scheme deduction

If you make payments to a forestry managed investment scheme (FMIS), you may be able to claim a deduction for these payments if you:

- currently hold a forestry interest in an FMIS, or held a forestry interest in an FMIS during the income year, and
- have paid an amount to a forestry manager of an FMIS under a formal agreement.

You can only claim a deduction if the forestry manager has advised you that the FMIS satisfies the 70% direct forestry expenditure rule in Division 394 of the *Income Tax Assessment Act 1997*.

QC 72187

## Income protection insurance

Deductions for the premiums you pay for insurance against the loss of your employment income.

**Last updated** 25 June 2024

Only the premiums you pay to protect your income (salary and wages) are deductible. This is known as income protection or continuing salary cover.

If you receive a payment to replace your salary and wages under an income protection policy, you must include it in your tax return. This is

the case whether you receive a regular payment under the policy or a lump sum.

If you receive a payment for personal injury or total and permanent disability under the policy, the payment will be capital. In these circumstances, the payment might be assessable as a **capital gain**.

You can't claim a deduction if the policy:

- is through your superannuation fund and the premiums are deducted from your contributions
- pays you a capital sum to compensate you for injury.

For example, you can't claim a deduction for:

- life insurance premiums
- trauma insurance premiums
- critical care insurance premiums.

## **Example: policy premiums for income protection and injury**

Deanne takes out an income protection and personal injury policy through her insurer.

She pays a total of \$250 a month for the policy:

- \$175 for income protection cover
- \$75 for personal injury cover.

Deanne can claim \$175 a month for the insurance policy. The remaining \$75 is not deductible because it is capital in nature.

QC 72188

## **Personal super contributions**

Deductions for personal super contributions.

**Last updated** 25 June 2024

You may be able to claim a deduction for personal super contributions you make to a complying super fund or retirement savings account (RSA).

To claim a deduction, you must first give your super fund or RSA provider a valid notice of intent and receive an acknowledgment form from your fund or RSA provider.

Before claiming a deduction for personal super contributions, you should consider the impacts on your super.

QC 72189

## **Undeducted purchase price of a foreign pension or annuity**

Deductions from foreign pension or annuity income that has an undeducted purchase price.

**Last updated** 25 June 2024

You can claim a deduction to reduce the taxable amount on income you receive from a foreign pension or annuity that also has an undeducted purchase price (UPP).

Only some foreign pensions and annuities have a UPP. The UPP is the amount you contribute towards the purchase price of your pension or annuity – your personal contributions.

The part of your annual pension or annuity income which represents a return to you of your personal contributions is tax-free. This tax-free portion is the deductible amount of the UPP.

If you receive a foreign pension or annuity and you want to know the amount you can claim a deduction for in relation to the UPP. You need to **Request for a determination of the deductible amount of UPP of a foreign pension or annuity**.

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# Meals, entertainment and functions

Deductions for meals, snacks, overtime meals, entertainment and functions.

## Meals and snacks

With limited exceptions relating to travel and overtime, the cost of food and drink is private and not deductible.

## Overtime meal expenses

Deductions for meals you buy and eat while working overtime.

## Entertainment and functions

You can't claim the cost of attending functions or participating in entertainment involving food, drink or recreation.

QC 72176

## Meals and snacks

With limited exceptions relating to travel and overtime, the cost of food and drink is private and not deductible.

Last updated 25 June 2024

## Example: buying food at work

Scarlett works evenings at the candy bar in a movie theatre. She gets a long break, during which she buys dinner and usually buys some peanuts and water to snack on throughout her shift.

Scarlett can't claim a deduction for the cost of snacks or her evening meal. The cost of the food and drink she has bought is private and not connected to her employment activities.

Similarly, you can't claim the cost of a meal you buy when you are going between different jobs.

## Example: meals between jobs

Owen has 2 jobs, as a bank teller and a shop assistant at a liquor store. He finishes work at the bank at 5 pm and starts work at the liquor store at 6 pm. Before starting work at his second job, Owen buys an evening meal.

Owen can't claim a deduction for his evening meal. The cost of the food and drink is private and not connected to his employment activities.

You can generally claim a deduction for the cost of meals you incur when you travel and stay away from your home overnight in the course of your work.

You may also be able to claim a deduction for the cost of a meal you buy and eat while working overtime.

QC 72177

## Overtime meal expenses

Deductions for meals you buy and eat while working overtime.

Last updated 25 June 2024

## When you can claim overtime meal expenses

Generally, the cost of food and drink (meals) while working are a private expense and you can't claim a deduction.

However, you can claim a deduction for an overtime meal if:

- you buy and eat the meal while working overtime
- you receive an [overtime meal allowance](#) under an industrial award or enterprise agreement
- the overtime meal allowance is shown on your annual income statement and you declare it as income in your tax return.

A meal you buy and eat while you are working overtime is an expense you incur in earning your employment income.

### Example: deduction for overtime meal expense

Moana completes her 8-hour shift and her employer asks her to work for an additional 3 hours. She is given a meal break and paid a meal allowance of \$20 under her enterprise bargaining agreement. Moana buys and eats a meal costing her \$21 during her overtime.

At the end of the income year Moana's employer reports the allowance on her income statement. Moana declares the allowance as income in her tax return.

Moana can claim a deduction for \$21 for overtime meal expenses.

## When you can't claim overtime meal expenses

You can't claim a deduction if you don't:

- buy the overtime meal yourself – for example, your employer provides you with a meal or reimburses you for the cost of your meal
- eat the meal while you are working overtime – for example, you eat the meal on your way home after you work overtime.
- receive an overtime meal allowance to purchase a meal while working overtime
- declare the overtime meal allowance you receive as income in your tax return.

### **Example: no overtime meal expense**

Nerissa is paid an overtime meal allowance under an award when she works overtime on a Sunday. On the day, Nerissa's manager buys pizza for the team, so Nerissa doesn't buy any food or drink herself.

As Nerissa hasn't incurred any expenses on food or drink during her overtime, she can't claim a deduction for an overtime meal.

### **Example: meal purchased and eaten after overtime**

Michael is asked to work 3 hours overtime after finishing his normal shift. He is given a meal break and paid a meal allowance of \$20 under his enterprise agreement. Michael takes his break but doesn't buy any food. After his overtime shift finishes, Michael buys some food on the way home.

Michael can't claim a deduction for the cost of this food, as he hasn't incurred the expense as part of earning his assessable income.

## **What is an overtime meal allowance?**

An overtime meal allowance is:

- an amount your employer pays you to buy food and drink (a meal allowance) specifically for working overtime
- received under an industrial instrument – for example, an award or enterprise bargaining agreement
- reasonably expected to cover the cost of food and drink you consume on overtime.

An amount for overtime meals that has been folded into your normal salary and wages isn't an overtime meal allowance.

### **Example: meal allowance folded into wages**

Luke received an overtime meal allowance under his previous enterprise agreement. In the most recent agreement, instead of paying an overtime meal allowance, an additional amount has been added to the hourly rate. The amount folded into Luke's hourly rate is not an overtime meal allowance. It is not paid to enable Luke to buy a meal specifically while working overtime.

### **Example: meal allowance not paid for overtime**

Ophelia is a paramedic and her pay and conditions are covered by an industrial award. She receives 3 different meal allowances. Ophelia receives an allowance:

- if, because of her work, she is away from her home station during a rostered meal break
- if she is called out to duty while on a meal break
- for the cost of food and drink she incurs while working overtime.

The first 2 allowances are not overtime meal allowances as they are not paid in connection with working overtime.

The allowance Ophelia receives to buy a meal when she works overtime is an overtime meal allowance.

If an overtime meal allowance is only made in reference to an industrial instrument, but is not enforceable under it, it is not paid under that industrial instrument.

### **Example: not paid under an industrial instrument**

Joe works as a project manager on building sites. His salary is determined by his employer using a starting amount greater than the applicable industrial award. He is also paid amounts to cover notional overtime, vehicle use, meals and work performed at home. Joe receives a fixed weekly amount as his salary.

Joe's salary does not take into account the actual overtime he works. He gets paid the same amount whether or not he works overtime. Although the calculation of his salary was made by reference to an industrial award, he is not being paid an allowance under an industrial award.

Joe has not been paid an overtime meal allowance.

## **Overtime meal allowance expense records**

Generally, you must keep [written evidence](#) (such as receipts) of your overtime meal expenses.

If the amount you claim as a deduction is within the [reasonable amount](#) we specify, you may qualify for the [record keeping exception](#) and not need to keep written evidence of overtime meal expenses.

### **Written evidence**

Written evidence is a receipt or other document (paper, digital or electronic) that you get from the supplier of the goods or services, such as an itemised receipt. It must include all of the following:

- name or business name of the supplier
- amount of the expense

- nature of the goods or services
  - if this is not shown on the document, you can write the missing details on the document yourself. You must do this before you lodge your tax return
- date you incur the expense
  - if this is not shown on the document, you can use your bank statement, credit card statement or some other reasonable, independent evidence to show when you paid the expense
- date the document (evidence) is created.

Generally, you need to keep this written evidence for 5 years from the date you lodge your return.

## Record keeping exception for overtime meals

You don't need to keep written evidence of your overtime meal expenses if:

- you receive an [overtime meal allowance](#) from your employer
- you incur a deductible [overtime meal expense](#)
  - you must incur the expense and it must be deductible – merely receiving an overtime meal allowance from your employer does not automatically entitle you to claim a deduction
- the amounts you claim for overtime meals, covered by your allowance is within the [reasonable amounts](#) we specify.

You still need to be able to [show that you actually incurred the expense and are entitled to claim it](#).

Each meal that you claim a deduction for must be less than the reasonable amount.

If your overtime meal expense [claim exceeds the reasonable amount](#), you will need to keep written evidence for your whole claim.

## Reasonable amount

The reasonable amount for overtime meal expenses in the 2023–24 income year is \$35.65.

The reasonable amounts are published each income year. See [TD 2023/3 Income tax: what are the reasonable travel and overtime meal](#)

*allowance expense amounts for the 2023–24 income year?*

The reasonable amount is not an amount you can automatically claim as a deduction. You can still only claim a deduction for the deductible overtime meal expenses you actually incur.

### **Example: overtime meal expenses less than reasonable amount**

Raisa works overtime one night to complete an urgent task. She receives an overtime meal allowance of \$15.94 under her industrial award. The allowance is shown on her income statement and she includes the amount as income in her 2023–24 tax return.

During her overtime meal break, Raisa spends \$20 on her meal.

The reasonable amount for overtime meal expenses in the 2023–24 income year is \$35.65.

Raisa can claim a deduction for the \$20 she spent without keeping written evidence because she:

- incurs a deductible overtime meal expense
- is paid an overtime meal allowance by her employer
- is claiming less than the reasonable amount for her overtime meal expense.

Although Raisa is not required to keep written evidence, she will still need to show:

- how she calculated her total deduction at the end of the year
- that she included the overtime meal allowance in her income tax return.

### **If your expenses are above the reasonable amount**

If your overtime meal expenses are more than the reasonable amount, you can either:

- claim the amount you spent and keep written evidence of your whole claim (it's not sufficient to only have records for the expenses above the reasonable amount)

- claim only the reasonable amount and keep fewer records.

#### **Example: overtime meal expenses more than reasonable amount**

Stefan is paid an overtime meal allowance of \$18.32 under his industrial award. On his overtime meal break, Stefan goes to a restaurant and buys a meal and coffee. The bill is \$48.55, which is higher than the reasonable amount of \$35.65 in 2023–24 for an overtime meal.

Stefan can either:

- claim \$35.65 and not keep written evidence of his claim
- claim \$48.55 and keep written evidence of his whole claim.

#### **Records to keep if the exception applies**

Even if the record keeping exception applies to you, we may still check your tax return and ask you to provide documents showing that:

- you worked overtime
- you purchased a meal – for example, a credit card statement or other record
- your overtime meal allowance was paid under an industrial instrument
- you correctly declared the overtime meal allowance in your tax return.

QC 72178

## **Entertainment and functions**

You can't claim the cost of attending functions or participating in entertainment involving food, drink or recreation.

**Last updated** 25 June 2024

This includes events, dinners, dances and cocktail parties, even if they are attended exclusively by your work colleagues, you discuss work at the functions and they are compulsory. These aren't deductible expenses.

## **Example: attending work function**

Leroy, a business development manager, attends a number of functions such as lunches, cocktail parties and dinners where he engages with potential new clients.

Despite the fact that Leroy conducts work-related discussions at these functions, he can't claim a deduction for the cost of attending. The expense is for entertainment (food and drinks).

QC 72179

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# Memberships, accreditations, fees and commissions

Deductions for union fees, professional memberships, working with children check, agency fees and commissions.

## Union fees subscriptions to associations and bargaining agents fees

Deductions for union fees, subscriptions, business or professional associations and payment of a bargaining agent's fee.

## Professional memberships and accreditations

Deductions for the cost of a membership, accreditation or annual practising certificate you need to work in your field.

## Working with children check

Deductions for the cost of a working with children check if you currently work with children.

## Agency fees commissions and payments

Deductions for agency fees or commissions, and for wages you pay to someone who helps you earn your commission income.

## Election expenses



Deductions for the costs of contesting parliamentary and local government elections, and union elections.

QC 72170

# Union fees, subscriptions to associations and bargaining agents fees

Deductions for union fees, subscriptions, business or professional associations and payment of a bargaining agent's fee.

**Last updated** 25 June 2024

For the industry you work in, you can claim a deduction for:

- union fees
- subscriptions to trade, business or professional associations
- payment of a bargaining agent's fee to a union for negotiations on a new enterprise agreement or award with your existing employer.

You can only claim payments of levies to a strike fund where the fund's sole use is to maintain or improve the contributors' pay.

You can't claim a deduction for the payment of levies to a strike fund if the fund provides financial support to members who are in financial hardship during a period of industrial action. The levies are not incurred in earning your assessable income.

You can also claim up to \$42 per income year for the cost of each subscription you incur for membership of a trade, business or professional association that doesn't directly relate to earning your employment income.

Most unions and associations send their members a statement of the fees or subscriptions they pay.

## Example: subscriptions

Michael is an accountant and pays \$700 a year for membership of his professional accounting body. He is also studying actuarial science and decides to join that professional body as a student member, which costs \$200 per year.

Michael can claim a deduction for:

- the full amount of \$700 for the accounting body membership, because that relates to his employment
- \$42 of the actuarial professional membership, because it is not directly related to his employment.

QC 72171

## Professional memberships and accreditations

Deductions for the cost of a membership, accreditation or annual practising certificate you need to work in your field.

**Last updated** 25 June 2024

You can claim a deduction for the cost of renewing an annual practising certificate, membership or accreditation if you need it to work in your field.

These include:

- trade licences for plumbers, electricians and carpenters
- crane, hoist and scaffolding licences for construction workers
- responsible service of alcohol and gaming licences for hospitality workers
- registration for nurses, teachers and doctors.

If you're required to have a practising certificate, professional membership or accreditation before you can be employed in an occupation, the initial cost of obtaining it isn't deductible. This is because you incurred the expense to enable you to start your employment, not during the course of your employment. In some circumstances your deduction may be limited to \$42, see [Union fees, subscriptions to associations and bargaining agents fees](#).

To claim a deduction, the expense must be related to your current employment.

## **Example: renewing registration**

Brenden is a nurse and must renew his registration annually to continue working as a nurse. He can claim a deduction for the cost of renewing his registration each year. He incurs the expense in earning his employment income.

## **Example: obtaining certificate as a prerequisite to work**

Drew has finished his legal training in Townsville and is preparing to start his career as a solicitor. To practise as a solicitor, Drew must apply to the Supreme Court of Queensland to be admitted as a lawyer, and then apply for a practising certificate. Until he is granted both, he can't practise law.

Drew isn't entitled to claim a deduction for the cost of his admission or practising certificate because he incurs these costs to start earning employment income. Once he is employed, he can deduct the cost of renewing his practising certificate each year, as it allows him to continue earning his employment income.

# Working with children check

Deductions for the cost of a working with children check if you currently work with children.

**Last updated** 25 June 2024

## When you can claim a working with children check

You can claim a deduction for the cost of a working with children check if you are:

- an existing employee and need to either obtain or renew a suitability notice to continue to earn assessable income in your position
- a new employee and your recent employment income is from continuous employment in a child-related field.

### Example: new teacher previously employed in child-related employment

Freda receives most of her income in the child-related employment field. For years she has worked at a range of schools as a teacher, employed under a series of temporary contracts. Her last contract ended in March, and she accepted another contract at a different school in May of the same year.

The principal of the new school is required to apply for a suitability notice for Freda so that she can start the contract. Freda pays the application fee for the suitability notice to work with children.

Freda can claim the cost of the application as a deduction. Although she is a new employee at this particular school, she has been continuously employed in the child-related employment field and the expense is necessary to her employment.

## When you can't claim a working with children check

If you're a new employee, you can't claim a deduction for the cost of getting an initial working with children check unless you've recently been working in a child-related employment field.

### **Example: cleaner not previously in child-related employment**

Catriona was once employed as a cleaner in a school. However, she has not worked in child-related employment for an extended period, and her suitability notice to work with children has expired. During this time she works as an office cleaner.

Catriona accepts a new position as a cleaner with a school. The principal of the school applies for a suitability notice for her. Catriona pays the application fee.

Catriona can't claim a deduction for the fee. Although her previous employment was child-related, the time elapsed, and the fact that she has since had jobs in other fields of employment, removes the connection between the expense and her income.

She needs the notice to allow her to re-enter the field of child-related employment as a new employee, rather than to preserve the continuity of existing income.

For more information for Queensland school employees, see CR 2001/38 *Income tax: The deductibility for Queensland school employees of the cost of obtaining a suitability notice for working with children*.

QC 72173

## **Agency fees, commissions and payments**

Deductions for agency fees or commissions, and for wages you pay to someone who helps you earn your commission income.

**Last updated** 25 June 2024

## Agents and agency fees

Agents include talent agents, employment agents, recruitment agents, modelling agents and booking agents.

You can't claim a deduction for the upfront costs of joining or using the services of an employment and recruitment agency or an agent to get work. This is because the expense is incurred before you start employment.

If your employment contract allows for renegotiation, review or extension of the contract, any costs of doing so will be an allowable deduction. These expenses are incurred in earning your employment income.

### Example: agent fees

Zahra joins an acting agency to help further her career. She pays a setup fee as part of joining the agency. Zahra is offered a contract to be one of the leads in a TV series for one year, with a mutual option to extend the contract. The show turns out to be a success and her agency negotiates to extend the contract for another year.

Zahra can't claim a deduction for the cost of joining the agency as it enables her to get work. She can claim a deduction for the cost to renegotiate her contract as it is part of her employment activity.

## Commissions

If you pay an agency a commission for work you've gained, you can claim a deduction for the commission you actually incur. To claim the deduction you must either pay the commission to the agency

separately or the agency must deduct the commission from the fee you receive.

### **Example: agency commission**

Geoff is an employee agency nurse. He works one night at a hospital and is paid \$600. He pays a commission of \$48 to the agency.

Geoff declares the \$600 as income in his tax return and can claim a deduction for the \$48 commission. He incurs the cost of the commission in the course of earning his wages as an agency nurse.

## **Wages you pay**

If you're an employee earning commission-only income, you may be able to claim a deduction if you pay someone to provide services and assistance directly relating to your employment activities.

You need to show that:

- the arrangement is not a private arrangement
- hiring the person allows you to earn additional income from your employment activities.

### **Example: genuine support to earn additional income**

Claire is employed as a regional wine sales executive and works on a commission-only basis. She hires Jake as an administration support person for 4 hours a day, 5 days a week.

Jake's duties are to:

- ensure Claire's sales orders are processed and sent to her customers
- book her appointments with clients
- undertake other administrative tasks.

Hiring Jake allows Claire to earn more income from selling wine, as she has more time to see potential customers and promote the product she is selling. Claire can claim a deduction for the cost of Jake's wages as there is a clear connection with her employment activity.

### **Example: private arrangement**

Pawel is an employee computer systems salesperson and works on a commission-only basis. He pays his son \$100 a week to answer the home phone when he isn't around.

Pawel doesn't expect his son to be at home at certain times and if his son doesn't answer the phone, it will divert to Pawel's mobile. He rarely gives his home phone number out to clients.

Pawel can't claim a deduction for the expense of paying his son as there is no connection between the expense and his employment activities.

If you are paying wages to a relative, the amount you can claim as a deduction is limited to what would be a reasonable payment for the service performed. A reasonable payment is the amount an employer would be expected to pay to an unrelated person who had similar skills and experience in the same role.

### **Example: overpayment**

Verity is an employee real estate agent on a commission-only basis. She pays her son \$50 an hour to deliver advertising leaflets in the region in which she operates. The market rate for such a service is \$21 an hour.

Verity can only claim a deduction of \$21 an hour for the wage expenses.

## Election expenses

Deductions for the costs of contesting parliamentary and local government elections, and union elections.

**Last updated** 25 June 2024

### Parliamentary and local government elections

You can claim a deduction for expenses you incur as a candidate in contesting an election, provided the expense is the type you would incur to further your chances of being elected to a Parliament. This includes the candidate's costs to contest:

- state or territory elections
- federal elections.

You can also claim a deduction for expenses you incur in contesting a local government election for membership of a local governing body such as a city, town, municipal or shire council. Your deduction can't exceed \$1,000 for each election contested, even if you incur the expense in more than one income year.

You can't claim a deduction for entertainment expenses as election expenses unless you're either:

- providing entertainment that is available to the public generally
- buying food and drink for yourself while you are travelling overnight in the course of a campaign and the food and drink expenses are not incurred in entertaining another person.

If you claim a deduction for any election expense and you get a reimbursement, you must include the amount as income in your tax return.

For more information see, *TR 1999/10 Income tax and fringe benefits tax: Members of Parliament - allowances, reimbursements, donations and gifts, benefits, deductions and recoupments*.

## Union elections

If you are a salaried, elected trade union official, you can't claim a deduction for contributions into a general fund for the election of trade union officials. The expense is not incurred in gaining your assessable income, but rather to assist in obtaining future employment for yourself and others.

For more information, see TR 2000/7 *Income tax: subscriptions, joining fees, levies and contributions paid to associations by individuals*.

QC 72175

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If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

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 Print whole section

# Personal grooming, health and fitness

Deductions for medical assessments, vaccinations, COVID-19 tests, gym fees, cosmetics and personal grooming.

## Medical assessments and vaccinations

Deductions for a compulsory medical assessment in your current job. You can't claim for a vaccination.

## COVID-19 test expenses

Deductions if you pay for a COVID-19 test for a work-related purpose.

## Personal appearance and grooming

As a rule, you can't claim the costs of personal grooming or cosmetics.

## Gym fees and fitness-related expenses

Except in very limited circumstances, you can't claim gym fees or fitness-related expenses.

# Medical assessments and vaccinations

Deductions for a compulsory medical assessment in your current job. You can't claim for a vaccination.

**Last updated** 25 June 2024

## Compulsory medical assessments

You can claim a deduction for compulsory assessments and medical examinations your employer requires you to take in your current employment. For example, if you are employed as a driver, you can claim for a compulsory fitness to drive assessment.

From 1 July 2021 you can claim for a COVID-19 test that you are required to take to attend work.

You can't claim a deduction for compulsory pre-employment assessments and medical examinations you take to obtain employment.

### Example: pre-employment compulsory assessment

Ros is interviewed for a new job as a train driver. She is offered the position, subject to getting a pre-employment medical assessment done and providing the medical report to her employer. The assessment and report costs Ros \$125.

Ros can't claim a deduction for this assessment and report, as it's a requirement for her to have this assessment to gain employment as a train driver.

## Flu and other vaccinations

You can't claim a deduction for the cost of vaccinations, even if your employer requires you to have the vaccination. These are private expenses.

## Example: flu vaccination

Penelope is a personal carer and works with clients who are medically compromised. Her employer requires that she obtains the flu vaccination each year.

Penelope can't claim a deduction for the cost of being vaccinated against the flu, even though it is a requirement of her employment. Vaccinations, including the flu shot, are private expenses.

QC 72181

## COVID-19 test expenses

Deductions if you pay for a COVID-19 test for a work-related purpose.

Last updated 25 June 2024

## When you can claim COVID-19 testing

From 1 July 2021, you can claim a deduction for the cost of a COVID-19 test if:

- the test is to determine if you can attend or remain at work
- the test is either a
  - polymerase chain reaction (PCR) test through a private clinic
  - test listed in the Australian Register of Therapeutic Goods, including rapid antigen test (RAT) kits
- you pay for the test yourself (that is, your employer doesn't give you a test or reimburse you for the cost)
- you [keep a record](#) to prove that you incurred the cost (usually a receipt).

The deduction is available to employees, sole traders and contractors.

You can only claim a deduction for a COVID-19 test that was used by you to determine whether you may attend or remain at work. For example, if you buy a multipack of COVID-19 tests and some of these tests are used for private purposes (such as by other family or household members or for leisure activities), you must only claim a deduction for the portion of the expense you used for a work-related purpose.

We will accept claims for a deduction for the COVID-19 tests in the income year you paid for the tests if the purpose of buying the tests was solely for a work-related purpose and this intention has not changed for any unused tests remaining at the end of an income year. This is to make it easier for you to comply with your tax obligations.

## When you can't claim COVID-19 testing

You can't claim the cost of a COVID-19 test where any of the following apply:

- you use the test for private purposes – for example, to test your children before they attend school or day care
- you are reimbursed for the expense by your employer or another person
- you received a free COVID-19 test
- you work from home and don't attend another place to either gain or produce your assessable income, or to carry on a business for that purpose.

You also can't claim a deduction for the travel or parking expenses you incur to buy your COVID-19 test. This isn't part of the cost of the test.

### Example: COVID-19 tests you can claim

Mary is a nurse at an aged care home. In April 2024 she buys a box of 5 qualifying COVID-19 tests, that she only uses before starting a shift if she has any COVID-19 symptoms or has been in contact with a person who has COVID-19. Her employer doesn't reimburse her for the cost of the COVID-19 tests.

As Mary uses all 5 tests to check her COVID-19 status before starting a shift, she can claim a deduction for the total cost of the box of 5 COVID-19 tests.

### **Example: personal and work-related use and deductibility**

Vinh buys a box of 2 COVID-19 tests at the local pharmacy for \$20. He uses one test to confirm he doesn't have COVID-19 before visiting a friend in hospital. A week later he realises that he has been exposed to COVID-19 and uses the other test to check his COVID-19 status before attending his place of work.

As Vinh uses only one of the tests to determine whether he can attend work, he can only claim a deduction of 50% (\$10) of the purchase price he paid for the pack of 2 tests.

## **Keeping records for COVID-19 tests**

You need to keep records of COVID-19 tests to show that you paid for the test and it was for a work-related purpose. This may include a receipt or invoice, and evidence such as:

- correspondence from your employer stipulating the requirement to test
- your employer's COVID-19 safety plan or policy
- relevant state health advice or requirements
- diary notes made by you that you used a test to determine whether you could attend or remain at work.

If you don't have a record of your expenses before the law changed on 31 March 2022, we will accept reasonable evidence of your expenses. This may include:

- bank and credit card statements

- a diary or other documents, including receipts, that shows a pattern of buying COVID-19 tests after the law change that could reasonably have applied from 1 July 2021.

## Completing your tax return

Once you calculate your deduction, if you're an employee enter the amount at **Other work-related expenses** in your tax return. Include in the description 'COVID-19 tests'.

If you are a sole trader or contractor, enter the amount at **All other expenses** in your **Business and professional items** schedule.

QC 72182

## Personal appearance and grooming

As a rule, you can't claim the costs of personal grooming or cosmetics.

Last updated 25 June 2024

## What you can and can't claim

Costs related to personal appearance, including cosmetics or makeup, skin care, shaving products, haircuts, hairdressing and hair products, aren't deductible. These are private expenses.

This is the case even if your employer expects you to maintain certain standards of grooming, or pays you an allowance to cover your grooming expenses.

**Example: cosmetics used for personal grooming**

Isabella works as an executive assistant to the managing director of a large company. She is required to be well groomed at work and her employer has advised that her presentation will be regularly monitored. In recognition of the importance of grooming to her employer, Isabella is paid a grooming allowance of \$50 a week, which she includes in her assessable income.

Even though Isabella uses the allowance to buy cosmetics that she uses solely for work, and her employer expects her to be well groomed, she can't claim a deduction. The connection between Isabella's expenditure on cosmetics and her employment activities is insufficient.

### **Example: haircuts not deductible**

Hugo is in the army and is required to maintain a short hairstyle. Hugo can't claim a deduction for the cost of haircuts, as this is a private expense.

In limited circumstances, there may be sufficient connection between personal appearance expenditure and earning your employment income to make the expenditure deductible.

### **Example: performer's hairdressing and makeup expenses**

Johannes is employed to perform in a touring production that runs for 6 months. The role requires him to keep his hair in a short buzz cut and he buys makeup to age his appearance by 20 years.

As the makeup and hairdressing expenses have a sufficient connection to earning his employment income, Johannes can claim a deduction.

For more information see Taxation Ruling TR 96/18 *Income tax: cosmetics and other personal grooming expenses*.

## Cosmetics containing sun protection

Some creams and cosmetics can function both as sun protection and as a cosmetic. If the primary purpose of the item is for use as a cosmetic or the product is marketed as a cosmetic, it generally won't be treated as a sun protection product.

You can only claim a deduction for the cost of a product containing sun protection if:

- your work exposes you to the effects of the sun because you are required to perform your duties for prolonged periods outdoors
- you wear a sunscreen while you are at work to protect you from that risk.

If you use a sunscreen for private purposes and work purposes, you need to apportion for your private usage. You can only claim for the work-related use of these products.

### Is your product a sunscreen or a cosmetic?

The Therapeutic Goods Administration (TGA) determines if a product is safe and effective as a sunscreen.

If a product is safe and effective as a sunscreen, it's given an Australian Register of Therapeutic Goods identification (ARTG ID) number by the TGA. This is displayed on the product as an AUST L number. The AUST L number is different from the SPF number.

Any product with an ARTG ID and an AUST L number on the label will be accepted as sunscreen.

To find out whether a product has been given an ARTG ID you can visit the [TGA website](#) .

#### Example: no deduction for product that is not a sunscreen

Jackie is a teacher and has bought a cosmetic with added sunblock. Once a week, Jackie is required to supervise pupils at their sports afternoon outdoors. Jackie wears the cosmetic every day and she finds it suitable as sun protection, but it isn't a sunscreen approved by the TGA.

As Jackie uses the product primarily as a cosmetic, she can't claim a deduction for buying it.

If the product Jackie purchased had an ARTG ID from the TGA, she can claim a deduction but would have to apportion her claim to account for her personal use. Her personal use would include the time Jackie does not spend in the sun performing her duties and any other time she wears the cosmetic outside school hours.

### **Example: deduction allowed for cosmetic containing sunscreen**

Wendy works as a gardener and spends the majority of her working day outdoors.

Wendy buys a tinted moisturiser with a high-level sunblock to use on her face when she is working, along with a sunscreen for her arms and legs. She doesn't use these products when she isn't working.

Wendy checks the TGA website and finds that both the products she uses have an ARTG ID.

As Wendy is exposed to the sun for long periods while performing her duties and she only wears the products when she is working, the cost of the products is incurred in earning her assessable income. This means she can claim a deduction for the tinted moisturiser and sunscreen.

QC 72183

## **Gym fees and fitness-related expenses**

Except in very limited circumstances, you can't claim gym fees or fitness-related expenses.

Last updated 25 June 2024

Except in very limited circumstances, gym fees and other fitness expenses (such as skipping ropes, weights and other fitness equipment) are private expenses. You can't claim a deduction for these expenses.

This is the case even if you're required to pass medical examinations and fitness tests to maintain your employment.

Members of the regular Australian Defence Force, police officers and firefighters can't claim their fitness expenses.

However, there are very limited circumstances where you can claim a deduction if your employment requires an extremely high level of fitness. This means strenuous physical activity is an essential and regular element of your work.

Regardless of your circumstances, you can't claim a deduction for conventional clothing you use in the course of keeping fit. This includes such things as tracksuits, running or aerobic shoes, socks, T-shirts and shorts.

## Example: private fitness expense

Mahendra is an intelligence officer for the Royal Australian Navy. He prepares intelligence briefings and generally carries out intelligence analysis tasks. Most of this work is done at his desk.

Mahendra has a membership at a private gym and goes there 3 times a week to maintain the fitness levels required for his employment in the Navy.

Mahendra can't claim the costs of his gym membership as it is a private expense. While Mahendra needs to keep a certain level of fitness for his employment, his duties don't require strenuous physical activity.

## Example: deductible fitness expense

Nola is a trapeze artist and tumbler with a circus. She has a gym membership and takes regular Pilates and yoga classes. She also trains and rehearses with her company to develop new trapeze and tumbling routines, and performs 6 nights a week.

Nola would be able to claim her fitness costs. Her job is to rehearse and perform trapeze and tumbling acts for the circus, which is a strenuous physical activity that is an essential and regular part of her duties. Maintaining an extremely high level of physical fitness is essential to her job.

## **Example: deductible expense and private expense**

Bill is a police academy physical training instructor. He regularly attends a commercial gym to ensure he can perform his duties. Bill's fitness expenses for the year include gym fees and the cost of a tracksuit.

As Bill's ordinary duties require regular strenuous physical activity, he can deduct his gym fees but not the cost of the tracksuit. The tracksuit is conventional clothing, so the expense is private in nature.

If Bill was a general duties police officer, he wouldn't be entitled to claim a deduction for his gym fees. Although he would have to maintain a standard level of fitness, his role wouldn't involve regular strenuous physical activity. Bill's expenses in these circumstances would be private.

QC 72184

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 Print whole section

## Tools, computers and items you use for work

Deductions for tools, computers, internet, stationery, books and other items you use for work.

### Tools and equipment to perform your work

Deductions for tools or instruments you use for work, including the cost of repairs and insurance.

### Mobile phone mobile internet and other devices

Deductions for mobile phone calls and internet expenses you incur for a work-related purpose, including the device.

### Computers laptops and software

Deductions for computers, laptops and software you use for work, including the cost of repairs.

### Home phone and internet expenses

Deductions for home phone, internet and other online services you use for work.

## **Bags and cases for work items**

Deductions for bags, cases, luggage, lunch boxes and travel mugs you use for work.

## **Stationery and office supplies**

Deductions for stationery and supplies such as pens, printer ink, and paper you use for work.

## **Office furniture and equipment**

Deductions for equipment or furniture, such as a desk or chair you use for work, including repairs.

## **Books periodicals and digital information**

Deductions for books, journals, periodicals, digital information, newspapers and magazines you use for work.

## **Interest and transaction expenses to buy items for work**

Deductions for interest and transaction fee expenses, you incur on items you buy for work.

## **Depreciating assets you use for work**

As an employee, find out how to claim for your depreciating assets and work out decline in value.

# Tools and equipment to perform your work

Deductions for tools or instruments you use for work, including the cost of repairs and insurance.

Last updated 25 June 2024

## Eligibility to claim tool and equipment expenses

To claim a deduction for tools and equipment expenses:

- You must use the items to perform your work duties.
- You must work out if you can claim the cost of the item in the income year you buy it or the decline in value over its effective life.
- You must have a [record of your expenses and use of the items](#).

When you use the items for both private and work purposes, you need to apportion your deduction. You can only claim the work-related use of the item as a deduction.

You can also claim a deduction for the work-related portion of:

- costs you incur to repair and insure your tools and equipment
- **interest expenses** you incur on money you borrow to buy these items.

## What you can't claim

You can't claim a deduction for:

- your use of the tools or equipment for private purposes
- expenses for tools and equipment that someone else supplies for your use.

## Types of tools and equipment you can claim

You can claim the cost of tools and equipment that you use for work, such as:

- hand tools – for example, spanners, hammers and screwdrivers
- power tools – for example, grinders, sanders and hammer drills
- calculators
- cameras
- musical instruments
- safety equipment – for example, a hard hat or steel cap boots
- technical instruments
- electric clippers and scissors
- phones and other devices
- computers, laptops and software
- bags and cases
- stationery and office supplies
- office furniture and equipment.

This is not an exhaustive list of items or equipment you use for work.

## How to calculate your tools and equipment deduction

Tools and equipment are generally depreciating assets that decline in value over time. How you work out your deduction will depend on if the item cost:

- \$300 or less
- More than \$300

You need to apportion your deduction if you use the item for both work and private purposes.

You claim the deduction in your tax return as **other work-related expenses**. For instructions on how to complete your tax return, see Lodgment options for preparing your tax return.

### \$300 or less

An immediate deduction is available for items that cost \$300 or less, if you use them more than 50% of the time for a work purpose. You must satisfy the conditions of **4 tests** to claim an immediate deduction.

You can't claim a deduction for the cost of the item if it is part of a set that cost more than \$300, or is identical or substantially identical to similar items that together cost more than \$300. In this case you claim a deduction for the decline in value of the items.

### **Example: tools costing less than \$300**

Delia is a violinist in an orchestra and requires a new bow for performances. The new bow costs \$200. Delia keeps a copy of the receipt, that shows the cost of the bow and where and when she bought it.

Delia only uses this bow for performances with the orchestra.

Delia can claim an immediate deduction for the full cost of the new bow as:

- it cost less than \$300
- the bow is required for work-related duties
- the bow is only used for work purposes
- she has records as evidence she incurred the cost.

### **More than \$300**

You can claim a deduction for the decline in value over the effective life of the item, if the item:

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

### **Example: decline in value for a set of tools costing more than \$300**

Sammy is an employee mechanic and needs a spanner set for working on cars.

Each spanner costs \$22 and can be bought individually. There are 16 spanners in the set costing a total of \$352.

Sammy buys one spanner each fortnight of the income year starting in August.

As the spanners are part of a set costing more than \$300 in total, to claim a deduction, Sammy must work out the decline in value of the set.

## Calculating your claim

Work out your claim for the decline in value for a depreciating asset using our Depreciation and capital allowances tool.

### Depreciation and capital allowances tool

You can manually calculate the decline in value of a depreciating asset using either the prime cost method or diminishing value method.

## Keeping records for tools and equipment

You must keep records to support your claim for work use of tools and equipment, such as:

- receipts for items you buy
- evidence that you need to use the items for work purposes
- a diary or similar record that shows how you work out your percentage of work-related use.

If you are claiming the decline in value of an asset, you also need to keep records that show how you calculated decline in value.

For more information on general record keeping requirements and formats, see records you need to keep.

# Mobile phone, mobile internet and other devices

Deductions for mobile phone calls and internet expenses you incur for a work-related purpose, including the device.

**Last updated** 25 June 2024

## Eligibility to claim mobile phone calls and mobile internet

To claim a deduction for mobile phone calls and mobile internet (data), you must meet all of the following conditions:

- You must incur the cost and make the phone calls or use the data to perform your work duties.
- You must have a record of your expenses showing the total amount you incurred and how you calculated your work-related phone calls and data.

You can only claim the work-related portion of your expenses as a deduction.

Similar rules exist for home phone and internet expenses for work purposes.

## Exceptions to eligibility for working from home

If you use the fixed rate method - 67 cents to claim your working from home expenses, your deduction for phone and data usage expenses is included in that deduction. You can't claim any other deduction for phone and data usage expenses.

You will need to meet the eligibility and record keeping requirements of the work from home method you use.

## Eligibility to claim mobile phone and other devices

To claim a deduction for a mobile phone (handset or smartphone) or other devices, you must:

- incur the cost and use the item to perform your work duties.
- have a record of your expenses and use of the item.

How you calculate your deduction depends on the cost of your mobile phone or device.

When you use the items for both private and work purposes, you need to apportion your deduction. You can only claim the work-related use of the item as a deduction.

You can also claim a deduction for the work-related portion of costs you incur to insure your device.

Work-related use includes using the device (or mobile internet) to access the myGovID app on your device to access online services to do your work .

### **Example: Employee uses existing smartphone – apportioned personal and work use**

Eliza works in the payroll department of a large company. Her duties involve calculating the pay for employees and ensuring that her employer meets their superannuation guarantee obligations. In order to carry out these duties, Eliza requires a myGovID to access ATO online services on behalf of her employer.

Eliza bought her smartphone on 1 July 2023 for \$1,100. She uses her smartphone for private phone calls and for making and receiving work-related calls.

On 29 February 2024, she uses the smartphone to set up myGovID. Her employer gives her authorisation to access ATO online services through the Relationship Authorisation Manager.

As Eliza has been using her smartphone for both private and work purposes during the income year, she has kept itemised accounts and diary records representing a 4-week period.

Eliza's records prior to using her smartphone to access ATO online services, show that up until 29 February 2024, she used her smartphone 40% for work purposes.

From 1 March 2024 when she started using her myGovID for work purposes, Eliza found that her use of the smartphone increased to 50% for work purposes. She works this out by looking at the increase in data used from that date.

As Eliza is on a \$50 per month bring your own phone plan, she can claim a deduction for 40% of her monthly plan rate from 1 July 2023 to 29 February 2024.

Eliza took 4 weeks leave during this period so she excludes the 4 weeks from her calculation for that period.

Eliza can also claim a deduction for 50% of her monthly plan for the period from 1 March 2024 to 30 June 2024.

Her deduction of \$240 for her monthly plan is calculated as follows:

$$(\$50 \times 7 \text{ months}) \times 40\% = \$140$$

$$(\$50 \times 4 \text{ months}) \times 50\% = \$100$$

$$\$140 + \$100 = \$240$$

Eliza can also claim a deduction for the decline in value of her phone. She decides to use the diminishing value method and calculates the decline in value using the following formula:

$$\text{Base value} \times (\text{days held} \div 365) \times (200\% \div \text{asset's effective life})$$

$$\$1,100 \times (366 \div 365) \times (200\% \div 3 \text{ years}) = \$735$$

$$(\$735 \times 7 \div 12 \text{ months}) \times 40\% = \$171.50$$

$$(\$735 \times 4 \div 12 \text{ months}) \times 50\% = \$122.50$$

$$\$171.50 + \$122.50 = \$294$$

In her return for the 2023–24 income year, Eliza can claim a total deduction for her phone expenses of \$534 (\$240 + \$294).

## What you can't claim

You can't claim a deduction for:

- your mobile phone and internet use for private purposes – for example,
  - personal phone calls and texts to family and friends
  - seeking employment – as you are not generating employment income from the use of the phone
- installation and set up costs for mobile phones and other devices
- expenses for mobile phone calls or mobile internet where someone else pays the bill or reimburses you
- expenses for the phone or other device where someone else supplies the item for use
- expenses for phone calls or text messages if you're a casual employee and either
  - an employer phones or texts you to ask you to work
  - you phone or text your employer to check on work availability.

## **Types of mobile phones and devices you can claim**

If you meet all the eligibility conditions, you can claim a deduction for the decline in value of the following depreciating assets:

- your mobile phone – for example, smartphone, basic mobile phone or a feature mobile phone
- electronic devices – for example, tablets, personal digital assistants, and portable GPS navigation receivers.

## **How to calculate your deduction for phone and data use**

You can calculate your mobile phone and data use expenses for a work purpose by:

- claiming incidental use (\$50 or less), with basic records to show how you calculated your claim, based on a cost of:
  - \$0.75 for work phone calls made from your mobile phone

- \$0.10 for text messages sent from your mobile phone
- keeping records and written evidence to work out actual expenses for work-related use.

If you use the fixed rate method – 67 cents to calculate a deduction for your working from home expenses, you can't claim a separate deduction for phone and data usage. You will need to keep the records required for that method even if your mobile phone and data expenses are incidental.

## How to work out your work and private use

There are many types of phone and data plans available. You will need to work out your work-related percentage of phone calls and data on a reasonable basis. Your options are based on whether your:

- [Use is itemised on your bills](#)
- [Use is not itemised on your bills](#)

The way you predominantly use your mobile phone is also relevant to how you calculate your work-related use percentage. For example, if you predominantly use it for phone calls, then comparing your work-related phone calls to your total phone calls will be the most relevant way to calculate your work-related use percentage.

If your work and private use of different functions is quite different, you may also need to apportion the cost of the plan between those services.

For more information on how to calculate your work-related use of your mobile phone, see *PS LA 2001/6 Verification approaches for electronic device expenses*.

### Use is itemised on your bills

If you have a phone plan with an itemised bill, you need to work out your percentage of work use over a continuous 4-week period (one monthly bill), that you can then apply to the full income year.

You need to work out your work use percentage using a reasonable basis. This could include the:

- number of work phone calls made as a percentage of total phone calls

- amount of time spent on work phone calls as a percentage of your total phone calls
- amount of mobile internet (data) downloads for work purposes as a percentage of your total data downloads
- any additional costs you incur as a result of your work-related use – for example, if your work-related use results in you exceeding your monthly cap.

### **Example: phone calls are itemised on your bill**

Julie has a \$65 per month mobile phone plan, which includes unlimited phone calls and text messaging and 80GB of mobile internet. She receives a bill that itemises her phone calls and shows her monthly data use.

Julie only uses her mobile phone internet for work when she is out of the office for client meetings. These meetings are all scheduled in Julie's work calendar.

Julie uses her phone bill for the month of August to work out her work-related use percentage for the entire year of income. On this bill, she identifies the work-related phone calls and private phone calls. Julie uses her work calendar to work out the data downloaded for work purposes.

Based on the number of work-related phone calls and data downloaded, Julie calculates that 20% of her phone calls and mobile internet use is work-related.

She worked for 11 months during the income year, having had one month of leave.

Julie calculates her deduction for mobile phone expenses as:

$$20\% \times \$65 \times 11 \text{ months} = \$143$$

Julie can claim a deduction of \$143 in her tax return.

### **Use is not itemised on your bills**

If you have a phone plan where you don't receive an itemised bill, you must work out your work-related percentage use by:

- keeping a record of all your work-related and private phone calls and the time you spent using the internet for work and private purposes over a continuous 4-week period
- calculating your claim using a reasonable basis – for example, the number of work-related calls as a percentage of total calls.

### **Example: non-itemised account**

Ahmed has a prepaid mobile phone plan that costs him \$50 per month.

Ahmed does not receive a monthly bill, so he keeps a record of the time he spends using his phone for work-related phone calls and using the mobile internet for work for a continuous 4-week period.

During this 4-week period, Ahmed spends 25 hours making work phone calls and using his mobile internet for work and he spends 75 hours using his phone for private purposes.

Ahmed worked for 11 months during the income year, having had one month of leave.

Ahmed's work use percentage is 25% ( $25 \text{ work hours} \div 100 \text{ total hours}$ ).

Ahmed calculates his claim for mobile phone and internet use as:

$$25\% \times \$50 \times 11 \text{ months} = \$138$$

He can claim a deduction of \$138 in his tax return.

## **How to calculate your deduction for a mobile phone or other electronic devices**

Mobile phones and other electronic devices are generally depreciating assets that decline in value over time.

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

- \$300 or less

- More than \$300

You need to apportion expenses if you use mobile phone or other electronic device for both work and private purposes.

## **\$300 or less**

An immediate deduction is available for items that cost \$300 or less, if you use them more than 50% of the time for work purposes. You must satisfy the conditions of 4 tests to claim an immediate deduction.

### **More than \$300**

You can claim a deduction for the decline in value over the effective life of the item, if the item cost more than \$300.

## **Calculating your claim**

Work out your claim for the decline in value for a depreciating asset, using our Depreciation and capital allowances tool.

### **Depreciation and capital allowances tool**

You can manually calculate the decline in value of a depreciating asset using either the prime cost method or diminishing value method.

## **Keeping records for mobile phone, mobile internet and other devices**

You must keep records to support your claim for work use of mobile phones, internet and other devices, except where your claim is for incidental expenses (\$50 or less).

Records you need to keep may include:

- diary entries, including electronic diary records, to show how you worked out your percentage of work-related use
- bills for mobile phone and mobile internet (data) services
- receipts for phones and devices you buy
- evidence that you need to use the myGovID app to access online services for work purposes.

If you are claiming the decline in value of an asset, you also need to keep records that show how you calculated decline in value.

For more information on general record keeping requirements and formats, see [records you need to keep](#).

QC 72140

## Computers, laptops and software

Deductions for computers, laptops and software you use for work, including the cost of repairs.

**Last updated** 25 June 2024

### Eligibility to claim computers, laptops and software

Computers and laptops are generally depreciating assets which decline in value over the time you use them.

If when you buy a computer, it includes software as part of the purchase price, you don't need to break up the costs to calculate the decline in value. However, if you buy additional software, or it is sold separately you may need to calculate its decline in value.

To claim a deduction for computers and laptops and software expenses:

- You must incur the cost and use the item to perform your work duties.
- You must work out if you can claim the cost of the item in the income year you buy it or the decline in value over its effective life.
- You must have a [record of your expenses and use of the item](#).

When you use the items for both private and work purposes, you need to apportion your deduction. You can only claim the work-related use of the item as a deduction.

You can also claim the work-related portion of:

- costs you incur to repair and insure these items
- **interest expenses** you incur on money you borrow to buy these items.

## **What you can't claim**

You can't claim:

- your use of computers, laptops or software for private purposes
- expenses for computers or laptops where someone else supplies the item for your use.

## **Types of devices you can claim**

You can claim a deduction for a device you buy and use for work, such as a:

- laptop
- desktop computer or personal computer (PC)
- monitor
- printer.

You can also claim the cost of peripherals such as a mouse, keyboard, docking station or cables (if you buy these separately).

## **Types of computer software and programs you can claim**

You can claim the cost of associated computer software or programs that you use for work, such as:

- physical CDs or apps you buy for your device
- subscriptions
- anti-virus and anti-spyware software
- virtual private networks (VPN).

# How to calculate your deduction for computers and laptops, and software

How you treat and work out your deduction will depend on if it cost:

- \$300 or less
- More than \$300.

You need to apportion expenses if you use the computer for both work and private purposes.

You claim the deduction in your tax return as **other work-related expenses**. For instructions on how to complete your tax return, see [Lodgment options for preparing your tax return](#).

## \$300 or less

An immediate deduction is available for items that cost \$300 or less, if you use them more than 50% of the time for a work purpose. You must satisfy the conditions of [4 tests](#) to claim an immediate deduction.

## More than \$300

You can claim a deduction for the decline in value over the effective life of the item, if the item cost more than \$300.

### Example: separate decline in value calculation for the cost of software

Mateo works from home 2 days a week. He buys a computer which comes with the operating system already installed (\$999). Mateo only uses the computer when working from home.

He also separately buys an annual subscription for antivirus (\$149) and software that he needs for his work (\$450).

As the cost is more than \$300, Mateo can claim a deduction for the decline in value of both:

- the computer and operating system
- the software.

He can also claim a deduction for cost of the anti-virus software (\$149) as it is under \$300 and only used for a work-related

purpose.

## Calculating your deduction

Work out your claim for the decline in value for a depreciating asset, using our Depreciation and capital allowances tool.

### Depreciation and capital allowances tool

You can manually calculate the decline in value of a depreciating asset using either the prime cost method or diminishing value method.

## Keeping records for computers, laptops and software

You must keep records to support your claim for work use of computers, laptops and software, such as:

- receipts for items you buy
- evidence that you need to use the item for work purposes
- a diary or similar record that shows how you work out your percentage of work-related use.

If you are claiming the decline in value of an asset over its effective life, you also need to keep records that show how you calculated decline in value.

For more information on general record keeping requirements and formats, see records you need to keep.

QC 72141

## Home phone and internet expenses

Deductions for home phone, internet and other online services you use for work.

**Last updated** 25 June 2024

## **Eligibility to claim home phone and internet services**

You can claim a deduction for the cost of your home phone and internet use that relates to your work.

To claim a deduction for home phone and internet services, you must meet all of the following conditions:

- You must incur the cost and use the service to perform your work duties.
- You must have a record of your expenses and use of the service.

When you use your home phone and internet for both private and work purposes, you need to apportion your deduction. You can only claim the work-related use of as a deduction.

You can claim a deduction for the work-related portion of the cost of internet devices or equipment – for example, a router.

Similar rules exist for mobile phones, mobile internet and other device expenses for work purposes.

## **Exceptions to eligibility for working from home**

Home phone and internet expenses you incur when working from home may be included in the method you use to work out your deduction. Where this is the case, you can't claim any other deduction for home phone or internet expenses.

You will need to meet the eligibility and record keeping requirements of the work from home method you use.

## **What you can't claim**

You can't claim:

- your use of the home phone or internet (data) for private purposes, such as

- personal emails or phone calls to family and friends
- watching or subscribing to pay television or streaming services (except in limited circumstances)
- seeking employment – as you are not generating employment income from the use of the home phone or internet
- installation and set up costs for the service
- expenses for home phone or internet services where your employer or someone else supplies it or reimburses you for the expenses.

In limited circumstances you can claim the costs you incur to access pay television or streaming services. You must show a direct connection to your work and your deduction is limited to the part of the content that directly relates to your work.

## How to calculate your deduction for home phone and internet use

You can calculate your deduction for work-related home phone and internet use by:

- claiming incidental use (\$50 or less), with basic records to show how you calculated your claim – you can claim \$0.25 for work phone calls made from your home phone
- keeping records and written evidence to work out actual expenses for work-related use.

However, even if your home phone and internet expenses are incidental, if you claim a work from home expenses you need specific records depending on the method you use.

## How to work out your work and private use

You need to work out your percentage of work use if you use your home phone and internet for work and private purposes. Keep records that show a detailed pattern of use by you and other members of your household.

Home phones generally use the internet to make calls. The cost of phone calls is either:

- covered by an additional monthly amount added to your home internet plan that covers the cost of all phone calls made
- a charge for each phone call you make.

If you use your home phone for work purposes and private purposes and you pay a monthly amount, you will need to apportion the monthly amount. You can apportion this expense in the same way as where your use is not itemised on your bills.

If you are charged for each phone call you make, you will need to keep a record of your work-related calls. You can claim a deduction for the total amount.

A reasonable basis to work out your work-related internet use could include:

- the amount of data you download for work as a percentage of the total data downloads by you and all other members of your household
- any additional costs incurred as a result of your work-related use – for example, if your work-related use results in you exceeding your monthly cap
- the time spent using the internet for work purposes as a percentage of the time spent by you for private purposes and by your family for any purpose.

Keeping a diary for a continuous 4-week period is the easiest way to work out your deduction. If you record a continuous 4-week period that represents your work use, you can use it across the rest of the income year to work out your full deduction.

If you don't have a record of a continuous 4-week period, you will need to keep records for the full income year.

If you have a [bundled plan](#) that includes other related services, you need to apportion your costs. You can only claim the work-related use of each service.

### **Example: calculating work use percentage of internet expenses**

Sometimes, Sam works from home connecting to his office through a virtual desktop. He keeps a work diary for a continuous 4-week period and compares it to his data usage on his home internet.

Sam calculates his work use percentage on the download amounts. His household uses 240 GB of data in the 4-week period.

Sam calculates that he uses 48 GB while he is working from home. This gives him a work use percentage of 20%, using the formula:

$$\text{Data used for work} \div \text{Total data use} = \text{Work use percentage}$$

$$48 \div 240 = 20\%$$

Sam's internet costs \$60 per month, so the total claim he could make in a month would be calculated using the formula:

$$\text{Total bill for each month} \times \text{Work use percentage} = \text{Monthly claim}$$

$$\$60 \times 20\% = \$12$$

As Sam took all of December off, he wouldn't be able to claim a deduction for that month. To calculate his total deduction at the end of the year he uses the formula:

$$\text{Monthly amount to be claimed} \times \text{Number of months} = \text{Total claim amount}$$

$$\$12 \times 11 = \$132$$

## Bundled plans

Internet, home phone and other related services are often bundled together in a plan – for example, pay television or streaming services. If you are claiming deductions for work-related use of one or more services, you need to apportion your costs based on your work use for each service.

If other members of your household also use the services, you need to take into account their use in your calculation.

If you have a bundled plan, before calculating your work-related use of each service, you need to identify the cost of each service covered by

the plan. Bundled services can be apportioned based on:

- a supplier's breakdown of relative costs of the bundled services
- the relative costs of the bundled services as if they were purchased separately from the same supplier
- information from a comparable supplier.

Once you have identified the cost of each separate service in a bundled plan, you need to identify your work use for each service over a continuous 4-week period during the income year. This will allow you to work out your pattern of work use, that you can then apply to the full income year.

### **Example: apportioning bundled services**

Sujita has a \$100 per month home phone and internet bundle.

The bill shows that the monthly cost of Sujita's phone service in her bundle is \$40, and her internet service is \$60.

Sujita brings in her pay television of \$90 per month and receives a \$10 per month discount. Her total costs for all services are \$180 per month.

Sujita worked for 11 months during the income year, having had one month of leave.

Based on her itemised accounts, Sujita works out that the work-related use of her internet is 20%. Sujita also uses her home phone for work purposes and works out that 10% of her use is for work. Sujita does not use her pay television for work purposes.

As the components are part of a bundle, Sujita calculates her work-related use as follows:

#### **Step 1: work out the value of each bundled component**

- Pay television – Sujita does not need to determine the pay television costs as she does not use this service for work purposes.
- Internet \$60 per month
- Home phone \$40 per month

#### **Step 2: apportion work-related use**

- Internet use:  $20\% \text{ work-related use} \times \$60 \text{ per month} \times 11 \text{ months} = \$132$
- Home phone use:  $10\% \text{ work-related use} \times \$40 \text{ per month} \times 11 \text{ months} = \$44$

### **Step 3: add all amounts**

- $\$132 \text{ home phone use} + \$44 \text{ home internet use} = \$176$

Sujita claims a deduction of \$176 in her tax return.

## **Example: apportioning bundled services**

Des has a \$90 per month home phone and internet bundle, and unlimited internet use as part of his plan. There is no clear breakdown for the cost of each service.

By keeping a record of the phone calls he makes over a continuous 4-week period, Des works out that 25% of his phone calls are for work purposes.

Des also keeps a record for 4 weeks of the data downloaded. He works out that 30% of the total amount used was for work.

Des worked for 11 months during the income year, having had one month of leave.

As there is no clear breakdown of the cost of each service (phone calls and downloads), it is reasonable for Des to allocate 50% of the total monthly cost to each service.

### **Step 1: work out the value of each bundled component**

- Internet: \$45 per month ( $\$90 \div 2 \text{ services}$ )
- Home phone: \$45 per month ( $\$90 \div 2 \text{ services}$ )

### **Step 2: apportion work-related use**

- Internet:  $30\% \text{ work-related use} \times \$45 \text{ per month} \times 11 \text{ months} = \$149$
- Home phone:  $25\% \text{ work related use} \times \$45 \text{ per month} \times 11 \text{ months} = \$124$

### **Step 3: add all amounts**

- \$149 internet use + \$124 home phone use = \$273

In his tax return, Des claims a deduction of \$273 for the year.

## **Keeping records for home phone and internet services**

You must keep records to support your claim for work use of your home phone and internet.

Records you need to keep may include:

- diary entries, including electronic diary records showing your work use
- bills for internet services
- bills for home phone services
- bills for bundled plans.

If you're claiming incidental use (\$50 or less), you will need basic records to show how you calculated your claim.

For more information on general record keeping requirements and formats, see records you need to keep.

QC 72142

## **Bags and cases for work items**

Deductions for bags, cases, luggage, lunch boxes and travel mugs you use for work.

**Last updated** 25 June 2024

## **Eligibility to claim bags, cases and luggage**

To claim a deduction for a bag, case or satchel:

- You must incur the cost and use the bag or case to carry items for work.
- You must need to carry the items for work and the bag or case must be suitable for that purpose.
- You must work out if you can claim the cost of the item in the income year you buy it or the decline in value over its effective life.
- You must have a record of your expenses and use of the bag or case.

Items you carry and use for work may include laptops, tablets, work papers, protective equipment or diaries.

Items such as gym gear, food, or a personal phone, tablet or laptop are not items you need to carry and use for work. These are private or domestic items.

When you use the bag or case for both private and work purposes, you need to apportion your deduction. You can only claim the work-related use of the bag or case as a deduction.

## **What you can't claim**

You can't claim a deduction for bags or cases:

- if you mainly use the bag or case for private purposes, such as carrying your lunch or beauty and hygiene products to work
- you use the bag or case for private purposes, such as weekend travel
- that someone else supplies for your use.

## **Types of bags and cases you can claim**

Bags and cases that you use for work may include:

- a briefcase
- a laptop bag
- a satchel
- luggage – for example, suitcases and carry-on bags
- a handbag (in limited circumstances).

### **Example: luggage for a work trip**

Ibrahim works as cabin crew on long-haul international flights. He buys luggage which he only uses for work for \$200.

He can claim an immediate deduction for the luggage in the income year he buys it, as it costs under \$300.

### **Example: deduction for a handbag used for work purpose**

Elizabeth buys a handbag for \$150 to carry her tablet and work diary between appointments with clients. She only uses the handbag to carry the work items and she carries another bag for her personal items. She does not use the handbag that carries her tablet outside of work hours.

Elizabeth can claim a deduction for the cost of the handbag she uses to carry the work items. As the handbag costs less than \$300 and is used 100% for work purposes, she can claim a deduction for \$150 in the year she buys the bag.

## **Types of bags and equipment you can't claim**

You can't claim a deduction for the cost of items that you use to take your food or drink to work, or use at work, even when travelling overnight. For example, you can't claim for:

- a lunch bag or lunch box
- cooler or esky
- travel mug, thermos or keep cup
- plate, bowl and cutlery.

### **Example: travel mug**

Olivia is a train driver and uses a travel mug while she is driving.

Olivia only uses the mug while at work.

Olivia can't claim a deduction for the cost of her travel mug as it's a private expense.

### **Example: satchel for personal items**

Arki buys a messenger satchel for \$220 to carry his lunch and snacks, personal medical kit and private grooming items. He also carries a mini tablet for his work.

Arki also uses the satchel outside of work hours for carrying personal items.

Although Arki's satchel cost less than \$300 and he uses to carry his mini tablet for work, he doesn't use the satchel mainly for work purposes. Arki can't claim a deduction for the satchel.

## **How to calculate your deduction for bags and cases**

Bags, cases, luggage and similar items are generally depreciating assets which decline in value over time.

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

- \$300 or less
- More than \$300.

You claim the deduction in your tax return as **other work-related expenses**. For instructions on how to complete your tax return, see Lodgment options for preparing your tax return.

### **\$300 or less**

A deduction is available for items that cost \$300 or less in the year you buy them, if you use them more than 50% of the time for a work purpose. You must satisfy the conditions of **4 tests** to claim an immediate deduction.

You can't satisfy the conditions of the 4 tests if the item is part of a set that cost more than \$300, or is identical or substantially identical to similar items that together cost more than \$300. In this case you claim for the **decline in value** of the assets.

## More than \$300

You can claim a deduction for the decline in value over the effective life of the item, if the item:

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

### Example: bag for a work laptop

Maria is an account executive employee. Her job requires her to regularly attend meetings with clients. She has to take her work laptop, phone and the client's file with her to the meetings.

Maria frequently works from home and sometimes goes directly to a client meeting before heading into the office. She buys a bag for \$565 that she uses to carry her work laptop and phone, chargers and client briefs. She carries her cash and cards, personal phone and other personal items in a smaller clutch bag.

As Maria's bag is suitable to carry all the items that are necessary for her to transport for work, Maria can claim a deduction for the decline in value of the bag over its effective life.

## Calculating your deduction

Work out your deduction for the decline in value for a depreciating asset, using our Depreciation and capital allowances tool.

## Depreciation and capital allowances tool

You can manually calculate the decline in value of a depreciating asset using either the prime cost method or diminishing value method.

## Keeping records for bags and cases

You must keep records to support your deduction for work use of bags and cases, such as:

- receipts for items you buy
- evidence that you need to use the item to carry items for work purposes
- a diary or similar record that shows how you work out your percentage of work-related use.

If you are claiming the decline in value of an asset over its effective life, you also need to keep records that show how you calculated decline in value.

For more information on general record keeping requirements and formats, see [records you need to keep](#).

QC 72143

## Stationery and office supplies

Deductions for stationery and supplies such as pens, printer ink, and paper you use for work.

Last updated 25 June 2024

## Eligibility to claim stationery and office supplies

To claim a deduction for stationery and office supplies:

- You must use them to perform your work duties.
- You must incur the cost of the items.
- You must have a record of your expenses and use of the item.

When you use the stationery and office supplies for both private and work purposes, you need to apportion your deduction. You can only claim the work-related use of the stationery and office supplies as a deduction.

### **Exception to eligibility for working from home**

Stationery and office supply expenses you incur when working from home may be included in the method you use to work out your deduction for working from home. Where this is the case, you can't claim any other deduction for stationery and office supply expenses.

You will need to meet the eligibility and record keeping requirements of the work from home method you use.

### **Types of stationery and office supplies you can claim**

You can claim the cost of stationery and office supplies that you use for work, such as:

- a calculator
- printer ink
- paper
- envelopes
- pens
- a diary
- a logbook.

### **How to calculate your stationery and office supplies deduction**

In most circumstances, stationery and office supplies are small expenses, and you can claim an immediate deduction for the cost of

the items.

Stationery and office supplies that **cost \$300 or more**, are part of a set or substantially identical are generally depreciating assets which decline in value over time. For example, if you purchase a printer to use at home that cost \$300 or more, you can't claim the cost of the printer in the year you buy it. You can claim the printer's decline in value over its effective life.

## Calculating your deduction

Work out your deduction for the decline in value for a depreciating asset, using our Depreciation and capital allowances tool.

[Depreciation and capital allowances tool](#)

You can **manually calculate** the decline in value of a depreciating asset using either the prime cost method or diminishing value method.

## Keeping records for stationery and office supplies

You don't have to keep a receipt for small expenses:

- that are \$10 or less, as long as your total claim for small expenses is \$200 or less
- where you are unable to get a receipt from a supplier.

However, you must instead keep other evidence to support your deduction, and your work use of stationery and office supplies, that shows you spent the money and what you spent the money on, such as:

- a bank or credit card statement that shows the amount, and when and to who it was paid
- other documents that outline the nature of the goods or services
- a written record in your work diary outlining the item purchased, its cost, where it was purchased and the day it was purchased.

For more information on general record keeping requirements and formats, see [records you need to keep](#).

## Office furniture and equipment

Deductions for equipment or furniture, such as a desk or chair you use for work, including repairs.

**Last updated** 25 June 2024

### Eligibility to claim office furniture and equipment

To claim a deduction for office furniture and equipment:

- You must use them in connection with performing your work duties.
- You must work out if you can claim the cost of the item in the income year you buy it or the decline in value over its effective life.
- You must have a record of your expenses and use of the item.

When you use the items for both private and work purposes, you need to apportion your deduction. You can only claim the work-related use of the item as a deduction.

You can also claim the work-related portion of:

- costs you incur to repair and insure your office furniture and equipment
- **interest expenses** you incur on money you borrow to buy these items.

### What you can't claim

You can't claim:

- your use of office furniture and equipment for private purposes
- expenses for office furniture and equipment where someone else supplies the item for your use.

## Types of office furniture and equipment you can claim

You can claim office furniture and equipment that you use for work, such as:

- office desk
- office chair
- desk lamp
- bookshelves
- power boards and charging cables.

You may also be able to claim computers, laptops and similar devices you use for work.

## How to calculate your office furniture and equipment deduction

Office furniture and equipment are generally depreciating assets which decline in value over time.

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

- \$300 or less
- More than \$300.

You need to apportion expenses if you use the office furniture and equipment for work and private purposes.

### \$300 or less

An immediate deduction is available for items that cost \$300 or less, if you use them more than 50% of the time for a work purpose. You must satisfy the conditions of 4 tests to claim an immediate deduction.

### More than \$300

You can claim a deduction for the decline in value over the effective life of the item, if the item cost more than \$300.

You claim the deduction in your tax return as **other work-related expenses**. For instructions on how to complete your tax return, see

Lodgment options for preparing your tax return.

## Calculating your deduction

Work out your deduction for the decline in value for a depreciating asset, using our online Depreciation and capital allowances tool.

### Depreciation and capital allowances tool

You can manually calculate the decline in value of a depreciating asset using either the prime cost method or diminishing value method.

## Keeping records for office furniture and equipment

You must keep records to support your deduction for office furniture and equipment, such as:

- receipts for items you buy
- a diary or other record that shows how you work out your percentage of work-related use.

If you are claiming the decline in value of an asset over its effective life, you also need to keep records that show how you calculated decline in value.

For more information on general record keeping requirements and formats, see [records you need to keep](#).

QC 72145

## Books, periodicals and digital information

Deductions for books, journals, periodicals, digital information, newspapers and magazines you use for work.

## Eligibility to claim books, periodicals and digital information

To claim a deduction for books, periodicals and digital information:

- You must use them in connection with performing your current work duties.
- You must have a record of your expenses and use of the item.

Depending on the item's cost, you may be able to claim a deduction in the income year you buy it or for its decline in value over the item's effective life.

When you use the items for both private and work purposes, you need to apportion your deduction. You can only claim the work-related use of the item as a deduction.

### What you can't claim

You can't claim a deduction for:

- your use of the books, periodicals and digital information for private purposes
- expenses for books, periodicals and digital information that someone else supplies for your use.

You generally can't claim a deduction for:

- newspapers, news services and other news subscriptions
- magazines.

The cost of newspapers, news services and other news subscriptions are a private expense. If you can show there is sufficient connection between your specific employment duties and the content of the specific publication, you can claim a deduction.

If your work-related use is incidental to your private use, you can't claim a deduction for the book, digital information service or periodical.

### Types of books, periodicals and digital information you can claim

Books and periodicals you use for work may include:

- library subscriptions
- academic journals
- technical journals
- database subscriptions
- reference books and similar.

Digital information services you use for work may include:

- online subscriptions
- electronic material, such as e-books or e-journals – for example, midwifery journals for obstetric nurses
- other digital materials – for example, annotated legislation for lawyers.

## **How to calculate your deduction for books**

Books, such as reference books or a professional library are generally depreciating assets which decline in value over time.

How you treat and work out your claim will depend on if it cost:

- \$300 or less
- More than \$300.

You need to apportion expenses if you use the books, periodicals and digital information for work and private purposes.

### **\$300 or less**

An immediate deduction can be claimed in the year you buy a book, periodical or digital information if you satisfy **4 tests**. These are:

- the item cost \$300 or less
- you use it mainly (more than 50% of the time) for the purpose of producing assessable income that is not from carrying on a business
- the item is not part of a set that cost more than \$300

- the item is not identical or substantially identical to similar items that together cost more than \$300.

## More than \$300

You can claim a deduction for the decline in value over the effective life of the item, if the item:

- cost more than \$300
- forms part of a set that together cost more than \$300
- is identical to other items that together cost more than \$300.

### Example: set of books

Anh works as a lawyer at a suburban firm. She discovers a series of 3 books about conveyancing that would greatly help in her work. The series is marketed as a set, and each volume builds on the knowledge of the previous one. The 3 books are a set.

The 3 books cost \$600 together but can be bought separately for \$200 each. Anh buys one book each month for 3 consecutive months in the same income year for a total cost of \$600.

Although the cost of each book is less than \$300, Anh can't claim an immediate deduction for the books, because they are a set and the cost of the set is over \$300.

## How to calculate your deduction for periodicals

- Periodicals include subscriptions to journals, newspapers, magazines or specific information.
- You can claim a deduction for the cost of work-related periodicals you incur in the income year you buy them.

For more information, see *TD 2004/1 Income tax: are the costs of subscriptions to share market information and services and investment journals deductible under section 8-1 of the ITAA 1997?*

## **Example: subscription used in connection with performing current work duties**

Tania is an employee taxation lawyer in a large company. Tania subscribes to the *Taxation in Australia* journal to keep up to date with tax changes.

Tania can claim a deduction for the cost of subscribing to the journal. The content of the publication is specific to Tania's employment and there is a direct connection between her work duties and on the content of the publication.

## **Example: subscription used partly in connection with performing current work duties**

Judy is a real estate salesperson who subscribes to the local paper to keep abreast of the properties available for sale and the prices of those properties.

The real estate section only appears in the Wednesday and Saturday editions of the local paper.

Judy can claim a work-related portion of the cost of the Wednesday and Saturday newspapers.

## **Calculating your deduction**

Work out your deduction for the decline in value for a depreciating asset, using our Depreciation and capital allowances tool.

**Depreciation and capital allowances tool**

You can manually calculate the decline in value of a depreciating asset using either the prime cost method or diminishing value method.

## Keeping records for books, periodicals and digital information

You must keep records to support your deduction for books, periodicals and digital information, such as:

- receipts for items you buy
- records that show how you work out your percentage of work-related use.

If you are claiming the decline in value of an asset over its effective life, you also need to keep records that show how you calculated decline in value.

For more information on general record keeping requirements and formats, see [records you need to keep](#).

QC 72146

## Interest and transaction expenses to buy items for work

Deductions for interest and transaction fee expenses, you incur on items you buy for work.

**Last updated** 25 June 2024

## Eligibility to claim interest expenses

To claim a deduction for interest expenses you incur, you must meet all of the following conditions:

- You must loan (borrow) the funds and incur the interest expenses to buy an item or pay for a service you use to perform your work duties.
- You must have a record of your expenses and the use of the loan funds.

- If you use the loan to purchase private items and services as well, you must apportion the interest expenses and only claim the work-related portion.

For further information on the general principles regarding the deductibility of interest expenses, see paragraphs 2 and 3 of TR 95/25 *Income tax: deductions for interest under section 8-1 of the Income Tax Assessment Act 1997 following FC of T v. Roberts: FC of T v. Smith.*

## Eligibility to claim transaction fees

- To claim a deduction for a transaction fee you incur, you must meet all of the following conditions:
- you incur the transaction fee
- you use the item or service the transaction fee relates to, to perform your work duties
- you have a record of your expenses and the use of the item or service for work purposes.
- You can only claim a deduction for the portion of the transaction fee that relates to your work-related use of the item or service.

## What you can't claim

You can't claim:

- account keeping fees or overdraft fees
- interest and transaction fee expenses that someone else pays for
- interest and transaction fee expenses you incur on items for private purposes.

## Interest and transaction fee expenses you can claim

You can claim expenses such as:

- bank fees
- transaction fees

- interest you incur on money you borrow to pay for work-related expenses.

You must be able to show that the expense relates specifically to the item you buy for work and that you incur the cost. You can only claim the interest and transaction fee expenses to the extent that they relate to the work item.

You need to apportion expenses if you use the items you buy for work and private purposes.

### **Example: transaction fees**

Adrienne buys deductible work-related books from an international retailer and is charged an international transaction fee by her bank. Because the books are a work-related expense, Adrienne can also claim the cost of the international transaction fee imposed by her bank.

## **Calculating your interest deduction**

You can calculate your deduction for interest expenses by adding up the amounts for interest shown on your loan statements only if you borrow the funds solely to purchase items or services you use for work-related purposes.

If you borrow funds to buy items or services you use for private purposes and work-related purposes, you must apportion your interest expenses. How you apportion interest expenses depends on:

- the type of loan you have
- when you used the loan to purchase work-related services and items.

For information on how to calculate your deductible interest expenses, see paragraphs 53 to 73 in *TR 2000/2 Income tax: deductibility of interest on moneys drawn down under line of credit facilities and redraw facilities*.

# Depreciating assets you use for work

As an employee, find out how to claim for your depreciating assets and work out decline in value.

Last updated 25 June 2024

## What are depreciating assets?

Depreciating assets are assets that have a limited effective life and can reasonably be expected to lose value over the time they are used. These assets can be used for a long time (normally more than one year). This includes items such as tools, computers or books.

Costs for capital assets are capital expenditure, and you can't claim a deduction for them under normal deduction rules (known as the general deductions provisions).

You may be able to claim a deduction for the decline in value of depreciating assets each year under the capital allowances provisions. You will need to work out the effective life and the [cost of the asset](#).

## Jointly held assets

If you have joint ownership of a depreciating asset with someone else, your interest (portion you own) is the amount that is relevant as the cost of the depreciating asset.

Generally, the owner (or owners if the asset is jointly held) of the depreciating asset can claim a deduction for its decline in value.

## Cost of depreciating assets

Before you can claim a deduction for a depreciating asset you need to consider the cost of the asset. There are 2 elements to the cost of an asset:

1. The amount you pay for it (the purchase price) at the time you buy it and any other expenses you incur to acquire the asset (such as shipping).
2. Any amounts you pay after you buy the asset, including the costs to:
  - a. bring the asset to its present condition – for example, the cost of making an improvement to the asset such as attaching a towbar to your car
  - b. bring the asset to its present location – for example, the cost of moving an asset to a different location or getting the towbar you are attaching to your car delivered to you.

There are also 2 different treatments for depreciating assets, depending on whether they cost more or less than \$300.

An immediate deduction is allowable for certain capital assets costing \$300 or less. You must satisfy the conditions of 4 tests to claim an immediate deduction.

If you're not eligible to claim the immediate deduction for the asset, you may choose to allocate the depreciating asset to a low-value pool where its cost is less than \$1000.

If you're not eligible to claim the immediate deduction, you can claim a deduction for the decline in value of a depreciating asset over the effective life where either:

- The assets cost more than \$300.
- The asset forms part of a set or are identical or substantially identical items that together cost more than \$300.

You can't treat items that are part of a set or identical separately to avoid working out the decline in value.

You need to apportion your claim if you use the item for both work and private purposes. You must also keep records to show how you work out your work-related use.

## Assets costing 300 dollars or less



The 4 tests to claim an immediate deduction for a depreciating

## Assets costing more than 300 dollars

Find out how to claim a decline in value deduction for a depreciating asset you use for work and cost more than \$300.

## Keeping records for depreciating assets

Which records to keep for depreciating assets so you can claim a deduction and show how you calculate work use.

QC 72149

# Assets costing \$300 or less

The 4 tests to claim an immediate deduction for a depreciating asset you use for work that cost \$300 or less.

Last updated 25 June 2024

## Test 1 – asset costs \$300 or less

To claim the immediate deduction, the cost of the depreciating asset must be \$300 or less.

The cost of an asset is generally what you pay for it (the purchase price), and other expenses you incur to buy it – for example, delivery costs.

If you own a depreciating asset jointly with someone else, the portion of the asset you own is used to calculate the cost of the depreciating asset. For example, if you and someone else buy a depreciating asset for \$500 and you each own 50% of the asset, the cost of the asset for you will be \$250 ( $50\% \times \$500$ ).

### Example: jointly held assets

Yousef and Giovani together buy a laptop for \$1,000 to use for work. Yousef contributes \$750 to the cost and Giovani contributes \$250. They therefore own 75% and 25% of the laptop respectively.

Giovani may be able to claim an immediate deduction because the cost of his interest in the laptop doesn't exceed \$300.

Yousef can't claim an immediate deduction as the cost of his interest exceeds \$300. Yousef can claim the deduction for the decline in value for his portion of work-related use of the asset.

Where the cost is \$300 or less, you can claim a deduction for the full purchase price in the year you buy it. However, if you use the asset for both private and work-related purposes, you must apportion your deduction. You can claim only the work-related portion of the cost.

## **Test 2 – you use the asset mainly to produce non-business assessable income**

To claim the immediate deduction, you must use the asset mainly (more than 50% of the time) for the purpose of producing assessable income that is not income from carrying on a business.

As long as you meet this test, you can use the asset for other purposes (such as private purposes or to carry on a business) and still claim an immediate deduction. However, if you use an asset for private purposes, you must work out the work-related use of the asset and only claim the work-related portion of costs.

Some examples of assets employees use to produce non-business income include:

- a briefcase
- tools of trade
- computer or laptop.

### **Example: depreciating asset used mainly to produce non-business assessable income**

Rob buys a calculator for \$150. He uses the calculator 40% of the time in his sole-trader business and 60% of the time for his job as an employee bookkeeper. As the calculator is used more than 50% of the time for producing assessable income in his employee role, Rob can claim an immediate deduction of \$150.

If Rob used his calculator 40% of the time for private purposes and 60% of the time for his job, he is still using the calculator more than 50% of the time for producing non-business assessable income. However, his deduction would be reduced by 40% to reflect his private use of the asset.

## **Test 3 – the asset is not part of a set costing more than \$300**

To claim the immediate deduction, the asset must not be part of a set of assets you start to hold during the income year where the total cost is more than \$300.

Whether items form a set is determined on a case-by-case basis. Items may be regarded as a set if they are either:

- interdependent on each other
- marketed as a set
- designed and intended for use together.

A set needs to have more than one depreciating asset. In some cases, a single depreciating asset may be made up of more than one item.

A group of assets bought in an income year can be a set in themselves. This is even if they also form part of a larger set you buy over more than one income year.

If the assets bought in an income year are a set, the total cost of that set must not exceed \$300 to be able to claim an immediate deduction. If the total cost of the set bought in the same income year is more than \$300, you can't claim an immediate deduction – see **Assets costing more than \$300**.

Assets bought in another income year aren't taken into account when working out whether items form a set or the total cost of a set.

## **Example: set of items**

Brenna, a sales manager, hears about a series of 6 progressive learning CDs. The CDs are designed to develop selling skills in stages. You move through to the next CD only when you are familiar with the lessons on the previous CD.

The CDs are marketed as a set and are designed to be used together. The 6 CDs would be regarded as a set. The 6 CDs cost \$360 when bought as a set or individually for \$60 each. Brenna buys one CD each week for 6 weeks in the same income year at a total cost of \$360.

Although the cost of each CD is less than \$300, Brenna can't claim an immediate deduction for the CDs because they are a set and the cost of the set is more than \$300.

## **Example: items not forming part of a set**

Mary buys some new tools for her work as a carpenter. She buys a shifting spanner, a boxed set of screwdrivers and a hammer for her toolkit.

Each item individually costs less than \$300.

While these tools may comprise or add to Mary's toolkit, they're not a set because they are not interdependent or designed to be used together. It would make no difference if Mary bought the items at the same time and from the same supplier or manufacturer.

An immediate deduction is available for all the items, including the screwdrivers.

Even though the screwdrivers are marketed as a set – as the cost is \$300 or less she can claim the full cost as an immediate deduction.

## **Test 4 – asset is not one of a number of items that are identical or substantially identical**

To claim the immediate deduction, the asset must not be one of a number of identical, or substantially identical assets, you start to hold during the income year that together costs more than \$300.

You need to work out whether the depreciating asset is identical or substantially identical to other depreciating assets you buy in the same income year. You don't take items into account that you acquired in another income year.

Items are identical if they are the same in all respects.

Items are substantially identical if they are the same in most respects even though there may be some minor or incidental differences.

Factors you would consider include colour, shape, function, texture, composition, brand and design.

### **Example: identical or substantially identical items**

Tahir is employed as a cabinet maker and he supplies his own tools for work. He buys 10 clamps to use in holding cabinets together.

Each clamp cost \$40 and all came from the same manufacturer.

Each clamp is sold separately and comes in its own packaging. They have a total cost of \$400.

Tahir's clamps are all identical as they are all the same brand and have the same shape, composition and use. Tahir can't claim an immediate deduction.

Tahir must work out the decline in value of the items over the effective life to claim a deduction.

# Assets costing more than \$300

Find out how to claim a decline in value deduction for a depreciating asset you use for work and cost more than \$300.

Last updated 25 June 2024

## Claiming the decline in value of depreciating assets

Assets that have a limited effective life and can reasonably be expected to lose value over the time they are used are **depreciating assets**.

For depreciating assets that you use while performing your work duties and cost more than \$300, you can claim a deduction for the cost over the effective life of the asset. The amount you claim as a deduction over the asset's effective life is called the decline in value.

Alternatively, you may choose to allocate the depreciating asset to a low-value pool where its cost is less than \$1,000.

For depreciating assets that cost \$300 or less, see [Assets costing \\$300 or less](#).

The amount you can claim for the decline in value deduction depends on all of the following:

- [Methods for calculating decline in value](#)
- [Effective life of a depreciating asset](#)
- [Work-related use](#).

## Methods for calculating decline in value

You will need to choose either the prime cost method or the diminishing value method to calculate the decline in value for each depreciating asset you hold.

You can choose whichever method you prefer, however the method you choose may affect how much you can claim as a deduction. Once

you have made a choice, you can't change the method in future income years for that asset.

If you get the asset from an associate, such as your spouse, you must continue using the same method that they chose to depreciate the asset.

Select one of the following methods to calculate the decline in value of a depreciating asset:

- prime cost method
- diminishing value method.

## Prime cost method

The prime cost method assumes that the value of a depreciating asset decreases uniformly over its effective life. Calculate the annual decline in value using the formula:

$$\text{Asset's cost} \times (\text{Days held} \div 365) \times (100\% \div \text{Asset's effective life})$$

If you use the depreciating asset for both work and private purposes, you can only claim the percentage of work-related use as the decline in value deduction.

## Diminishing value method

The diminishing value method assumes that the value of a depreciating asset decreases faster earlier in its effective life. Calculate the annual decline in value in the income year where the asset's start time occurs using the formula:

$$\text{Base value} \times (\text{Days held} \div 365) \times (200\% \div \text{Asset's effective life})$$

If you use the depreciating asset for both work and private purposes, you can only claim the percentage of work-related use as the decline in value deduction.

The base value for the income year in which the asset's start time occurs is the asset's cost.

In future years, the base value is the asset's opening adjustable value for that year, plus any amount for costs to improve the asset, incurred in the year.

## Effective life of a depreciating asset

A depreciating asset's effective life is how long it can be expected to be used by any entity for a specified purpose, including the purpose of producing assessable income. An asset begins to decline in value when you first use or install it for any purpose. This is known as the start time.

The effective life involves considering how the asset will be used.

To calculate the decline in value, you can use the effective life:

- that is in force at the time to calculate the decline in value
- you estimate based on your expected pattern of use of the asset.

For more information on the Commissioner of Taxation's determination of effective life, see the latest Taxation Ruling *TR 2022/1 Income tax: effective life of depreciating assets (applicable from 1 July 2022)*.

You can recalculate the effective life of an asset if:

- you make an improvement to the asset that increases its cost by 10% or more in the income year
- circumstances arise that result in your initial estimate of the effective life being inaccurate.

For more information on recalculating the effective life of an asset see [Effective life of a depreciating asset](#).

## Start time of a depreciating asset

The start time of a depreciating asset is when you first use it, or install it ready to use for any purpose, including a private purpose.

Assets begin decline in value from their start time, but you can only claim a deduction for the decline in value when you start using it for work.

If you first buy an asset for private use, then later use it for work, you need to work out the decline in value from when you first started using it for a private purpose, that is, its start time.

You will also need to work out your work-related use of a depreciating asset and show how you work this out.

If you start using a depreciating asset for work after its effective life has ended and it has fully declined in value, you can't claim any deduction in relation to the asset.

## Work-related use

You can claim your work-related use of a depreciating asset.

If you use a depreciating asset for both work and private purposes, you must keep records (for example, a diary) to show how you calculate your percentage of work and private use.

If you are keeping a diary, you should:

- keep it for a continuous 4-week period
- fill it in at the time you undertake the activity, not retrospectively
- include sufficient detail to support your calculations.

If you record a continuous 4-week period that represents your work-related use of your depreciating assets, you can use it across the rest of the income year to work out your full deduction. However, if your work pattern changes substantially you need to create a new record.

You must reduce your deduction for the decline in value to account for your private use.

### Example: work out the decline in value deduction adjusted to remove private use

Julian is an employee gardener. On 1 July 2023, he buys an electric hedge trimmer for \$680. Julian also uses the hedge trimmer at home when he is working in his own garden.

Based on his records, he works out that he used the hedge trimmer:

- 20% of the time for private purposes
- 80% of the time for work purposes.

As the hedge trimmer cost more than \$300, he must calculate the decline in value.

Julian can only claim a deduction for his work-related use (80%) of the hedge trimmer.

Julian uses the published effective life of 4 years and calculates the decline in value using the prime cost method for the first year as below:

$\$680 \times (366 \div 365) \times (100\% \div 4 \text{ years}) = \$170$

Julian can claim a deduction of \$136 ( $\$170 \times 80\%$ ).

## Calculating your deduction

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

**Depreciation and capital allowances tool**

Alternatively, you can [manually calculate](#) the decline in value using the formula for the method you have chosen.

QC 72151

## Keeping records for depreciating assets

Which records to keep for depreciating assets so you can claim a deduction and show how you calculate work use.

Last updated 25 June 2024

### How long to keep records

You must keep records for depreciating assets from the time you buy them.

You need to keep these records for 5 years from the date of your last claim for decline in value.

Your records can be in paper or electronic form.

We may ask that you show us your records during the 5 years. It is important that you have sufficient evidence to support your claims.

## Types of records you need

For depreciating assets, you must keep records that include:

- when and where you buy the item and its cost
- when you started using the item, or install it ready to use, for both private and work-related purposes
- 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
- one of either
  - a copy of the Commissioner of Taxation's determination of effective life you use to work out the decline in value of the item
  - how you work out the effective life if you don't use the Commissioner's determination
- which method you chose to calculate the decline in value.

## Records for percentage of work use

You must keep records that show how you work out your percentage of work-related use, such as a diary.

If you are keeping a diary, you should:

- keep it for a continuous 4-week period
- fill it in at the time you undertake the work activity, not retrospectively
- include sufficient detail to support your calculations.

For more on the format and importance of keeping records, see [records you need to keep](#).

You can record your expenses or upload a photo of receipts or invoices in the myDeductions tool in the ATO app.

[myDeductions tool](#)

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We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

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# Trips you can and can't claim

When you can and can't claim deductions for the cost of transport while working and between home and work.

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## Trips while working and between workplaces

You can claim a tax deduction for the cost of transport on trips to:

- perform your work duties – for example, if you travel from your regular place of work to meet with a client
- attend work-related conferences or meetings away from your regular place of work
- deliver items or collect supplies
- go between 2 or more separate places of employment, such as if you have more than one job (but not if one of the places is your home)
- go from your

regular place of work to an alternative place of work that isn't a regular place of work (for example, a client's premises) while still on duty, and back to your

regular place of work or directly home

home to an alternative place of work that isn't a regular place of work to perform your duties, and then to your regular place of work or directly home (this doesn't apply if the alternative place of work has become a regular workplace).

## Example: travel between 2 separate workplaces

Aaron works part time at a supermarket and also works part time as a house cleaner. On Tuesdays Aaron drives his car directly from his job at the supermarket to his regular cleaning clients.

As the trip is between 2 separate places of work, neither of which is Aaron's home, he can claim a deduction for the transport expenses he incurs for that trip.



## Example: travel to an alternative place of work

Brock works for a large company with 2 offices in Melbourne. He usually works from the city office but occasionally he's required to attend training at the company's office in Box Hill. When Brock travels to the Box Hill office, he catches a tram at his own expense.

Brock can claim a deduction for the cost of the tram between the Melbourne office and Box Hill office as it's an alternative place of work. He can also claim the cost of any trips between the Box Hill office and his home.

However, if Brock works from the city office every Monday to Thursday and from the Box Hill office every Friday as a standard arrangement, then the city office is his regular place of work every Monday to Thursday and the Box Hill office is his regular place of work every Friday. Brock can't claim a deduction for trips between his home and either of his regular places of work.

## Trips between home and work

You can't claim trips between your home and place of work, except in limited circumstances (#Whenyoucanclaimtripsbetweenhomeandwork).

These trips put you in a position to start work and earn income but are not part of performing your work duties. The cost of these trips is a private expense.

This is the case even if you:

- live a long way from your regular place of work
- work outside normal business hours – for example, shift work or overtime
- do minor work-related tasks on the way to work or the way home – for example, picking up the mail
- go between your home and regular place of work more than once a day
- are on call – for example, you are on standby duty and your employer contacts you at home to come into work
- have no public transport near where you work
- do some work at home
- work from your home running your own business and travel directly to a place of work where you work for somebody else.



## Example: public transport not available

Tim works at his local cinema. His shift often finishes late into the night. The only available bus doesn't operate past 7:00 pm so Tim has to drive to and from work.

The cost Tim incurs to drive to work is not deductible. This is because Tim incurs the cost to put him in the position to earn his employment income, not in the course of performing his work duties.

## Example: working from home and travelling to regular place of work

Ravi works in the accounts department of a large retail chain. At the end of each month, Ravi's workload increases. To keep on top of his work, Ravi does some work at home before he goes into the office or when he gets home from the office in the evening.

Ravi can't claim a deduction for the expenses he incurs when he travels between his home and the office on these occasions.

Ravi works at home for convenience and doesn't incur the cost of travelling from his home to the office in the course of performing his work duties. He incurs the expenses to be in the position to start work. The transport costs are a private expense.

## Example: travelling while on standby duty

Nadena is a registered nurse at a hospital. During a typical fortnight, Nadena has 9 shifts and one standby shift. If another nurse calls in sick when Nadena is on standby duty she may be called in to work that shift.

The standby shift may be at night, early morning or during the day, depending on her roster cycle.

Nadena can't claim a deduction for travel between her home and the hospital when she is called into work while she is on standby duty.

She incurs the expense in travelling from her home to the hospital, not in the course of performing her work duties. The transport costs are a private expense. This is the case even if the shift is outside normal business hours or there is no public transport available.

## Example: travelling to a distant regular work location

Aldo lives in North Queensland with his family. He is an employee on a long-term project in Sydney. His employment contract states that his place of work is the office on the project site in Sydney.

As Aldo lives in North Queensland and only needs to be physically on site during certain stages of the project, he has an informal agreement with his employer to work from home whenever he's not required on site.

When it's necessary for Aldo to be on site, he's generally at the project site for no longer than 2 weeks at a time. When Aldo needs to be on site, he flies to Sydney at

his own expense.

The project site in Sydney is Aldo's regular place of work and he can't claim a deduction for the cost of travelling from North Queensland to Sydney.

Aldo doesn't incur the transport expenses in the course of performing his work duties. He incurs the expenses to put him in the position to start work.

His travel costs to stay in Sydney, such as accommodation and meals, are also private because Aldo chooses to live in North Queensland and work in Sydney.

## When you can claim trips between home and work

There are some circumstances where you can claim a deduction for the cost of trip between home and work. You must check that you meet the eligibility conditions:

- [Home is a base of employment \(#Homeisabaseofemployment\)](#)
- [Transporting bulky tools and equipment \(#Transportingbulkytoolsandequipment\)](#)
- [Itinerant or shifting places of work \(#Itinerantorshiftingplacesofwork\)](#)



You may also be able to claim a deduction for a trip that includes an alternative place of work that isn't a regular place of work – see [Trips while working and between workplaces \(#Tripswhileworkingandbetweenworkplaces\)](#).

### Home is a base of employment

You can claim a deduction for the cost of a trip from home to your place of work if your home was a base of employment. You must meet all 3 of these conditions:

- You're required to start your employment duties at home then travel to your regular place of work to complete those particular duties.
- Undertaking the work in 2 locations is necessary due to the nature of your employment duties.
- The trip to your regular place of work isn't part of a normal trip to work that would have occurred anyway.

#### Example: home is base of employment

Tom is the IT Security Director of a data storage company. He's on call 24 hours a day to be notified of a security breach. His employer installs a secure terminal at his home so he can work from home if he receives a call out of hours. Normally, Tom

would provide advice over the phone to the staff on site, and sometimes he would log into the secure terminal at his home to correct the issue.

At times, Tom starts working on a security issue from the home terminal but is then required to drive into the office out of hours to resolve the issue. On these occasions the transport expenses he incurs for this journey are deductible, as his home has become a base of employment. However, his regular daily trip into the office is not deductible.

## Transporting bulky tools and equipment

You can claim a deduction for the cost of trips between home and work if you need to carry bulky tools or equipment and all the following conditions are met:

- the tools or equipment are essential to perform your work
- the tools or equipment are bulky, meaning that
  - they are awkward to transport because of their size and weight
  - they can only be transported conveniently using a motor vehicle
- there is no secure storage for such items at the workplace
- you don't transport the tools or equipment as a matter of choice (for example, if your employer provides secure storage and you choose to take the tools home instead).

If you claim a deduction, you will need to keep a record of:

- all work items you carry
- the size and weight of all work items
- evidence that the items you carry are essential to your work
- evidence that your employer did not provide secure storage at the workplace.





**MEDIA:** transporting bulky tools and equipment

<https://tv.ato.gov.au/ato-tv/media?v=bd1bdiubx7d1ys> (<https://tv.ato.gov.au/ato-tv/media?v=bd1bdiubx7d1ys>) (Duration: 00:52)

### **Example: carrying bulky equipment is necessary**

Masahito is an employee of an orchestra, where he plays double bass.

The orchestra plays in a number of venues and Masahito often travels directly from home to the various venues. He practises regularly at home, this is also the only place available to store his instrument when not being used.

The double bass is over 2 metres tall and 75 cm wide when in its case and is awkward to transport.

Masahito can claim a deduction for the car expenses he incurs when travelling between his home and workplaces. The need to transport his cumbersome double bass by car to the different workplaces means that the trips are not ordinary home to work travel.

### **Example: carrying bulky tools is unnecessary**

Merinda works as a fitter and turner on a mine site. She drives to the mine site each day.

The mine site has a building where staff can store their tools when not on duty. The staff have their own secure tool lockers.

Merinda requires a number of tools to do her job, so her toolkit is large and heavy. Although there is room to store the toolkit in her locker, she takes it home every day.

Merinda's toolkit would be considered bulky, but she has a secure place to store it at work. It is her decision to transport her tools between home and work each day.

As there is no practical need for Merinda to transport the bulky toolkit between home and her regular place of work, her trips remain ordinary private trips. She can't claim a deduction for her car expenses.



## Itinerant or shifting places of work

If you do itinerant work (you have shifting places of work), you can claim transport expenses you incur for trips between your places of work and your home. The following factors indicate you do itinerant work:

- You travel because it's a fundamental part of your work, not just because it's convenient to you or your employer.
- You have a 'web' of workplaces you travel to throughout the day and no fixed place of work.
- You regularly work at more than one work site before returning home.
- You are often uncertain of the location of your work site.
- Your employer pays you a travel allowance because you need to travel continually between work sites, and you use this allowance to pay for your travel.

### Example: one work site each day

Chloe is a substitute teacher, who travels to different schools when teachers are away. She sometimes attends a school for just one day, and at other times for a few weeks.

Chloe is not doing itinerant work. While she may not know where she's going to work each day, she will only ever work at one location for the day. She can't claim a deduction for her trips between home and work.

## Example: multiple work sites each day

Mitchell is an apprentice roof tiler. He is sent to various sites each day, going to the first site from his home and returning home at the end of the day from the last site.

Mitchell is doing itinerant work because he is regularly working at multiple sites during the day. He can claim deductions for the transport costs of his trips:

- between home and work each day
- between each site during the day.

However, if Mitchell routinely goes to only one site and works there for several days until the job is finished, he is not doing itinerant work.



## Claiming a trip

To claim a tax deduction for the transport expenses of a work-related trip, you must:

- have spent the money yourself and weren't reimbursed
- have records of your expenses.

How you work out your claim amount depends on whether you made the trip:

- in your [car or other motor vehicle](#) ([/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/motor-vehicle-and-car-expenses](#))
- by [taxi, ride-share or public transport](#) ([/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/taxi-ride-share-and-public-transport-expenses](#)).

If you [travel overnight](#) ([/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/cars-transport-and-travel/overnight-travel-expenses-and-allowances](#)) to perform your work duties, you can generally claim a deduction for the cost of your flights and your expenses for accommodation, meals and incidentals.

If your travel is partly private, you can only claim a deduction for the transport expenses you incur in the course of performing your work duties.

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Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

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# Interest charged by the ATO

You can claim a deduction for certain interest we impose or charge.

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We impose interest in specific situations, including:

- late payment of taxes and penalties
- an increase in your tax liability as a result of an amendment to your assessment
- an increase in other tax liabilities, such as goods and services tax or pay as you go amounts.

The interest we impose includes:

- general interest charge (GIC)
- shortfall interest charge (SIC)
- late payment interest.

You can claim a deduction for the GIC and SIC we impose in the year you incur the charge. This will depend on when you actually became liable for the interest. For example:

- SIC imposed on an unpaid income tax shortfall is incurred in the year you are served a notice of amended assessment.
- GIC imposed on existing unpaid tax liabilities is incurred on a daily basis, in the year it is imposed.

You claim a deduction for ATO interest at **Cost of managing tax affairs – Interest charged by the ATO** in your tax return.

The amount of interest you have been charged is normally pre-filled on your tax return.

However, if you need to work out how much you have been charged, see [Calculate and report ATO interest \(/individuals-and-families/paying-the-ato/interest-and-penalties/interest-we-charge/calculate-and-report-ato-interest\)](#).

If we remit GIC or SIC, you must include the remission amount as interest income in your tax return in the income year that we grant it.

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