



Income and deductions

- <https://www.ato.gov.au/Individuals/Income-and-deductions/>
- Last modified: 26 May 2022
- QC 31943

What income you need to declare, deductions and offsets you can claim and records you need to prove your claims.

[Types of income](#)

When we refer to income it can be assessable, exempt or taxable, it's not always in the form of money.

[Income you must declare](#)

Work out which income you need to declare in your tax return, such as employment, government and investment income.

[Deductions you can claim](#)

What expenses you can claim a deduction for in your tax return and the records you need to prove your claim.

[Occupation and industry specific guides](#)

Occupation and industry guides to help you work out the income and allowances to declare and the expenses you can claim.

[Offsets and rebates](#)

Work out if you are eligible for a tax offset or rebate to help reduce your tax payable.

[Records you need to keep](#)

Work out what format your records need to be in, how long to keep them and when you need them.

[Income tests](#)

Work out your eligibility for some tax offsets and benefits, and if items in a tax return apply to you.

Types of income

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Types-of-income/>
- Last modified: 24 May 2022
- QC 17709

When we refer to income it can be assessable, exempt or taxable, it's not always in the form of money.

On this page

- [Assessable income](#)
- [Exempt income](#)
- [Non-assessable, Non-exempt income](#)
- [Taxable income](#)

Assessable income

Assessable income is income that you pay tax on, if you earn enough to exceed the tax-free threshold. Examples of [assessable income you must declare](#) are:

- salary and wages
- tips, gratuities and other payments for your services
- some allowances, such as for clothing and laundry
- interest from bank accounts
- dividends and other income from investments
- bonuses and overtime an employee receives
- commission a salesperson receives
- pensions
- rent.

If you receive your income as cash including cash cheques, you must declare the cash as income when you prepare and lodge your tax return.

You can usually [claim the tax-free threshold](#) of \$18,200 on one source of income you earn in the income year.

Exempt income

Exempt income is income that you don't pay tax on (that is tax-free). You may still need to include these amounts in your tax return for use in other tax calculations.

Examples of exempt income can include:

- some government pensions and payments, including the invalidity pension
- some education payments.

If the only income you receive during an income year is exempt income you don't have to pay any income tax on it.

Non-assessable, Non-exempt income

Non-assessable, Non-exempt income amounts are those which you [do not include as income](#) in your tax return.

Non-assessable, non-exempt income can include:

- the tax-free component of an employment termination payment (ETP)
- super co-contributions
- payments by a state or territory relating to the 2019–20 bushfires under the [Disaster Recovery Funding Arrangements 2018](#)²⁷

Taxable income

Your taxable income is the income you have to pay tax on. The taxable amount is the amount left after you claim a deduction for all the expenses you can. These amounts reduce the amount of assessable income you pay tax on.

Assessable income – allowable deductions = taxable income

You can only [claim deductions](#) where you incur the cost and weren't reimbursed. You also usually need [evidence of your expenses](#).

Deductions that you apply reduce the amount of income you pay tax on. You do not deduct them directly from your tax amount.

Income you must declare

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Income-you-must-declare/>
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- QC 31915

Work out which income you need to declare in your tax return, such as employment, government and investment income.

[Employment income](#)

Declare income from your employer (job), including wages, cash, allowances and fringe benefits or super contributions

[Super pensions and annuities](#)

Check which super pensions paid to you as a super income stream or annuities you must declare as assessable income

[Government payments and allowances](#)

Work out which taxable and tax-free government payments, pensions and allowances you need to declare in your tax return

[Investment income](#)

Work out which investment income you must declare, such as interest, dividends, rental income or other capital gains

[Business, partnership and trust income](#)

How to declare income you earn as a sole trader, as a partner in a partnership or from a trust in your tax return

[Foreign and worldwide income](#)

Work out if you must declare any foreign income or if you need to pay tax on worldwide income you receive

[Other income](#)

Work out if you need to declare compensation and insurance payments, discounted ESS shares or prizes and awards

[Amount you do not include as income](#)

Amounts that you earn or receive that you don't need to declare as income

[Crowdfunding](#)

Money you raise with the help of support for a project or venture

[The sharing economy](#)

Activities where you share assets or services for a fee through a digital platform

[Personal services income](#)

Income you earn from your personal efforts or skills, such as construction workers or medical practitioners

Employment income

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Income-you-must-declare/Employment-income/>
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- QC 31914

Declare income from your employer (job), including wages, cash, allowances and fringe benefits or super contributions.

On this page

- [Salary and wages](#)
- [Allowances and other employment income](#)
- [Lump sum payments](#)
- [Reportable fringe benefits and super contributions](#)

Salary and wages

The most common type of employment income is salary and wages whether you have one job or more, are full-time, part-time or casual. This may be cash-in-hand,

payments directly into your bank account or in another way.

Salary and wage payments you need to declare in your tax return, include:

- your normal weekly, fortnightly or monthly pay
- [JobKeeper and stand-down payments you receive because of COVID-19](#)
- commissions
- bonuses, including retention bonuses to remain with your employer
- money for part-time or casual work
- parental leave pay
- dad-and-partner pay
- payments from
 - an income protection insurance policy
 - a sickness or accident insurance policy
 - a workers compensation scheme
- [pay and allowances for continuous full-time service in the Australian Naval, Army or Air Force Reserve](#)
- [income you receive in connection with a joint space and defence project](#) – unless exempt from Australian income tax
- [foreign employment income](#) – unless exempt from Australian income tax
If you are an employee of an Australian Government agency (and not a member of a disciplined force), include income you earn from delivering Australian official development assistance.

Allowances and other employment income

You may receive allowances or other payments in connection with your employment that you need to declare in your tax return. These payments may include:

- [pandemic allowances your employer pays because of COVID-19](#)
- amounts your employer pays and reports separately on your income statement, such as allowances for
 - car, travel, clothing and laundry
 - working conditions – for example, danger, height, dirt or hard lying
 - qualifications or special duties – for example, first aid certificate or safety officer
- cash tips, gratuities and payments for your services
- consultation fees and payments for voluntary services
- jury attendance fees.

Your employer may also pay you an allowance that you don't need to include as income in your tax return. These are [travel allowances](#) or [overtime meal allowances](#) that you receive under an industrial law, award or agreement. You can see these allowances on your payslips.

If the allowance is not on your income statement or payment summary, and you:

- spent the whole amount on deductible expenses, you
 - don't include it as income in your tax return
 - can't claim any deductions for these expenses

- spent more than your allowance, you
 - include the allowance as income in your tax return
 - can claim a deduction for your expense, if you're eligible.

Lump sum payments

A lump sum payment is a one-time payment that is taxed and reported differently to your salary and wage income. You include lump sum payments as assessable income in your tax return in the income year you receive the payment.

You may receive a lump sum payment:

- when you leave a job, such as
 - [an employment termination payment \(ETP\)](#)
 - [genuine redundancy payment](#)
 - early retirement scheme payment that exceeds the tax-free limit
- for unused annual leave, long service leave or special leave you may have been entitled to when you leave a job
- in arrears (known as back pay or lump sum payments in arrears) for money your employer owes you from an earlier income year.

If you receive a lump sum payment in arrears, you don't need to amend prior year tax returns. [Tax offsets are in place for lump sum payments in arrears](#) which prevents you paying too much tax in the year you receive the payment.

Reportable fringe benefits and super contributions

You need to declare other employment-related amounts you receive for:

- [reportable fringe benefits](#) given to you by your employer (such as, a work car for private purposes, a cheap loan or free private health insurance)
- [reportable super contributions](#) made on your behalf by your employer.

You don't have to pay tax on these amounts. We use these amounts to work out whether you are eligible to receive a range of government benefits and tax offsets.

Superannuation pensions and annuities

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Income-you-must-declare/Superannuation-pensions-and-annuities/>
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- QC 31969

Check which super pensions paid to you as a super income stream or annuities you must declare as assessable income.

On this page

- [Super pensions](#)
- [Annuities](#)

Super pensions

A super pension is a series of regular payments made as a super income stream. This doesn't include government payments such as the age pension.

You may receive these payments from:

- an Australian super fund, life assurance company or retirement savings account (RSA) provider
- a fund established for the benefit of Commonwealth, state or territory employees and their dependants, such as
 - the Commonwealth Superannuation Scheme
 - the Public Sector Superannuation Scheme
- as a result of another person's death (death benefit income stream).

Depending on your age and the type of income stream you receive, you may need to declare different items in your tax return. This includes:

- a taxed element – the part of your benefit on which tax has already been paid in the fund
- an untaxed element – the part of your benefit that is still taxable because tax has not been paid in the fund
- a tax-free component – the part of your benefit that is tax-free.

Your *PAYG payment summary – superannuation income stream* will show the amount you need to declare in your tax return.

To work out how your super pension will be taxed you need to know [How tax applies to your super](#).

If you are receiving an income stream, you should check with your superannuation fund to work out if it is a [capped defined benefit income stream](#).

Annuities

An annuity is usually a series of regular payments made to you by a life insurance company or friendly society in return for a lump sum payment.

Most annuities have both taxable and tax-free components.

Your assessable income will include your taxable annuity payments when you receive the payment. This includes annuities you receive as a reversionary beneficiary.

A reversionary beneficiary is the person a super fund member nominates to automatically receive an income stream on the death of a member.

Your *PAYG payment summary – individual non-business* will show the annuity amounts you need to declare in your tax return.

Government payments and allowances

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Income-you-must-declare/Government-payments-and-allowances/>
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- QC 62675

Work out which taxable and tax-free government payments, pensions and allowances you need to declare in your tax return.

On this page

- [About government payments and allowances](#)
- [Taxable pensions, payments and allowances](#)
- [Tax-free government pensions or benefits](#)

About government payments and allowances

You must declare certain taxable and tax-free Australian Government payments, pensions and allowances in your tax return. You include some tax-free payments and allowances because we use this information to work out your eligibility for tax offsets and other benefits.

If you lodge online we pre-fill most of these pensions, payments and allowances in your tax return.

You will need to check if you need to include in your tax return amounts you receive from:

- [Government grants, payments and stimulus during COVID-19](#)
- [Government disaster recovery payments](#)

Taxable pensions, payments and allowances

You must include taxable Australian Government pensions, payments and allowances in your tax return. Examples include:

- age pension
- carer payment
- Austudy payment
- JobSeeker payment
- Youth allowance
- Defence Force income support allowance (DFISA) where the pension,

payment or allowance to which it relates is taxable

- veteran payment
- invalidity service pension, if you are age-pension age or over
- disability support pension, if you are age-pension age or over
- income support supplement
- sickness allowance
- parenting payment (partnered)
- disaster recovery allowance (but not in relation to 2019–20 bushfires).

This is not an exhaustive list. For a full list of Australian Government payments, pensions and allowances, see:

- [Australian Government allowances and payments](#)
- [Australian Government pensions and allowances](#)

Tax-free government pensions or benefits

Some Australian Government payments are tax-free but you still need to declare them in your tax return. We use this information to work out if you are eligible for any government benefits or concessions and tax offsets.

Tax-free Australian Government pensions or benefits include:

- carer payment where either:
 - both the carer and the care receiver are under age-pension age
 - the carer is under age-pension age and any of the care receivers has died.
- disability support pension paid by Centrelink, if you are under age-pension age
- invalidity service pension, if the veteran is under age-pension age
- partner service pension where either
 - the partner and the veteran are under the age-pension age and the veteran is receiving an invalidity service pension
 - the partner is under age-pension age, the veteran has died and was receiving an invalidity service pension at the time of death.

This is not an exhaustive list. For a full list of tax-free Australian Government pensions and benefits, see:

- [Tax-free government pensions or benefits](#)

Investment income

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Income-you-must-declare/Investment-income/>

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- QC 31937

Work out which investment income you must declare, such as interest, dividends, rental income or other capital gains.

On this page

- [When to declare investment income](#)
- [Income from jointly held assets](#)
- [Interest income](#)
- [Dividends](#)
- [Rental property income](#)
- [Managed investment trusts](#)
- [Capital gains](#)
- [Crypto asset income](#)

When to declare investment income

You must declare income you earn from investments and assets in your tax return.

Investment income may include amounts from interest, dividends, rental income, managed investment trust credits, crypto assets and other capital gains.

You need to declare investment income whether you receive payments directly or through a distribution for a partnership (such as a share club) or trust.

Income from jointly held assets

If you hold assets jointly with another person it is assumed that income of the asset is divided equally. That is unless you can show that you hold the asset in unequal proportions.

Interest income

If you're an Australian resident and you receive interest, you must declare it as income. Interest income includes:

- interest you earn from financial institution accounts and term deposits
- interest you earn from any other source including penalty interest you receive on an investment
- interest you earn from [children's savings accounts](#), if you
 - open or operate an account for a child and the funds in the account belong to you
 - spent or use the funds in the account
- [interest we pay or credit to you](#) – for example, interest on early payments, interest on overpayments and delayed refunds
- life insurance bonuses (you may be entitled to a tax offset equal to 30% of any bonus amounts you include in your income)
- interest from [foreign sources](#)

You can [claim a foreign income tax offset](#) for any tax paid on this income.

Term deposits

You must declare interest income in the year it is credited or received. For term deposits this usually means you should declare interest in the year the investment matures.

If you elect to rollover your investment, you will need to declare the interest earned as at the rollover date. This is the amount you would receive if you had not elected to rollover the investment.

Similarly, you may choose to have the interest from a term deposit held for more than 12 months, and credited to a different account periodically throughout the life of the investment. In this case, the interest is assessable at the dates of payment (which is before the date of maturity). You are taken to have received the amount as soon as it is applied or dealt with in any way on your behalf or as you direct.

For more information on income according to ordinary concepts see, [subsection 6-5\(4\) of ITAA 1997](#).

Dividends

Dividend payments can be money or other property, including shares. If you receive bonus shares instead of money, the company issuing the shares should give you a statement that shows if the bonus shares are a dividend.

Dividend income may come from a:

- listed investment company
- public trading trust
- corporate unit trust
- corporate limited partnership (in the form of a distribution).

Some dividends have imputation or franking credits attached.

If you [receive franking credits](#) on your dividends, you must declare in your tax return both your:

- franked amount
- franking credit.

If a company pays or credits you with dividends that have been franked, you'll generally claim a franking tax offset.

Rental property income

You must declare the full amount of any [rent and rent-related payments that you receive](#), in your tax return. This also includes amounts you receive from overseas properties.

If you receive goods and services instead of rent, you must work out and declare the monetary value.

Payments that relate to your rental property include:

- rental bond, money you retain or keep – for example, because
 - a tenant defaults on the rent
 - of damage to your rental property requiring repairs
- an insurance payout to compensate you for lost rent
- a letting or booking fee
- a reimbursement or recoupment for deductible expenditure, such as an amount from a tenant to cover the cost of repairing damage to your rental property. Include the whole amount you receive from the tenant in your income and you can claim a deduction for the cost of the repairs.
- rent you receive through [the sharing economy](#) (renting out a room or a whole house or unit on a short-term basis, through a website or app).

Co-ownership

Only include your share of rental income and expenses in your tax return, if you:

- own a rental property jointly or in common with another person
- have an interest in a partnership that carries on a rental property business.

Managed investment trusts

You must show any income or credits you receive from any [trust investment](#) product in your tax return. This includes income or credits from a:

- cash management trust
- money market trust
- mortgage trust
- unit trust
- managed fund – such as a property trust, share trust, equity trust, growth trust, imputation trust or balanced trust.

Capital gains

You must declare the amount of any [capital gain or capital loss](#) you make when you dispose of a capital asset, such as an investment property, shares or crypto assets. Generally, your capital gain or capital loss is the difference between:

- your asset's cost base (what you paid for it)
- your capital proceeds (the amount you receive for it).

You can also make a capital gain if a managed fund or other unit trust distributes a capital gain to you.

You report both capital gains and capital losses in your income tax return and may pay tax on your capital gains. Capital gains tax is part of your income tax, not a separate tax.

Crypto asset income

You must declare rewards you receive for [staking crypto assets](#) as [other income](#) in your tax return.

A reward will usually be in the form of additional tokens from holding the original tokens. You will need to work out the money value of the additional tokens at the time you receive them.

Some crypto projects 'airdrop' new tokens to existing token holders as a way of increasing the supply of tokens. The money value of an established token you receive by airdrop is income at the time you receive them.

Declare these amounts as [other income](#) in your tax return.

A [CGT event](#) happens when you dispose of your crypto asset. You may make either a capital gain or capital loss on the disposal of the crypto asset which you need to declare in your tax return. If you make a capital gain, you may pay tax on it.

Business, partnership and trust income

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Income-you-must-declare/Business,-partnership-and-trust-income/>
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- QC 31934

How to declare income you earn as a sole trader, as a partner in a partnership or from a trust in your tax return.

On this page

- [Income as an individual running a business](#)
- [Income from a partnership](#)
- [Income from a trust](#)

Income as an individual running a business

If you're an individual running a business (also known as a sole trader), you must declare the income you earn from your business in your own tax return. The net income you receive from carrying on a business is assessable income. Business income also includes cash and other forms of payment for goods or services you supply.

If you lodge:

- online with myTax, this section is available when you select
 - You were a sole trader or had business income or losses, partnership or trust distributions (not from a managed fund)

- Business/Sole trader income or loss
- by paper, you will need to complete the [business and professional items schedule](#)

You don't need to lodge a separate tax return for your business.

If you're an artist, blogger, creative or maker you may need to work out if you have a hobby or business. Use our [Are you in business?](#) information to work out if money you are getting for creating things is a business or hobby.

Income from a partnership

Partnerships are not a separate taxable entity. A partnership carrying on a business distributes income or losses between the partners. The partnership doesn't pay tax on its income, however you must lodge a partnership tax return to declare:

- the income the partnership earns
- deductible expenses
- the distribution of the net income or loss between the partners.

Each partner in the partnership must also lodge their individual tax return to declare their share of the partnership's net income or loss. This is whether or not they actually receive the income.

For capital gains tax (CGT) purposes, each partner:

- owns a proportion of each CGT asset
- calculates a capital gain or capital loss on their share of each asset.

The individual partners make a capital gain or capital loss from a CGT event, not the partnership itself.

If you lodge:

- online with myTax, this section is available when you select
 - You were a sole trader or had business income or losses, partnership or trust distributions (not from a managed fund)
 - Partnerships
- by paper, you will need to complete the [supplementary tax return](#)

Income from a trust

Like a partnership, a trust is not a separate taxable entity. The trustee must lodge a [trust tax return](#) for the trust.

Generally, the beneficiaries of the trust declare their entitlement to the trust's income in their own tax return. Then they pay tax on it, even if they didn't actually receive the income.

You don't however need to declare a trust distribution if family trust distribution tax has already been paid.

If you lodge:

- online with myTax, this section is available when you select
 - You were a sole trader or had business income or losses, partnership or trust distributions (not from a managed fund)
 - Trusts
- by paper, you will need to complete the [supplementary tax return](#)

For more information for businesses and trusts, see [Reports and returns](#)

Foreign and worldwide income

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Income-you-must-declare/Foreign-and-worldwide-income/>
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- QC 31917

Check if you need to declare foreign income and pay tax, the tax you pay depends on your residency for tax purposes.


On this page

- [Your tax residency and income](#)
- [Australian resident](#)
- [Foreign resident](#)

Your tax residency and income

Australian residents must declare and pay tax on their worldwide income (that is, income they earn in Australia and from overseas sources).

Foreign residents only declare and pay tax on income from Australian sources. However, if you have a Higher Education Loan Program (HELP), Trade Support Loan (TSL) or VET Student Loan (VSL) debt you may need to declare your worldwide income.

Download [Foreign income \(PDF, 253KB\)](#)  a summary of the foreign income you need to declare. This information is also available in [Other languages](#) (Arabic, Chinese, Japanese, Korean and Vietnamese).

To work out if you are an Australian resident or foreign resident for tax purposes, see [Your tax residency](#).

Australian resident

As an Australian resident for tax purposes, you must declare income you earn

anywhere in the world on your Australian tax return. This is known as your worldwide income. This includes any foreign income you may receive from:

- pensions and annuities
- [business activities](#)
- [employment and personal services](#)
- [assets and investments](#)
- [capital gains on overseas assets](#)

Australian residents (for tax purposes) with a tax file number generally pay a lower rate of tax than foreign residents.

If you're an Australian resident for tax purposes and you:

- have a temporary resident visa
 - you don't pay tax on most of your foreign income in Australia
 - we tax your income from actual work you do overseas while you are a temporary Australian resident (see [Exempt foreign employment income](#))
- receive foreign income
 - you may pay tax on that income in both Australia and in the foreign country
 - tax you pay in another country on your foreign income may entitle you to an [Australian foreign income tax offset](#)
- receive income from a country that has a tax treaty with Australia
 - you can ask the tax authorities in that country by supplying a tax relief form or a [certificate of residency or status](#) to either:
 - reduce their withholding tax
 - to exempt you from paying tax in that country.

Your foreign income could be subject to double taxation if tax is withheld in the source country. To overcome this, Australia has a system of credits and exemptions and has signed tax treaties with more than 40 countries. This includes all our major trade and investment partners.

Since September 2018, we receive and exchange financial account information with participating foreign tax authorities. This ensures Australian residents with financial accounts in other countries are complying with Australian tax law. You could receive penalties and interest charges if you do not declare your foreign income.

Income from employment and personal services

If you have worked overseas or provided services to an organisation located outside of Australia, you will need to declare all relevant income as if it were earned in Australia. This may include:

- salary and wages
- directors' fees
- consultancy fees
- business income
- any other remuneration.

For information on some specific circumstances in which the foreign salary is

exempt, see:

- [Exempt foreign employment income](#)
- [Australian Defence Forces deployed overseas](#)
- [Australia-United States Joint Space and Defence Projects](#)

Income from assets and investments

If you own assets or investments overseas, including offshore (overseas) bank accounts, you will need to declare all relevant returns as if they were in Australia. This may include:

- interest from bank deposits or bonds
- dividends from shares
- royalties from intellectual property
- rental income from real estate
- pensions, annuities and lump sums from managed funds
- income streams from super funds
- some government pensions.

Capital gains on overseas assets

If you own an asset overseas, you may have to pay Australian [capital gains tax](#) when you sell the asset. You need to keep appropriate records.

If you acquired an overseas asset before you became an Australian resident, you are taken to have acquired the asset when you became an Australian resident.

Similarly, if you stop being an Australian resident while holding an overseas asset, you are deemed to have disposed of that asset when you stop being an Australian resident.

To accurately calculate the capital gain or loss, ensure you keep a record of the value of your asset at these times. This is a complex area of tax law and exemptions may apply.

Considerations for foreign income

Find out about things you need to consider when you have foreign income, such as:

- [Tax paid on income overseas](#)
- [Convert foreign income to Australian dollars](#)
- [Apportion foreign income](#)

Tax paid on income overseas

If you have already paid tax in the country that you have derived the income from, you may be able to claim a [foreign income tax offset](#).

To be eligible for a foreign income tax offset, you must:

- have paid the tax on the income overseas

- have records to prove that the tax has been paid.

The offset amount you are entitled to will not always be the same amount of the tax paid overseas. If you are claiming more than \$1,000, you will first need to work out your [foreign income tax offset limit](#) to determine your entitlement.

Convert foreign income to Australian dollars

You must [convert all foreign income, deductions and tax offsets to Australian dollars](#) in your tax return.

Depending on your circumstances and the type of income, you will need to use either the:

- specific prevailing exchange rate
- average exchange rate.

Apportion foreign income

Unlike Australia, most countries do not have an income year ending on 30 June. You may need to report your foreign income and associated tax offsets in multiple tax returns in Australia.

You will need to work out which income tax years the income amounts align to and apportion them accordingly.

Foreign resident

If you are a foreign resident working in Australia, you declare any Australian-sourced income you earn in your Australian tax return. Your Australian-sourced income may include:

- employment income
- rental income
- Australian pensions and annuities, unless an exemption is available under Australian tax law or a tax treaty
- capital gains on Australian assets.

You generally don't need to declare income you receive from outside Australia in your Australian tax return.

You also don't declare any [Australian-sourced interest, dividends or royalties you derive while you are a foreign resident](#), provided the Australian financial institution or company that pays you has already withheld tax. They do this automatically if you advise them that you were a foreign resident.

You can't claim the tax-free threshold, so you pay tax on every dollar of income you earn in Australia.

You don't pay the Medicare levy in your Australian tax return, as you aren't entitled to Medicare health benefits. You can claim an exemption from paying the Medicare levy for the number of days in the income year you are a foreign resident.

Payments for the following are subject to [foreign resident withholding tax](#):

- promoting or organising casino gaming junket arrangements
- entertainment and sports activities
- contracts for the construction, installation and upgrading of buildings, plant and fixtures and for associated activities.

Your payer will withhold this tax. You report the payments in your Australian tax return and claim the withheld amounts as a credit against the tax assessed.

Other income

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Income-you-must-declare/Other-income/>
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- QC 31968

You may earn or receive income from other sources, you also need to declare these amounts as income in your tax return.

On this page

- [Compensation and insurance payments](#)
- [Prizes and awards](#)
- [Income from rendering personal services](#)
- [ATO interest – remissions or recoupments](#)

Compensation and insurance payments

You must declare payments you receive for lost salary or wages under an [income protection](#), sickness or accident insurance policy or workers compensation scheme.

You may receive a [compensation payment](#), if you've made a personal injury claim and either:

- you agree to a settlement
- a court order is made in your favour.

You may receive this in the form of a lump sum payment, structural (periodic) payments or both. Such payments are tax-free, if certain conditions are met. For more information, see [Structured settlements – examples](#).

Don't include payments made to you under an [income protection, sickness or accident insurance policy](#), where the premiums are deductible and the payments replace your income if:

- tax has been withheld

- you already included these payments in your tax return.

As the policyholder, you must check whether tax has been withheld from payments made to you under an income protection, sickness or accident insurance policy.

Tax is not withheld from payments the insurer pays directly to the owner of a relevant policy. If tax has not already been withheld, you will need to declare these payments as 'other income' in your tax return.

Prizes and awards

You must declare in your tax return the value of any prizes or benefits you receive from a prize draw or lottery run by your:

- bank
- building society
- credit union
- investment body.

Prizes may include cash, low-interest or interest-free loans, holidays or cars.

However, you don't need to declare prizes won in ordinary lotteries such as lotto draws and raffles.

If you win prizes as a game show contestant, you only declare prizes you win if you receive regular appearance fees or game-show winnings.

If you sell or otherwise dispose of an asset that was a prize from a lottery, you must declare any [capital gains](#) you make in your tax return.

Income from rendering personal services

You must include amounts you receive for providing [personal services](#) outside of employment or in a non-business capacity. Include these amounts as income in your tax return. For example, working in the sharing economy may produce assessable income.

Other amounts may also be assessable income. For example, recurring or one-off grants received from a government under a contract to provide your services over a given period.

The income is assessable in the year you receive them.

ATO interest – remissions or recoupments

You must declare as income in your tax return any amount of interest we impose if both of the following apply:

- the [interest is remitted](#) or recouped
- you have claimed or [can claim a deduction for that interest](#)

Amounts you do not include as income

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Income-you-must-declare/Amounts-you-do-not-include-as-income/>
- Last modified: 09 Jun 2022
- QC 31936

Amounts that you earn or receive that you don't need to declare as income.

On this page

- [Amounts you don't include](#)
- [Exempt income](#)
- [Non-assessable, non-exempt income](#)
- [Other non-taxable amounts](#)

Amounts you don't include

You may receive amounts of money which you don't need to include as assessable income in your tax return. You may still need to report these amounts so we can work out your tax losses or eligibility for tax offsets or benefits.

We classify the income amounts you don't include into 3 categories, exempt income, non-taxable and non-assessable, non-exempt.

Exempt income

Exempt income is income you don't pay tax on (that is, it is tax-free). However, we use certain exempt income amounts to work out the:

- tax losses of earlier income years that you can deduct
- adjusted taxable income of your dependants.

Exempt income includes:

- certain Australian Government pensions, such as the:
 - disability support pension paid by Centrelink to a person who is under age-pension age
 - invalidity service pension paid under the Veterans' Entitlements Act 1986 where the veteran is under age-pension age
- certain Australian Government allowances and payments, such as the
 - carer allowance
 - child care subsidy
- certain [overseas pay and allowances for Australian Defence Force](#) and [Federal Police personnel](#)
- Australian Government education payments, such as
 - allowances for students under 16 years old
 - Commonwealth secondary education assistance
- [some scholarships, bursaries, grants and awards](#)

- a lump sum payment you received on surrender of an insurance policy where you are the original beneficial owner of the policy – generally you do not earn, expect, rely on or regularly receive these payments – examples include
 - mortgage protection
 - terminal illness
 - a permanent injury occurring at work.

Non-assessable, non-exempt income

Non-assessable, non-exempt income is income that we do not assess and you don't pay tax on. It doesn't affect your tax losses.

Non-assessable, non-exempt income includes:

- the tax-free component of an employment termination payment (ETP)
- genuine redundancy payments and early retirement scheme payments shown as 'Lump sum D' amounts on your income statement
- super co-contributions
- a payment made on or after 1 January 2020 by a state or territory for loss of income as a result of you performing volunteer work with a fire service of a state or territory in the 2019–20 income year
- Disaster Recovery Allowance you receive as a result of the bushfires commencing in Australia in the 2019–20 income year
- Ex-gratia disaster income support allowance for special category visa (subclass 444) holders you receive as a result of the bushfires commencing in Australia in the 2019–20 income year
- payments by a state or territory relating to the [2019–20 bushfires](#) under the [Disaster Recovery Funding Arrangements 2018](#)⁵⁷

Other non-taxable amounts

Generally, you don't declare amounts you receive for:

- rewards or gifts on special occasions, such as cash birthday presents and gifts from relatives given out of love (however, gifts may be taxable if you receive them as part of a business-like activity or for your income-earning activities as an employee or contractor)
- prizes you won in ordinary lotteries, such as lotto draws and raffles
- prizes you won in game shows, unless you receive regular appearance fees or game-show winnings
- child support and spouse maintenance payments you receive.

Deductions you can claim

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you->

[can-claim/](#)

- Last modified: 01 Apr 2022
- QC 31967

You can claim deductions for some expenses you incur in your tax return. Most are work-related expenses you incur to earn your income as an employee.

On this page

- [Work-related expenses](#)
- [Other deductions](#)
- [Occupation and industry specific guides](#)
- [Managing your deductions](#)

Watch: Get your deductions right

Media: Get your deductions right

<http://tv.ato.gov.au/ato-tv/media?v=bd1bdiubgwof44> [↗] (Duration: 1:08)

Work-related expenses

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

1. You must have spent the money yourself and weren't reimbursed.
2. The expenses must directly relate to earning your income.
3. You must have a [record](#) to prove it (usually a receipt).

You claim these in your tax return at the 'Work-related expense' sections.


If the expense was for both work and private purposes, you only claim a deduction for the work-related use. You can't claim a deduction if your employer pays for or reimburses you for any of these costs. If we think your employer may reimburse you for your expenses we may ask them.

Access from the table below, either:

- A work-related expense to find out what you can and can't claim as a deduction, including the records you need as evidence – use the link in the left column of the table.
- A summary of the common work-related expenses that you can download as a PDF and print – use the link in the right column of the table.

Table: Work-related expenses and summary posters

Work-related expense	Deduction summary – PDF download
Motor vehicle and car expenses	N/A
Travel expenses	Travel expenses (PDF, 523KB) 

Clothing, laundry and dry-cleaning expenses	Clothing and laundry (PDF, 845KB) 
Self-education expenses	Self-education expenses (PDF, 290KB) 

We translate some common expenses in other languages to help people from non-English speaking backgrounds. To find out what summaries are available in your language:

- select your language from the [other languages' homepage](#)
- select the heading Individuals
- check the list, if a summary is available a link will be available on this page.

For more information, see [Employees guide for work expenses](#).

Other work-related expenses

You may be able to claim [other work-related deductions](#) for expenses you incur in the course of earning your income.

You claim these in your tax return as an 'Other work-related expense'.

Common claims at this section in the tax return include:

- [Working from home expenses](#)
- [COVID-19 test expenses](#)
- [Phone, data and internet expenses](#)
- [Tools, equipment and other assets](#)
- [Union fees, subscriptions to associations and bargaining agents fees](#)

For more information, see [Employees guide for work expenses](#).

Other expenses

You may also be able to claim a deduction for other expenses you incur that don't relate to your work or income producing activities.

You claim these in your tax return at the specific expense category (where available) or as an 'Other deduction'.

Common claims at this section include expenses, such as:

- [Cost of managing tax affairs](#)
- [Gifts and donations](#)
- [Interest, dividend and other investment income deductions](#)
- [Income protection insurance](#)

Occupation and industry specific guides

Our [occupation and industry specific guides](#) give you information about income, allowances and deductions you can claim for work-related expenses. We tailor these to address common claims and errors in your occupation or industry.

Managing your deductions

[You need to keep records](#) for most expenses when you claim a deduction.

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 tax agent at tax time to make lodging your tax return easier.

Transport and travel expenses

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Transport-and-travel-expenses/>
- Last modified: 21 Jun 2022
- QC 31916

You can claim transport and travel expenses you incur when you travel in the course of performing your work duties.

On this page

- [What are transport expenses?](#)
- [What are travel expenses?](#)
- [Completing transport and travel expenses in your tax return](#)

What are transport expenses?

Transport expenses may include the costs you incur for:

- [trips between workplaces](#)
 - [driving your car, ute, van or motorcycle](#)
 - ride-share and ride-sourcing (such as Uber, Hi Oscar, Shebah or GoCatch)
 - flights
 - catching a train, taxi, boat, bus or other vehicle.

Transport expenses also include the actual costs you incur – for example, fuel expenses, when you [use someone else's car or other vehicle](#).

You may receive an allowance from your employer for travel or accommodation expenses. Your employer may also pay you an [award transport payment](#) for transport expenses.

Transport expenses don't include [removal or relocation expenses](#) to transfer or

relocate for work.

What are travel expenses?

[Travel expenses](#) are the expenses you incur when you travel and stay away from home overnight in the course of performing your work duties. They include:

- the cost of staying in a hotel, motel or similar accommodation ([accommodation expenses](#))
- meal (food and drink) expenses
- expenses which are incidental to your overnight travel
- expenses you incur for [quarantine and testing when you travel on work](#)

You may need to [keep specific records](#) for your travel, accommodation and incidental expenses, such as a [travel diary](#). That is, unless [travel allowance record keeping exceptions](#) apply.

Completing transport and travel expenses in your tax return

How you claim your work-related transport expenses depends on your circumstances.

You claim your deduction for work-related transport expenses as work-related car expenses in your tax return if both of the following apply:

- your expenses relate to a car you owned, leased or hired under a hire-purchase agreement
- you work out your deduction using either the
 - cents per km method
 - logbook method.

You claim your deduction for work-related transport expenses as work-related travel expenses in your tax return if your expenses relate to:

- a vehicle
 - other than a car such as a motorcycle or scooters
 - with a carrying capacity of greater than one tonne such as utes or heavy vehicles
 - with a carrying capacity of nine or more passengers such as a van.
- car-hire fees
- costs you incur when driving someone else's car or other vehicle for work purposes – for example, fuel expense
- air, bus, train, tram, ferry, taxi and ride-share or ride-sourcing fares
- bridge tolls, road tolls or car parking expenses associated with work-related transport expenses.

You claim your deduction for all work-related travel expenses (accommodation, meal and incidental expenses) as work-related travel expenses in your tax return.

Transport expenses – trips between home and work and between workplaces

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Transport-and-travel-expenses/Transport-expenses---trips-between-home-and-between-workplaces/>
- Last modified: 29 Jun 2022
- QC 31983

Find out when you can and can't claim for transport expenses between home and work and between workplaces.

On this page

- [Transport expenses](#)
- [Transport expenses you can't claim](#)
- [Transport expenses you can claim](#)
- [Itinerant or shifting places of work](#)
- [Keeping records for transport expenses](#)

Transport expenses

You can't claim a deduction for normal trips between your home and regular place of work. However, you can claim transport expenses you incur for trips between workplaces.

Transport expenses can include the cost of:

- driving your car or other vehicle (such as a motorcycle)
- ride-share and ride-sourcing (such as Uber, Hi Oscar, Shebah or GoCatch)
- flights
- catching a train, taxi, boat, bus or other vehicle.

Transport expenses you can't claim

You can't claim a deduction for the cost of normal trips between your home and regular place of work. You don't incur the expenses in the course of performing your work duties. These expenses also put you in the position to start work and are private.

You can't claim trips between your home and regular place of work 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 – for example, picking up the mail on the way to your regular place of work or home
- go between your home and your regular place of work more than once a day
- are on call – for example, you are on stand-by 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 where you run your own business and you travel directly to a place of work where you work for somebody else.

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.

Example: travel between home and work not deductible

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

The cost Tim incurs to drive to work is not deductible as it is private in nature. This is because Tim incurs the cost to put him in the position to earn his employment income.

Example: working from home – travel to regular place of work not deductible

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 he 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 travel costs are a private expense.

Example: travel between home and work while on stand-by duty, outside business hours and when no public transport is available not deductible

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

shift.

The on-call shift may be for a night shift, early morning shift or a day shift 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 stand-by duty.

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

Example: travel from home to a distant regular work location not deductible

Aldo lives in North Queensland with his family. He is an employee on a long-term project in Sydney. His employment contract indicates that his place of work is the office on the project site in Sydney. As Aldo lives in North Queensland and he only needs to be physically on site during certain stages of the project, Aldo has an informal agreement with his employer to work from home whenever he is not required on site.

When it is necessary for Aldo to be on site, he is 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. The travel costs are also private because Aldo chooses to live in North Queensland and work in Sydney.

Transport expenses you can claim

You can claim the transport costs you incur when travelling:

- directly between 2 separate places of work – for example, when you have a second job (if one of these places isn't your home)
- 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 where the alternative place of work has become a regular workplace).

Example: travel between two separate workplaces deductible

Aaron works part time at a supermarket, he also works part time as a house cleaner. On Tuesdays and Thursdays, 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 in respect of that trip.

Example: travel to an alternative place of work deductible

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

Brock can claim a deduction for the cost of the tram for the trips between the Melbourne office and Box Hill office as it is an alternative place of work.

However, if Brock works from the city location every Monday to Thursday and from the Box Hill office every Friday as a standard arrangement, then the city location 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 his travel between his home and either of his regular places of work.

In the following circumstances, you can claim a deduction for transport expenses you incur for trips between your home and your regular place of work:

- if your home was a base of employment, that is, where:
 - 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 two locations is necessary due to the nature of the employment duties
 - the travel to your regular place of work isn't part of a normal trip to work

that would have occurred anyway.

- you are [itinerant or have shifting places of work](#) – for example, you have no fixed place of work and regularly work at more than one site each day before returning home
- where you need to carry bulky tools or equipment and all the following conditions are met:
 - the tools or equipment are essential to perform your employment duties
 - the tools or equipment are bulky, meaning that
 - because of the size and weight, they are awkward to transport
 - 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).

Watch: Transporting bulky tools and equipment

Media: Transporting bulky tools and equipment

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

Example: home is base of employment travel deductible

Tom is the IT Security Director of a data storage company. He is on call 24 hours a day to be notified of a security breach. His employer installs a secure terminal 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 needs to drive into head office out of hours so he can resolve the issue on site. On those occasions, when he starts working from the home terminal but is then required to drive into work to resolve the issue, the transport expenses he incurs for this journey are deductible, as his home becomes a base of employment. However, his regular daily trip into work is not deductible.

Example: travel to place of work carrying bulky equipment deductible

Masahito is an employee of the orchestra where he plays double bass. The orchestra plays in a number of locations and he often travels directly from home to the various venues. He practices regularly at home, which is also

the only place available to store his instrument when not being used.

When the double bass is in its case, it is over 2 metres tall and 75 cm wide and is awkward to transport. Masahito can claim a deduction for the car expenses he incurs for travel between home and his workplaces.

The need to transport his cumbersome double bass by car to the different workplaces means that the journeys are not ordinary home to work travel.

Example: travel to a regular place of work carrying bulky tools not deductible

Merinda works as a fitter and turner on a mine site. She drives to the mine site each work day. Her work depot is surrounded by a fence and people need to come through a security gate to get on to the premises. There is a building supplied for staff to store their tools when not on duty. The staff have their own personal tool lockers which have combination locks.

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.

Although her toolkit would be considered bulky, Merinda has a secure place to store it at the work depot and it is her personal decision to transport them between home and work each day.

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

Itinerant or shifting places of work

If you do itinerant work (or 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 may indicate you do itinerant work:

- Travel is a fundamental part of your work, as the very nature of your work, not just because it is convenient to you or your employer.
- You have a 'web' of workplaces you travel to, throughout the day, that is, you have no fixed place of work.
- You continually travel from one work site to another.
- Your home is a base of operations – if you start your duties at home and you can't complete those specific duties until you attend your work site.

- You are often uncertain of the location of your work site.
- Your employer provides an allowance in recognition of your need to travel continually between different work sites and you use this allowance to pay for your travel.

It is important to also note that the obligation to incur the transport expenses must arise from the nature of your employment duties. If the travel is merely a matter of convenience for you or your employer it will be private travel and the transport expenses you incur will not be deductible.

Example: work that is not itinerant

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 carrying out itinerant work. While she may not know where she is going to work each day, she will only ever work at one location for the day. She can't claim a deduction for the cost of the transport between home and work.

Example: work that is itinerant

Mitchell works as an apprentice roof tiler and is dispatched to various sites each day. He travels to the first location from his home and returns home at the end of the day from the last site at which he has worked. Mitchell is carrying out itinerant work as he is travelling between sites all day and can claim a deduction for the transport expenses he incurs when he travels between home and work each day.

Mitchell can also claim the cost of his transport for trips between each site during the day. However, if Mitchell only attended one site and worked there for several days until the job was finished, he would not be carrying out itinerant work.

Keeping records for transport expenses

For all transport expenses, you must keep both:

- a record of any transport allowance you receive and
- evidence that you have included the allowance as income in your tax return.

The records you need to keep for your transport expenses depends on the

transport expenses you incur.

For transport expenses, other than car and similar vehicle 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 rideshare travel, bridge and road tolls, parking and car-hire fees.

If you claim transport expenses for a vehicle you own that doesn't meet the definition of a car, such as a motorcycle or vehicle designed to carry a load of greater than one tonne or more than 9 passengers, you must keep:

- written evidence that you own the vehicle
- records setting out similar details to a [logbook](#) to show how you calculate your work-related use percentage of the vehicle
- written evidence of your expenses such as fuel, repairs, maintenance, registration and insurance
- written evidence of the purchase price of the vehicle if you are claiming the decline in value of it.

If your transport expenses are car expenses, the records you need to keep depend on the method you choose to claim your expenses.

If you claim your car expenses using the [cents per kilometre method](#), you must keep:

- written evidence that you own the car
- an explanation of how the kilometres for trips you claim are work-related
- records to show how you work out your business kilometres.

If you claim your car expenses using the [logbook method](#), you must keep:

- written evidence that you own the car
- a valid [logbook](#) for a car
- odometer records for the period you held the car during the income year – for example if you held the car for the whole income year you must keep the odometer reading on 1 July and on 30 June
- written evidence of all of your car expenses such as fuel, repairs, maintenance, registration and insurance
- written evidence of the purchase price of the car if you are claiming the car's decline in value.

You must keep written evidence of the actual expenses you incur when driving that car for work-related purposes (such as fuel) to claim transport expenses for a car you don't own, that is someone else's car.

Motor vehicle and car expenses

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Transport-and-travel-expenses/Motor-vehicle-and-car-expenses/>
- Last modified: 29 Jun 2022
- QC 31951

You can claim a deduction for motor vehicle or car expenses, where you use it in performing your work-related duties.

On this page

- [Eligibility](#)
- [How we define cars and other motor vehicles](#)
- [When you can't claim](#)
- [When you can claim](#)
- [Calculate your deduction for other vehicles](#)
- [Calculating your car expense deductions](#)
- [Damage to a third-party motor vehicle](#)
- [Keeping car expense records](#)

Eligibility

How you work out your deduction motor vehicle or car expenses will depend on if you are using:

- a car your own, lease or hire (under a hire-purchase arrangement)
- someone else's car
- a motor vehicle, that is not defined as a car.

You can claim only work-related motor vehicle expenses you incur. You can't claim expenses that relate to your private use of your vehicle.

How we define cars and other motor vehicles

Cars are motor vehicles (excluding motorcycles and similar vehicles) that carry loads less than one tonne and less than 9 passengers. This definition includes many four-wheel drives.

Vehicles that are not cars include motorcycles, scooters and similar vehicles as well as vehicles with:

- greater than one tonne carrying capacity such as utes, trucks, heavy vehicles
- a carrying capacity for 9 or more passengers such as a minibus.

You can calculate Car expenses using either the [cents per kilometre method](#) or the [logbook method](#). You can't use these methods to claim expenses for other vehicles.

For [vehicles that are not cars](#), you claim the actual costs you incur that relate to your work use of the vehicle.

When you can't claim

Whether your vehicle is a car or other vehicle, you generally can't claim the cost of expenses you incur for travel between your home and your regular place of work.

Your regular place of work is the normal or usual place where you start and finish your work duties. You incur these expenses to put you in the position to earn your income. This is private travel even if, you either:

- live a long way from your regular place of work
- work outside normal business hours.

In limited circumstances, [travel between home and work](#) expenses are deductible.

You can't claim a deduction for car expenses that:

- you pay for under a salary sacrifice or novated lease arrangement
- your employer reimburses you for.

Cars you use under a salary sacrifice or novated lease arrangement are usually on lease by your employer from a financing company. As you don't own or lease the car yourself under these arrangements, you can't claim any deductions for using the car.

When you can claim

You can claim a deduction for work-related car expenses if you use your own car 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
- travel between 2 or more separate places of employment, but not if one of the places is your home – for example, when you have more than one job
- travel from your regular place of work to an alternative place of work (that isn't a regular place of work) and back to your regular place of work or home
- travel from your regular place of work or your home to an alternative place of work that is not a regular place of work – for example, a client's premises.

Travel between home and work

In limited circumstances, you can claim the cost of trips between home and your regular place of work, where:

- your home was a base of employment – that is, your employer requires you to start your work at home and later travel to a workplace to continue the same work
- you had shifting places of employment ([itinerant work](#)) – that is, you have no fixed place of work and you continually travel from one work site to another
- you carry bulky tools or equipment for work and all of the following apply

- the tools or equipment are essential to perform your employment duties and you don't carry them merely as a matter of choice
- the tools or equipment are bulky – meaning that because of their size and weight they are awkward to transport and can only be transported conveniently by the use of a motor vehicle
- there is no secure storage for such items at the workplace.

You must include any allowance you receive from your employer for car expenses, as assessable income in your tax return. The amount of the allowance is usually shown on your income statement or payment summary.

For more information about claiming transport, see [Transport expenses - trips between home and work and between workplaces](#).

Calculate your deduction for other vehicles

Work out your deduction for the expenses you incur when you use:

- [Someone else's car](#)
- [Vehicles which are not cars](#)

Someone else's car

If you use someone else's car you can claim a deduction for actual costs you incur that relate to your work use. You can't claim a deduction for expenses using the [Cents per kilometre method](#) or the [Logbook method](#).

Cars someone else owns or leases may include a spouse or family member. If you can show there is a family or private arrangement that made you the owner or lessee (even if you aren't the registered owner) of the car, you can work out your car expenses using either of the methods above.

Example: family arrangement

When Rory turned 18 years old, she bought a car from her parents for \$1,000. She now pays the insurance, fuel, registration and other running costs and no one else uses the car. The registration has not been updated and the car is still showing in her mother's name.

Rory is eligible to claim her work-related car expenses even though the registration has not been changed to her name. She would be treated as the owner because she can show that:

- she bought the car from her parents
- she is now responsible for all of the ownership and running costs of the car.

Vehicles which are not cars

When working out your claim for a vehicle that is not a car, you need to work out the actual costs that relate to your work-related travel in the vehicle.

You need to keep records of all your expenses (such as fuel) to prove your claims. Your records need to show how you calculated your work travel as a percentage of your overall travel.

While it is not a requirement to keep a logbook, it is the easiest way to show how you have calculated your work-related use of the vehicle.

You can use the [myDeductions](#) tool in the ATO app to help keep your records.

You can't claim your deduction for other vehicles or someone else's car under work-related car expenses in your tax return.

Claim your deduction for these vehicles as a work-related travel expense.

Example: actual work-related expenses for a motorcycle

Samid buys a motorcycle that he uses for his work making local deliveries. Samid also uses his motorcycle when he is not working so he decides to keep a logbook to work out his work-related use.

Samid's logbook shows he travelled a total of 3,000 km on his motorcycle for the whole income year. During the 12-week period he kept his logbook, he travelled 800 km in total with 600 km being work-related travel.

By dividing his total work-related kilometres by his total kilometres for the 12-week period, Samid calculates his work use percentage as 75% ($600 \div 800$).

Samid keeps receipts for his expenses, these were for:

Fuel and oil	\$560
Repair	\$400
Registration	\$540
Compulsory Third Party insurance	\$300
Decline in value	\$1,800
Total	\$3,600

Samid multiplies his work use percentage by the total expense to get his

deduction of \$2,700 ($\$3,600 \times 75\%$).

Calculating your car expense deductions

You use one of the following 2 methods to calculate deductions for car expenses:

- [Cents per kilometre method](#)
- [Logbook method](#)

Use the [Work-related car expenses calculator](#) to work out your deduction for either method.

If you are claiming car expenses for more than one car, you can choose to use a different method to work out your expenses for each car. You can also change the method you use in different income years for the same car.

The [myDeductions](#) tool can help you keep records of your car use for both of the calculation methods. There are 3 options for recording your car trips in myDeductions, including:

- a point to point trip
- a GPS trip
- an odometer trip.

If you're using the logbook method, you can create a valid logbook record using the myDeductions tool.

Cents per kilometre method

Under the cents per kilometre method:

- A single rate is used, the rate is:
 - 78 cents per kilometre from 1 July 2022 for the 2022–23 income year
 - 72 cents per kilometre from 1 July 2020 for the 2020–21 and 2021–22 income years
 - 68 cents per kilometre for 2018–19 and 2019–20
 - 66 cents per kilometre for the 2017–18, 2016–17 and 2015–16.
- You can claim a maximum of 5,000 business kilometres per car.
- To calculate your deduction, multiply the number of business kilometres you travel in the car by the appropriate rate per kilometre for that income year.
- You need to [keep records](#)

Where you and another joint owner use the car for separate income-producing purposes, you can each claim up to a maximum of 5,000 business kilometres.

The cents per kilometre rate includes all expenses you incur for:

- decline in value
- registration

- insurance
- maintenance
- repairs
- fuel costs.

You can't add any of these expenses on top of the rate when you work out your deduction using this method.

Example: car deduction using cents per kilometre

Once per week, Johan makes a 27km round trip in his own car travelling from head office in the city to meet with clients. In addition, he makes a 106km round trip to visit clients at another location, once a month.

When Johan consults his diary at the end of the 2021–22 income year, he works out he was at work for 47 weeks, but he missed one weekly meeting with clients as he was sick. He also determines that, although he was on leave for five weeks during the income year, he still made $12 \times 106\text{km}$ round trips to visit clients.

He works out his business kilometres as:

Number of weekly trips \times Distance of weekly trip = Total weekly trip kilometres

$$46 \times 27\text{km} = 1,242 \text{ km}$$

Number of monthly trips \times Distance of monthly trip = Total monthly trip kilometres

$$12 \times 106 = 1,272 \text{ km}$$

Total weekly trip kilometres + Total monthly trip kilometres = Total monthly trip kilometres

$$1,242 + 1,272 = 2,514 \text{ km}$$

Johan works out his deduction for the 2021–22 income year as:

$$2,514 \text{ km} \times 72 \text{ cents} = \$1,810$$

Logbook method

If you use the logbook method, your logbook needs to show your work-related trips for a minimum continuous period of 12 weeks. Under the logbook method:

- Your claim is based on the work-related portion of your actual expenses for the car.

- Expenses include running costs and decline in value but not capital costs, such as
 - the purchase price of your car
 - the principal on any money borrowed to buy it
 - any improvement costs (for example, adding paint protection or tinted windows).
- To work out your work-related use, you must have
 - a valid logbook
 - odometer readings for the start and end of the [logbook period](#) during the income year and for each income year you rely on your logbook (generally, you can rely on the logbook for 5 years).
- You can claim fuel and oil costs based on either your
 - actual receipts
 - estimate of your expenses using the odometer records that show readings from the start and the end of the period you had the car during the income year.
- You need [keep records](#) for all other expenses for the car.

You must retain your logbook and odometer records. Keep these records for five years after the end of the latest income year that you rely on them to support your claim.

Keeping a logbook

Your logbook must cover at a minimum 12 continuous weeks. If you started using your car for work-related purposes less than 12 weeks before the end of the year, you can extend the 12-week period into the next income year.

Your logbook is valid for five years. However, if your circumstances change (for example, if you change jobs or move to a new house), and the logbook is no longer representative of your work-related use, you will need to complete a new 12-week logbook.

If you are using the logbook method for two or more cars, keep a logbook for each car and make sure they cover the same period.

You can keep an electronic logbook by using the myDeductions tool in the ATO app or keep a paper logbook.

Your work-related percentage is worked out by:

- calculating the total number of kilometres you travelled during the logbook period (a)
- calculating the number of kilometres you travelled for allowable work-related trips during the logbook period (b)
- dividing the amount at (b) by the amount (a) then multiply this figure by 100.

Once you've calculated your work-related percentage, multiply it by your car

expenses to calculate your claim.

Damage to a third-party motor vehicle

If you use your own motor vehicle in the course of your employment and you're involved in an accident that causes damage to another vehicle, you may be able to claim a deduction for:

- the costs you incur to repair your vehicle
- damages or compensation for the damage to the other vehicle if you are liable.

If an accident occurs in the course of your employment, the expenses relating to your liability to pay for the damage to the other vehicle in the accident are costs you incur in earning your employment income. They are not capital, private or domestic.

For more information on the meaning of incurred, see [TR 97/7](#) *Income tax: section 8-1 – meaning of 'incurred' – timing of deductions*.

Keeping car expense records

The records you need to keep to work out your deduction for your car expenses depend if you use:

- [Cents per kilometre method](#)
- [Logbook method](#)
- [Actual expenses](#)

Cents per kilometre method records

If you use the cents per kilometre method, you don't need receipts. You do need to be able to show how you work out your business kilometres. For example, by recording work-related trips:

- in a diary
- in myDeductions in the ATO app.

If you use the cents per kilometre method, your claim is based on a set rate for each business kilometre travelled. You can claim a maximum of 5,000 kilometres per car.

Logbook method records

If you use the logbook method, your claim must be based on the percentage of work use of your car. Your logbook is valid for 5 years, but you can start a new logbook at any time. If the work use of your car changes, you need to complete a new logbook.

Your logbook must:

- cover a minimum continuous period of 12 weeks and be broadly representative of your travel throughout the year
- include the purpose of every journey, odometer reading at the start and end of each journey and total kilometres travelled during the period

- include odometer readings at the start and end of each income year.

Then, in each of the 4 years following the first year, you need to keep:

- odometer readings for the start and end of the full period you claim
- your work-related use percentage based on the logbook.

Rules about keeping logbooks in different circumstances:

Circumstance	Rule
First year of using logbook	You must keep logbook records for at least 12 continuous weeks during this income year.
Using the car for less than 12 weeks before the end of the income year	You should continue to make records in the same logbook in the following income year so that your logbook covers the required 12 continuous weeks.
Keeping logbooks for 2 or more cars	The same rules apply for each car and you must keep the logbook for each car for the same 12 week period.

You must also keep:

- original receipts for all other expenses for the car
- details of how you work out your claim for the decline in value of your car, including the effective life and method you use.

Keep receipts or other documents that show:

- fuel and oil expenses, or a reasonable estimate you base on odometer readings
- other expenses for your car – for example, registration, insurance, lease payments, services, tyres, repairs, electricity expenses and interest charges.

If your claim relates to the transport of bulky tools and equipment, 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.

Actual expenses

You can't claim your expenses using either method, if you borrow a car or use a vehicle other than a car. For example, a motorcycle or a vehicle with a carrying capacity one tonne or more, such as a utility truck or van.

Instead, you can claim the work-related portion of the actual vehicle expenses you incur. You must keep:

- evidence of how you calculated your work-related use of the vehicle
- original receipts for all of your vehicle expenses
- details of how you work out your claim for the decline in value of the vehicle, including the effective life and method you use.

For fuel and oil expenses, you need to keep either:

- actual receipts
- odometer readings from the start and the end of the period in which you used the car during the income year and records of how you calculated the average price of fuel and the fuel consumption of your vehicle.

Find out more about the format and types of [records you need to keep](#).

Removal and relocation

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Transport-and-travel-expenses/Removal-and-relocation/>
- Last modified: 09 Jun 2022
- QC 49859

Removal and relocation expenses are those costs you incur to transfer or relocate for a work purpose. You can't claim a deduction for removal or relocation costs. Even if relocating is a condition of your employment when you take up:

- a transfer in an existing employment
- new employment 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.

Travel expenses

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Transport-and-travel-expenses/Travel-expenses/>

- Last modified: 21 Mar 2022
- QC 31982

You can claim travel expenses you incur when you travel and stay away from home overnight for a work purpose (performing your employment duties). You can't claim travel expenses if you don't stay away from your home overnight.

For a summary of this content in poster format, see [Travel expenses \(PDF, 705KB\)](#)  .

On this page

- [Overnight travel for work](#)
- [If you receive a travel allowance](#)
- [Travel expenses you can claim](#)
- [When you can't claim travel expenses](#)
- [Records and evidence of travel expenses](#)
- [Apportioning travel expenses](#)

Overnight travel for work

You can claim a deduction for travel expenses (accommodation, meals and incidental expenses) if you travel and stay away from your home overnight in the course of performing your employment duties.

You will be travelling overnight for work in the course of performing your employment duties, if:

- there is no change to your regular place of work (the usual or normal place where you start and finish your work duties for your employer)
- you're away from home for short periods of time
- you stay in short term accommodation such as a hotel.

For example, you would be travelling and staying overnight for work, where you need to travel interstate for a number of days to meet with clients.

An employee travelling away from their home overnight for work usually isn't, or can't be, accompanied by family or have family or friends visit them.

You won't be travelling away from home overnight for work if:

- because of your personal circumstances, you live a long way from where you work
- you're [living at a location](#) where you are working
- you choose to sleep at or near your workplace rather than returning home.

Expenses you incur in these circumstances are not deductible because you incur them to start earning employment income and they are private or domestic in nature.

Example: Not away from home overnight

Mal lives in Hobart and works for an engineering firm. On occasion, Mal flies to Melbourne for meetings with clients. When Mal's work requires him to attend these meetings, Mal catches an early flight to Melbourne and returns to Hobart on the same day.

Mal's employer pays him an allowance to cover the cost of his food and drink while he is in Melbourne. The allowance amount is shown on his income statement at the end of the income year.

Mal must include the allowance he receives as income in his tax return.

Mal can't claim a deduction for the amount he spends on food and drink when he travels to Melbourne. Mal is not travelling overnight in the course of performing his employment duties and the expenses are private.

If you receive a travel allowance

Certain rules and exceptions to keeping records may apply where your employer pays you a [travel allowance for travel expenses](#). Your allowance may cover costs for accommodation, meals (food and drink) or incidental expenses when you travel overnight for work purposes.

Receiving a travel allowance from your employer doesn't automatically mean you can claim a deduction. If you receive a travel allowance you will also need to consider if your deductible [travel allowance expenses are within the reasonable amounts](#). The Commissioner publishes the reasonable amounts each income year for your location and circumstances.

Travel expenses you can claim

You can claim travel expenses if you incur them when travelling away from your home overnight in the course of performing your employment duties. For example, if you go interstate for a work conference.

Travel expenses include:

- accommodation expenses – for example, the cost of staying in a hotel, motel, serviced apartment, caravan, a property booked through a digital platform etc
- meals (food and drink) expenses
- incidental expenses which are minor, but necessary expenses associated with your work-related travel – for example, a car parking fee, bus ticket or a charge for using the phone or internet for work-related purposes at your overnight accommodation
- transport expenses to get to and from the location you are travelling to overnight for work – for example the cost of flights.

If your travel is for both work and private purposes you can only claim the amount of expenses that relate to the work purpose (see [Apportioning travel expenses](#)).

You need to [keep records](#) such as receipts or other written evidence for your travel expenses. In some circumstances, you also need to keep travel records, such as a [travel diary](#).

There are some [Exceptions for keeping travel expense records](#) that apply for accommodation, meals and incidental expenses and from providing a travel diary.

You claim your deduction for these expenses at Work-related travel expenses in your tax return.

Example: travel expenses are deductible

Beth is an executive in a large banking company. She travels from her regular workplace in Melbourne to Sydney for a 3 day meeting with some clients.

Beth pays for her flights between Melbourne and Sydney, her hotel and all of the meals she has while she is in Sydney. She also incurs some incidental expenses which include the cost of taxi fares from her hotel to the offices of her clients. Beth has receipts for all of these expenses and her employer doesn't reimburse her.

As Beth's regular place of work remains her workplace in Melbourne, she is in Sydney for a short period of time and she stays in a hotel, Beth is travelling away from her home overnight in the course of performing her employment duties. As such, Beth can claim a deduction for the cost of her flights, accommodation, meals and incidental expenses

When you can't claim travel expenses

You can't claim travel expenses if:

- you don't incur any expenses; for example
 - you slept in accommodation your employer provides
 - you eat meals your employer provides
 - your employer or a third party reimburses you for any costs
- due to your personal circumstances, you live a long way from where you work
- you're [living at a location](#) where you are working
- you choose to sleep at or near your workplace rather than returning to your home between your work shifts.

You must reduce your claim to exclude any travel expenses that relate to any private portion of your trip (see [Apportioning travel expenses](#)).

Example: living a long way from work – travel expenses aren't deductible

Ainsley lives in Brisbane with his family. He accepts a job on a long-term project that is being carried out in Sydney. His employment contract indicates that his place of work is the office located on the project site in Sydney.

As Ainsley lives in Brisbane and doesn't need to be physically on site all the time, he has an informal agreement with his employer to work from home whenever he is not required on site. When it is necessary for Ainsley to be on site, he is generally there for no longer than 2 weeks at a time. As Ainsley's regular place of work is located in Sydney, his employer does not cover the cost of his flights to Sydney or his accommodation, meal and incidental expenses when Ainsley stays near the site.

Ainsley can't claim a deduction for the accommodation, meal and incidental expenses he incurs when he travels and stays in Sydney to work at the project site. The expenses are private expenses. Ainsley incurs the expenses as a consequence of his personal circumstances, that is, it is his decision to live in Brisbane and work in Sydney.

Ainsley can't claim the cost of his flights between Brisbane and Sydney for the same reasons.

Example: choosing to sleep near workplace - travel expenses aren't deductible

Max and Doris have retired from full-time work and spend their time travelling around Australia. They use their caravan as accommodation while they are travelling. When Max and Doris need some extra money, they work as fruit pickers for a couple of weeks at a time.

During the income year, Max and Doris spend 42 weeks travelling around Australia and ten weeks working at several different farms.

Max and Doris can't claim a deduction for the decline in value of their caravan or for any amounts they spend on meals, caravan park rental and incidentals during the 10 week period they spent working. The caravan isn't used for a taxable purpose (for the purpose of gaining or producing their assessable income) and the meal, caravan park rental and incidental expenses are private in nature.

Example: travel expenses aren't deductible

Omar is a sales manager. Under the terms of his employment agreement, Omar is based in his employer's Perth office. He is also responsible for the offices in Albany and Broome.

When Omar travels to the Albany and Broome offices for meetings and staff performance appraisals he is away overnight. His employer books and pays for his flights and his accommodation when he travels. Omar uses his employers credit card to pay for meal and incidental expenses when he travels.

Although Omar is travelling away from his home overnight for work, he can't claim a deduction for his flights, accommodation, meals or incidental expenses. This is because his employer pays for all of these expenses directly.

Living at a location

You will generally be living at a location where:

- there is a change in your regular place of work
- the length of the overall period you are away from your home is relatively long
- you stay in longer term or settled accommodation, such as a unit or house.

An employee living at a location usually is, or can be, accompanied by family or visited or have family and friends visit them.

Example: travel expenses not deductible

Maria works at her employer's office in Adelaide. She lives close to the office with her family. Maria's employer is setting up a new office in Perth and assigns Maria to the Perth office for 6 months to assist in setting it up.

During the period she is in Perth, Maria lives in a 2 bedroom unit close to the new office which would be big enough to accommodate her family if they travelled to Perth with her. Maria's family remain in the family home in Adelaide rather than join her in Perth.

Maria is living in Perth for the 6 month period rather than travelling to Perth because:

- she is staying away from her home for a relatively long period
- she is staying in longer term accommodation
- her regular place of work has become the Perth office.

The expenses Maria incurs for her accommodation and meals while she is

working in Perth are private expenses and they are not deductible.

Even if Maria travelled home each weekend, she would still be living in Perth for the 6 month period.

Records and evidence of travel expenses

You need to [keep travel expense records](#) (receipts or other written evidence).

You may also need to keep travel records (such as a [Travel diary](#)) if you are away from home for 6 or more nights in a row. This is in addition to keeping receipts for your expenses.

If you receive a travel allowance for your overnight work-related travel, you may be able to rely on the [exceptions for keeping travel expenses records](#). However, there is no exception from keeping:

- written evidence for overseas accommodation
- travel records when you travel overseas for 6 or more nights in a row.

For more guidance, see [TD 2021/6](#) *Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2021-22 income year?*

Apportioning travel expenses

If your expenses are for both work and a private purpose, you can only claim the work-related expenses.

For example, if you add a holiday to the end of work-related travel, family or friends travel and stay with you when you travel overnight for work or you attend a work-related activity while you happen to be on holiday you need to apportion your travel expenses.

If the private part of your travel is incidental to your travel away from your home overnight on a work trip, you may not be required to apportion your costs..

Example: travelling with a partner or family member

Juan is an employee accountant in Adelaide. His employer requires him to travel to Melbourne for a week to visit clients and attend a number of meetings in the Melbourne office. Juan's partner and 2 small children go with him so they can have a holiday in Melbourne while Juan is working. To accommodate his family, Juan books a 2 bedroom apartment.

As Juan is travelling overnight for work purposes, he can claim a deduction for the cost of his accommodation. However, Juan can only claim a deduction for the amount the accommodation would cost if he was travelling alone. For example, Juan would incur the cost of a 1 bedroom apartment

when travelling alone.

The cost of accommodation for Juan's family while they are on holiday in Melbourne is private and he can't claim that part of the cost as a deduction.

Example: travel to another destination from a work location

Nitin travels from Melbourne to Perth for a 5 day work conference and adds on a return trip to Broome for 2 days for private purposes.

Nitin can claim a deduction for his flights to and from Perth and the accommodation, meals and incidental expenses that he incurs during the 5 days he spent at the work conference in Perth.

Nitin can't claim a deduction for the cost of travelling between Perth and Broome or for any of his accommodation, meal or incidental expenses while he is in Broome. These expenses are private.

Example: combined personal and work-related trip to same destination

Andrea is in the process of booking a holiday to Sydney to see an art exhibit when her employer asks her if she would attend a 3 day work-related conference. The conference coincidentally is to be held from the Monday following the holiday Andrea is planning.

Andrea changes her travel arrangements to include the additional time in Sydney. In total, she spends 3 days in Sydney for private purposes then an additional 3 days at the conference.

Andrea must apportion the cost of her flights for the private part of her trip (50%). Andrea can only claim the accommodation, meals and incidental expenses she incurs while attending the 3 day work-related conference.

Example: personal travel incidental to work-related travel

Norma is an employee architect. She travels to an 8 day work conference in Hawaii on trends in modern architecture. One day of the conference involves a sight-seeing tour of the island and a game of golf is held on the final afternoon of the conference.

Norma can claim the cost of her flights to Hawaii and her accommodation, meals and incidental expenses as a deduction. The private activities, the island tour and golf game are incidental to the main purpose of her travel which is the work conference.

Example: attending work-related events during personal travel

Pablo is holidaying in Cairns when he becomes aware of a work-related seminar which runs for half a day. Pablo pays the seminar fee and attends.

Pablo can claim the cost of attending the seminar. Pablo can't claim his airfares to and from Cairns or accommodation and meals whilst in Cairns, as the primary purpose of the travel is private.

Travel allowance for travel expenses

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Transport-and-travel-expenses/Travel-expenses/Travel-allowance-for-travel-expenses/>
- Last modified: 21 Mar 2022
- QC 68177

Your employer may pay you a travel allowance to cover travel allowance expenses you incur when you travel away from home to perform your employment duties.

Some [exceptions from keeping written evidence and travel records](#) may apply if you receive a travel allowance to cover travel allowance expenses.

On this page

- [Deductible travel allowance expenses](#)
- [Travel allowances](#)
- [If you receive a travel allowance](#)

- [Record keeping and exceptions for travel allowances](#)

Deductible travel allowance expenses

A travel allowance expense is a deductible expense:

- you incur when you're travelling away from your home overnight to perform your employment duties
- that you receive an allowance to cover
- for accommodation, meals (food or drink), or incidentals.

You incur a travel allowance expense when you either:

- actually pay an amount for an expense
- have an obligation pay an amount for the expense.

You can't claim a deduction where your employer either pays for or reimburses you for the expense.

If you don't incur any deductible travel allowance expenses, there is no need to consider if a [travel allowance record keeping exception applies](#).

Example: no deductible travel allowance expenses incurred

Ainsley lives in Melbourne and is the regional manager of a clothing store chain. She must travel to Sydney for 3 days to attend the annual conference of managers.

Ainsley's employer pays for her accommodation, however she buys her own meals while she is in Sydney. When she returns to the office, Ainsley puts in a reimbursement claim for her meals, and her employer subsequently reimburses her for these expenses.

As Ainsley doesn't incur accommodation expenses and receives a reimbursement for the meal expenses, she can't claim a deduction for these expenses.

Since Ainsley hasn't received an allowance and she can't claim a deduction for her accommodation and meals, it is not necessary to consider whether she can rely on the travel allowance record keeping exception.

Travel allowances

If the allowance you receive is not a travel allowance, you can't rely on the travel allowance record keeping exception.

For an allowance to be a travel allowance, it must be:

- reasonably capable of meeting your [expected costs](#)

- for travel that involves [sleeping away from home overnight](#)
- a payment to cover a [specific journey](#)
- [payment you receive as an allowance](#)
- paid to cover [travel allowance expenses](#).

Expected costs

The travel allowance you receive from your employer must reasonably be expected to cover the costs you will incur while travelling overnight for work. It needs to be more than a token amount.

Example: allowance not expected to cover costs

Josh is a server engineer who is travelling from Melbourne to Hobart for a week in order to oversee some upgrades to that office. He receives an allowance of \$5 a day for his meal expenses.

The allowance Josh receives from his employer couldn't reasonably be expected to cover the costs of buying 3 meals per day. This means:

- the allowance isn't a travel allowance
- Josh can't rely on the travel allowance record keeping exception for domestic travel.

As Josh is travelling away from his home overnight for work, Josh can claim a deduction for the amount he spends on meals while he is in Hobart. Josh must keep written evidence of all his meal expenses.

Sleeping away from home overnight

The travel allowance must be an amount you receive in respect of travel which involves you sleeping away from your home overnight to perform your employment duties.

You will not be sleeping away from home overnight if you usually work overnight and occasionally have a short sleep partway through your shift. However, if you take your mandatory long or major rest break while you are travelling away from your home to perform your employment duties, you will meet this criteria.

Example: not sleeping away overnight

Freya is a management consultant who works in Sydney. Under her work agreement she receives a meal allowance if she works away from the office for the day.

When Freya visits her client's interstate, she flies to the interstate location in the morning and returns home the same evening. In these circumstances,

Freya receives a meal allowance from her employer.

As Freya doesn't sleep away from home overnight, she can't claim a deduction for any meals she buys.

If Freya was entitled to a deduction for meals, the allowance she received would not be a travel allowance for the purposes of the travel allowance record keeping exception.

Specific journey

Allowances that don't cover a specific work journey are not travel allowances.

If your allowance doesn't cover specific work journeys, you can't rely on the travel allowance record keeping exception.

Example: allowance not paid for specific work journeys

Greg is the regional sales manager for a telecommunication company. As part of his employment duties, he needs to travel to all the stores in his region. Often he has to stay away from his home overnight when he travels.

In recognition of his travel, his employer pays him an allowance of \$3,000 a year regardless of how much travel he does.

This allowance would not be a travel allowance for the travel allowance record keeping exception. The amount is not paid to cover specific journeys and would be paid regardless of whether he does any overnight travel.

If Greg does travel away from home overnight for work purposes, he will have to keep written evidence and travel records (if necessary) to claim a deduction for his travel expenses.

Payment as an allowance

The amount you receive from your employer must be a separate payment you receive as an allowance. The amount can't be rolled into your salary and wages.

Example: allowance rolled into salary and wages

Idris used to be paid a travel allowance under his employment contract, but he gave up the allowance 2 years ago for an increase in his base pay. As he is no longer paid a travel allowance, he can't rely on the travel allowance record keeping exception.

Idris will need to keep written evidence (and potentially travel records depending on how many nights he is away) for all of the expenses he incurs when he travels away from his home overnight for work if he intends to claim a deduction.

Travel allowance expenses

To be a travel allowance, the allowance must be a payment to cover travel allowance expenses.

This means a travel allowance must cover:

- accommodation
- meals (food or drink)
- incidental expenses.

A travel allowance doesn't have to cover all of those expenses. The allowance may still be a travel allowance if it is only paid to cover 1–2 of these expenses. However, the travel allowance record keeping exception only applies to those expenses the allowance covers.

If the allowance you receive covers an expense other than accommodation, food or drink or incidental expenses, it will not be a travel allowance and you will not be able to rely on the travel allowance record keeping exception.

Example: allowance paid to cover food or drink

Helen is travelling from Perth to Darwin to facilitate corporate training for 3 days. She receives a travel allowance to cover her meal expenses (food and drink) but nothing for incidental expenses. Her employer pays for her accommodation directly.

Helen can't claim a deduction for accommodation expenses her employer pays directly as she doesn't incur an expense.

As her travel allowance doesn't cover incidentals, she will need to keep written evidence for any incidental expenses she incurs while she is travelling for work.

Helen can rely on the travel allowance record keeping exception for her meals if:

- the allowance she receives meets all of the other criteria for being a travel allowance
- she incurs deductible meal expenses
- the amount she claims as a deduction for meals is within the reasonable amount the Commissioner publishes.

Example: allowance not paid to cover travel allowance expenses

Minsun works as a salesperson and once a month she must go on a week-long sales tour of regional centres.

Minsun uses her personal car for this trip and is receives an allowance from her employer to cover the costs of using her own car.

As the allowance she receives doesn't cover travel allowance expenses, Minsun can't rely on the travel allowance record keeping exception.

If you receive a travel allowance

Receiving a travel allowance from your employer does not automatically entitle you to claim a deduction for [Travel expenses](#).

Travel allowances may or may not be shown on your income statement or payment summary.

If your travel allowance is shown as an allowance on your income statement or payment summary, you:

- must include the allowance as assessable income in your tax return
- can claim a deduction for the amount you spent on deductible travel allowance expenses
- keep written evidence and travel records if you can't rely on the [travel allowance record keeping exceptions](#).

If your travel allowance isn't shown on your income statement or payment summary and you spent the whole amount on deductible expenses, you:

- don't include it as income in your tax return
- can't claim any deduction for the travel allowance expenses your travel allowance covers
- don't need to keep written evidence or travel records.

If you do this, you will not pay any income tax on your travel allowance.

However, if you spent more than the amount of your travel allowance on deductible travel allowance expenses, you:

- include the allowance as income in your tax return
- can claim a deduction for the deductible travel allowance expenses you incur
- keep written evidence and travel records if you can't rely on the [travel allowance record keeping exceptions](#).

Example: travel allowance on income statement

William works for a company in Sydney. William's employer requires him to visit clients in country New South Wales once a month. This involves William sleeping away from his home for around 3–4 nights.

William's employer pays him an allowance of \$150 per night to cover accommodation, meal and incidental expenses and includes the allowance on his income statement.

As William's employer reports the travel allowance on his income statement, he must include that allowance as income in his tax return. William can claim a deduction for the amount he spends on accommodation, meal and incidental expenses while he is travelling away from his home overnight for work.

Unless he can rely on the travel allowance record keeping exception, William will have to keep receipts or other written evidence for all of his accommodation, meal and incidental expenses.

Example: travel allowance not reported on income statement

George's employment duties require him to occasionally travel away from his home overnight. When he travels overnight for work, his employer pays him an allowance of \$80 to cover accommodation expenses. George's employer doesn't show the allowance on his income statement.

When George travels overnight for work, he stays in the same place which cost him \$100 per night.

As the travel allowance isn't on George's income statement and he has spent the entire allowance amount on deductible travel allowance expenses, he doesn't need to:

- declare the travel allowance as income in his tax return
- keep written evidence of his accommodation expenses.

George also can't claim a deduction for the expenses.

However, as George has spent more than the amount of the allowance on deductible travel allowance expenses, he can include the amount as income in his tax return. He can then claim a deduction for the amount he spent on accommodation. Unless George can rely on the travel allowance record keeping exception, he will have to keep written evidence.

If George pays for his own meals while he is away and wants to claim them as a deduction, he will have to keep written evidence for all of his meal expenses. George can't rely on the travel allowance record keeping exception for meal expenses because the allowance George receives from his employer doesn't cover them.

Record keeping and exceptions for travel allowances

You can rely on the [travel allowance record keeping exception](#) for a travel allowance expense if:

- you incur a deductible [travel allowance expense](#)
- receive a travel allowance from your employer
- the amounts you claim, which the allowance covers, are within the [reasonable amounts](#) the Commissioner publishes.

If you can't rely on the travel allowance record keeping exception, you will need to [Keep travel expense records](#).

Travel allowance expenses and the reasonable amounts

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Transport-and-travel-expenses/Travel-expenses/Travel-allowance-expenses-and-the-reasonable-amounts/>
- Last modified: 21 Mar 2022
- QC 68178

If you receive a travel allowance to cover travel allowance expenses you need to consider if you:

- can claim a deduction for your expenses
- if your claim is within the reasonable amounts the Commissioner publishes
- if you can rely on the travel allowance record keeping exception.

On this page

- [Reasonable amounts](#)
- [When the exception applies to records and reasonable amounts](#)

Reasonable amounts

The Commissioner needs to consider the total of travel allowance expenses your travel allowance covers to be reasonable.

The reasonable amounts are published each income year, see [TD 2021/6 Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2021-22 income year?](#)

For travel allowance expenses the Commissioner publishes daily rates for:

- accommodation
- food and drink – as an amount for each breakfast, lunch and dinner
- other deductible expenses incidental to the travel.

The reasonable amounts vary depending on your:

- annual salary
- the location you travel to for work (domestic or overseas)
- your occupation (in some instances – for example, airline crew and truck drivers).

Use the reasonable amount to work out if you can rely on the [travel allowance record keeping exceptions](#).

The reasonable amounts are not amounts that you can automatically claim as a deduction. You can only claim a deduction for the deductible travel allowance expenses that you actually incur.

You don't need to keep written evidence or travel records of your travel allowance expenses if you can rely on the [travel allowance record keeping exceptions](#).

Travel allowance expenses less than reasonable amounts

You don't have to keep written evidence for any of your expenses, if both:

- your employer pays you a [travel allowance](#) to cover the deductible travel allowance expenses you incur
- your travel allowance expenses are less than the reasonable amounts.

Even if you can rely on the travel allowance record keeping exception, we may still ask you to show:

- when you travelled away from your home overnight for work (including when you left and returned home)
- you paid for accommodation, food and drink or incidental expenses and the amount you spent
- you correctly declared the travel allowance as income in your tax return.

Example: expenses incurred less than the reasonable amount

Jasha lives in Darwin and is travelling overnight for work to Adelaide. He receives a travel allowance of \$150 to cover his accommodation. His employer includes the allowance on his income statement.

In Adelaide, Jasha stays at a motel for the night that costs him \$90. For a

person in Jasha's circumstances, the reasonable amount for accommodation in Adelaide is \$157.

At the end of the income year, Jasha must include the allowance of \$150 in his tax return as income. He can also claim a deduction of \$90, the amount he incurred on his accommodation.

Jasha can rely on the travel allowance record keeping exception because:

- he incurs deductible travel allowance expenses, that is, accommodation
- he receives a travel allowance from his employer to cover his accommodation expenses
- the claim amount (\$90) is less than the reasonable amount (\$157).

Travel allowance expenses more than reasonable amounts

If the amount you incur on accommodation, food and drink or incidental expenses is more than the relevant reasonable amounts, you can keep either:

- fewer records and claim a deduction for the reasonable amount
- written evidence for all of the expenses you incur, and claim a deduction for the amount you spent.

If the deduction you claim is more than the reasonable amount, you must have written evidence of the whole amount not just for the amount that exceeds the reasonable amounts.

Example: expenses incurred more than reasonable amount

Quin lives in Adelaide and travels to Perth for work for 3 nights. She receives a travel allowance of \$180 per night to cover her accommodation costs.

Quin's employer reports the total allowance ($\$180 \times 3 = \540) on her income statement at the end of the income year.

The reasonable amount for accommodation is \$180 for a person in Quin's circumstances.

Quin spends a total of \$750 ($\250 per night \times 3 nights) on her accommodation in Perth.

At the end of the income year Quin must declare her allowance of \$540 as income in her tax return.

Quin can claim a deduction for the amount she incurred (\$750) if she keeps written evidence of the whole amount she spends.

If Quin wants to keep more limited records, she can claim a deduction for up to the reasonable amount (\$540) for her accommodation.

Travel allowance less than or more than reasonable amounts

The travel allowance paid to you by your employer might be the same as the reasonable amounts but it might also be less than or more than those amounts. It is the amount you claim as a deduction that must be reasonable rather than the amount of the allowance you receive.

If you incur [deductible travel allowance expenses](#) and the allowance you receive is a travel allowance, you can claim a deduction up to the reasonable amounts without keeping written evidence and travel records (if applicable) even if:

- your travel allowance is less than the reasonable amounts
- your travel allowance is more than the reasonable amounts.

Example: Allowance more than reasonable amount and expenses incurred less than reasonable amount.

Kylie is travelling for the week to work in Darwin. She receives a travel allowance of \$250 for each night she is away to cover her accommodation costs. Her employer reports the allowance on her income statement.

For a person in Kylie's circumstances, the reasonable amount for accommodation in Darwin is \$220. Kylie spends \$190 a night on accommodation while she is in Darwin for work.

As the accommodation expense is less than the reasonable amount, Kylie will be able to rely on the travel allowance record keeping exception.

At the end of the income year, Kylie must declare her allowance of \$250 as income in her tax return. She can also claim a deduction for the amount she spent, that is \$190 per night, without keeping written evidence.

Although Kylie can rely on the travel allowance record keeping exception, if her claim is reviewed she will need to be able to show:

- when she travelled overnight for work
- that she spent the money on accommodation.

When the record keeping exception applies

The travel allowance record keeping exception applies to the expenses in the following categories and in the following circumstances.

- [Accommodation](#)

- [Food and drink](#)
- [Incidental expenses](#)

Accommodation

The reasonable amount for accommodation is a daily rate and only applies to commercial establishments that offer short stays, such as motels, hotels and serviced apartments.

The reasonable amount doesn't apply to other types of accommodation, such as caravan parks or hostels.

There is no exception from providing records for accommodation expenses you incur while travelling overseas for work purposes. If you travel overseas for work you'll be required to keep written evidence for all of your accommodation expenses.

Food and drink

For domestic travel, there is a reasonable amount for breakfast, lunch and dinner. You can't combine the amounts for each meal. That is, you must consider each meal separately to work out whether your claim is reasonable.

For overseas travel, the reasonable amount for food and drink (meals) is set as a daily rate. This means that the costs you incur for food and drink during each particular day you are travelling for work, only needs to be less than the reasonable daily amount.

The reasonable amount only applies to the period you are travelling for work purposes.

Example: meal expenses the exception from record keeping applies to

Lei travels interstate for work purposes. Lei receives an allowance from his employer to cover his meals for this trip that begins at 11.00am on Wednesday and ends at 4.00pm the next day (Thursday). During the period Lei is travelling for work, it is reasonable to expect that Le will incur expenses for lunch and dinner on Wednesday and breakfast and lunch on Thursday.

To work out whether he can rely on the travel allowance record keeping exception, Lei has to consider whether the expenses for each meal are less than the reasonable amount.

If the expenses Lei incurs are less than the reasonable amount for each meal, Lei can claim a deduction and rely on the exception in respect of those meals.

If Lei incurs more than the reasonable amount for dinner on Wednesday night but he incurs less than the reasonable amount for lunch on the same day, Lei can't combine the reasonable amount for lunch and dinner when

considering the reasonable amount. In these circumstances, Lei must limit his deduction for dinner to the reasonable amount or he can claim the full amount on all meals and keep written evidence for them.

Incidental expenses

The reasonable amount for incidental expenses applies to each day an employee is away. It is not apportioned for part-day travel on the first and last day of the trip.

Example: incidental expenses the exception from record keeping applies

Sheena travels from her regular place of work in Sydney to Canberra to meet with clients. Sheena leaves Sydney at 5.00pm on Monday, stays in Canberra for 2 nights and returns to Sydney at 4.30pm on Wednesday.

Sheena receives a \$10 travel allowance for each day she is away to cover her incidental expenses.

If Sheena incurs deductible incidental expenses while she is travelling for work, she will have to consider if the amount she incurs on each of the 3 days she is travelling for work was less than the reasonable amount.

Although Sheena is only travelling for part of the day on Monday and Wednesday, she can rely on the travel allowance record keeping exception if her incidental expenses for each day is less than the reasonable amount.

Just because Sheena receives an allowance to cover her incidental expenses for the 3 days she is travelling, she can't automatically claim the reasonable amount as a deduction. She can only claim the amount she actually spends on incidental expenses.

For more guidance, see [TD 2021/6](#) *Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2021-22 income year?*

Accommodation allowances and expenses when travelling away from home for work

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Transport-and-travel-expenses/Accommodation-expenses-when-travelling-for-work/>

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- QC 50760

Declare accommodation allowances you receive and claim accommodation expenses when travelling away from home for work.

On this page

- [Accommodation expenses](#)
- [Travel and accommodation allowances](#)
- [Accommodation expense claims](#)
- [Keeping records for accommodation](#)
- [Deductions for accommodation you buy or rent](#)
- [Examples of accommodation expenses](#)

Accommodation expenses

Accommodation expenses include the cost:

- of staying in short-term commercial accommodation such as a hotel or motel
- of leasing a property
- buying a property to stay in.

If you stay in the accommodation for both private and work purposes, you can only claim the portion of the costs that relate to use of the accommodation for work purposes.

Travel and accommodation allowances

A [travel allowance](#) is an allowance your employer pays you to cover:

- accommodation
- food or drink (meals)
- incidental expenses.

The allowance covers costs that you might incur when you travel away from your home (within or outside Australia) overnight to perform your work duties.

As a general rule, you must declare any accommodation allowance you receive as income in your tax return.

You do not have to declare the accommodation allowance as income in your tax return if all of the following apply:

- the amount isn't on your income statement or payment summary
- the amount doesn't exceed the Commissioner of Taxation's reasonable allowance amount for accommodation
- you spent the whole allowance on deductible accommodation when travelling away from home overnight for work duties.

If you are not required to and don't declare your accommodation allowance as income, you can't deduct your accommodation, meal and incidental expenses – even if they are more than your allowance.

You can claim a deduction for accommodation expenses you incur while you are travelling away overnight for work duties if:

- the accommodation allowance has been folded into your salary and wages
- you do not receive an allowance for accommodation.

However, you must [keep written evidence of all your accommodation expenses](#).

Example – short-term commercial accommodation

Jane started a new job with a company in Brisbane. During the first year of employment, Jane must attend training at the company's head office in Sydney for a period of one week every couple of months.

Jane stays at a hotel close to the head office in Sydney when she needs to be in Sydney for training.

Jane receives a travel allowance from her employer to cover the cost of accommodation, meals and incidental expenses for the periods she stays in Sydney. The travel allowance isn't shown on her income statement.

Jane spends her travel allowance on accommodation, meals and incidental expenses when in Sydney for work.

Jane chooses not to declare her travel allowance on her income tax return and doesn't claim her expenses.

Accommodation expense claims

You can deduct your accommodation expenses (as well as meal and incidental expenses), if all of the following apply:

- you declare any travel allowance you receive as income on your tax return (see above)
- you travel away from home overnight in the course of performing your work duties
- you are only working away from home for relatively short periods of time (you aren't living at a location away from your home)
- you did not incur the expenses because of a choice you made to maintain your residence in a different location to your place of employment
- you have a permanent home at a location away from the work location that you are travelling to
- you pay for the accommodation yourself and your employer doesn't reimburse you for the costs you incur.

Example: travelling away from home overnight for work

Ronaldo is an employee engineer. Ronaldo lives in North Queensland and works at his employer's office which is located near his home. Ronaldo's employer takes on local engineering work as well as work in other parts of Queensland.

On occasion, Ronaldo is required to work on project sites that are located in central or western Queensland. When he works on these projects, he usually spends at least two to three days onsite.

Ronaldo's employer pays him an allowance to cover his accommodation, meal and incidental expenses when he stays in a regional town overnight. The allowance is shown on his income statement at the end of each income year.

When Ronaldo travels away from his home overnight to work on a project site, he is travelling in the course of performing his work duties.

Ronaldo can claim a deduction in his tax return for the amount he spends on accommodation and meals and incidental expenses when he travels overnight for work. Ronaldo must also declare the allowance he receives from his employer in his income tax return.

Example: choice to maintain residence at a different location

Alanna works in the Melbourne CBD, but lives in Lorne.

It takes more than two hours to travel between her home and her workplace, so Alanna rents a one bedroom apartment in the Melbourne CBD to stay in during the working week and returns home to Lorne for the weekends.

Alanna can't claim the cost of renting the serviced apartment in the Melbourne CBD because the travel to Melbourne isn't part of her employment duties. She has made the choice to live in Lorne.

Example: living at a location away from home

Ken is an employee paramedic. He lives in Sydney and is based at a station a few suburbs from where he currently lives. Ken is transferred to a station in Port Macquarie for 6 months. Ken rents an apartment in Port Macquarie for the 6 month period he is required to work there.

Ken is living at location away from his home during the six month period. He can't claim a deduction for the rent he pays (or the cost of any meals or incidental expenses) he incurs while he is living and working in Port Macquarie.

Keeping records for accommodation

To claim a deduction, you generally need to [keep written evidence](#) to substantiate your costs.

Written evidence isn't required if:

- you have received a travel allowance for travel within Australia
- the deduction you claim for accommodation (and meals and incidental expenses, if applicable) is equal to or less than the amount we consider reasonable.

For more information, see [travel allowance record keeping exceptions](#).

The amounts we consider reasonable are published each year.

Even where you don't need to substantiate your costs, we may still ask you to show all of the following:

- you paid the expense yourself
- the cost is deductible – you met the conditions required to deduct the expense
- you received a travel allowance
- you stayed in short-term commercial accommodation.

For more information on the reasonable travel and overtime meal allowance expense amounts, see:

- [TD 2021/6](#) *Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2021-22 income year?*
- [TR 2004/6](#) *Income tax: substantiation exception for reasonable travel and overtime meal allowance expenses*

Deductions for accommodation you buy or rent

Most people required to travel away from home temporarily to perform their work duties stay in short-term commercial accommodation. For example, a hotel, motel or serviced apartment. However, a person may decide to stay in rented accommodation or in accommodation they have purchased.

The costs of financing, holding and maintaining accommodation you purchase or rent to stay in when you travel to perform your work duties may be deductible as work-related travel expenses.

You must declare any travel allowance you receive as income in your tax return if you want to claim a deduction for your accommodation costs (as well as meal and

incidental expenses).

Types of costs

Costs you can claim:

- rent
- interest on loans used to purchase the accommodation
- rates
- taxes
- insurance
- general maintenance of the accommodation
- the [decline in value](#) of certain assets, such as furniture and household equipment.

Costs you can't claim:

- capital expenses such as the costs of buying or renovating the accommodation
- purchase costs of furniture, household equipment and other assets for the accommodation.

This content doesn't explain [capital gains tax \(CGT\)](#) implications.

Apportioning your costs

You might have to apportion your costs of financing, holding and maintaining accommodation you purchase or rent (see [Types of costs](#)) if either:

- the costs are disproportionate to what you would have spent on suitable commercial accommodation for the period of travel
- the accommodation is used for private or domestic purposes and not wholly for work-related travel.

You can't claim a deduction for the cost of financing, holding and maintaining your home.

Examples of accommodation expenses

Example : purchase of accommodation where costs are not disproportionate

John works for a company in Melbourne that has a regional branch in Bendigo. Under the terms of his employment contract, John is employed to work at his employer's Melbourne branch. He also manages some staff in the Bendigo branch so he travels and stays overnight near the Bendigo branch regularly.

John purchases a two bedroom apartment in Bendigo to stay in when he is there for work. During the time he is not there for work, the apartment is vacant.

John receives a travel allowance from his employer to cover the cost of

accommodation, meals and incidental expenses for the periods he stays in Bendigo. The travel allowance is shown on his income statement.

The cost of financing, holding and maintaining the apartment in Bendigo for the year aren't disproportionate to John obtaining suitable short-term commercial accommodation for the periods he stays in Bendigo. John doesn't use the Bendigo apartment for private or domestic use during the year.

John must include the travel allowance as income in his tax return because it's on his income statement. John can claim a deduction for the cost of financing, holding and maintaining the Bendigo apartment for the year.

Example: purchase of accommodation with some private use

John (from above example) decides to spend his four weeks annual leave at his apartment in Bendigo.

John must apportion the cost of financing, holding and maintaining the apartment for the year to take into account this private use, because his costs aren't wholly for work-related travel.

Example: purchase of accommodation where costs aren't disproportionate

Brianna is a Member of Federal Parliament who lives with her family in her electorate on the north coast of NSW. Brianna must travel to Canberra for at least 20 weeks during the year while Parliament is sitting.

Brianna buys a one bedroom apartment close to Parliament House where she stays while Parliament is sitting. The apartment is vacant when Brianna isn't using it for work.

Brianna receives a travel allowance to cover the cost of accommodation, meals and incidental expenses for the periods she is in Canberra. The travel allowance isn't shown on her income statement.

Brianna spends her travel allowance on accommodation, meals and incidental expenses when in Canberra for work.

The cost of financing, holding and maintaining the apartment in Canberra for the year aren't disproportionate to the cost of Brianna obtaining suitable

short-term commercial accommodation in Canberra. Brianna didn't use the Canberra apartment for private or domestic purposes during the year.

Brianna chooses not to declare her travel allowance on her income tax return and doesn't claim her expenses.

Example: purchase of accommodation with disproportionate costs

James is an executive working and living in Adelaide. James must travel to Melbourne for two weeks seven times a year.

James purchases a three bedroom apartment in the Melbourne CBD to stay in when he is in Melbourne for work and as an investment. The apartment remains empty when James isn't using it.

James receives a travel allowance from his employer to cover the cost of accommodation, meals and incidental expenses for the periods he is in Melbourne for work. The travel allowance isn't shown on his income statement.

The combined amount James spends on meals, incidental expenses and in financing, holding and maintaining the apartment in Melbourne for the year is more than the amount of his travel allowance.

James' costs of financing, holding and maintaining the apartment in Melbourne for the year are disproportionate to obtaining suitable short-term commercial accommodation in Melbourne for the periods he travels there for work.

James also has another purpose in incurring the accommodation expenses, being investment.

Because the travel allowance isn't on his income statement and the amount he spends is equal to or more than his allowance, James can choose not to include the travel allowance as income on his income tax return and not claim any of his expenses for accommodation, meals and incidentals.

If he chooses to claim a deduction for accommodation, meals or incidentals, he must include the travel allowance as income in his tax return.

If he chooses to claim a deduction, James must apportion the cost of financing, holding and maintaining the apartment in Melbourne. The amount by which his costs exceed the costs of obtaining suitable short-term commercial accommodation in Melbourne, for the periods James had to travel there for work, aren't deductible. They relate to investment.

Award transport payments

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Transport-and-travel-expenses/Award-transport-payments/>
- Last modified: 21 Jun 2022
- QC 31950

If you receive an award transport payment, you can claim a deduction if you incur work-related transport expenses.

On this page

- [What is an award transport payment?](#)
- [Claiming a deduction](#)
- [Exception from keeping written evidence and travel records](#)
- [Different ways to claim your deduction](#)

What is an award transport payment?

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

- transport allowance
- reimbursement for car expenses on a cents per kilometre basis (which 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, meal or incidental expenses when [travelling away from your home overnight for work purposes](#).

Transport expenses may include the cost of driving your car, ride-share (such as Uber) 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.

You must include an award transport payment as income in your tax return.

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 taken to be a continuation of the earlier industrial instrument. For example, if an industry award that was in force on 29 October 1986 has been updated every couple of years, the latest version of that award is taken to be a continuation of the version of the award that was in force on 29 October 1986.

Claiming 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 in respect of:

- travel away from your home overnight in the course of carrying out your employment duties, for example, the cost of flights
- your vehicle which meets the definition of a car and is used for work-related trips, for example, travel between workplaces
- your vehicle which doesn't meet the definition of a car and is used for work-related trips, for example, travel between workplaces.

Your vehicle will not meet the definition of a car if, it is:

- a motorcycle or similar vehicle
- designed to carry a load of one tonne or more
- designed to carry 9 or more passengers.

Depending on your circumstances, there are [different ways to claim your deduction](#) for expenses covered by an award transport payment in your tax return.

Exception from keeping written evidence and travel records

Generally, you must keep written evidence to claim a deduction for transport expenses. If you travel away from your home overnight for work purposes, you will need to keep travel expenses if you're away for 6 or more consecutive nights.

However, you don't need to keep written evidence or travel records if:

- you are paid an award transport payment
- you incur deductible transport expenses which are covered by the award

transport payment

- the total of the transport expenses you claim is less than the amount payable under the award on 29 October 1986.

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.

To work out if you must keep written evidence or travel records, you need to know the award amount on 29 October 1986. You can get this information from your employer or union.

If you claim less than the award amount on 29 October 1986, you don't need to keep written evidence or travel records.

If you want to claim more than the award amount on 29 October 1986, you will need written evidence and travel records (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 award transport payment as income in his tax return. However, Terry can claim a deduction of \$1,450 as work-related travel expenses.

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

Different ways to claim your deduction

Depending on your circumstances and whether you chose to rely on the [exception from keeping written evidence and travel records](#), there are different ways to claim transport expenses which are and aren't covered by an award transport payment in your tax return.

Your transport expenses will either be claimed as work-related travel expenses or work-related car expenses. In some circumstances, your deduction will be claimed as both of these types of expenses.

Claim for work-related travel expenses

If you are claiming no more than the award amount on 29 October 1986 for transport expenses (including car expenses), claim your deduction as work-related travel expenses in your tax return. In these circumstances, 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 travel records.

If you have additional work-related car expenses that are not covered by the award payment, you calculate these expenses using the cents per kilometre method or logbook method. The relevant written evidence for the method you choose must be kept and your deduction for these additional work-related car expenses must be claimed as work-related car expenses in your tax return.

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

If you don't know how many business 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 claim for work-related travel expenses and that your transport expenses were work-related.

Example: Relying on exception and claiming additional work-related car expenses

Carla travels 7,000kms for work during the 2021–22 income year. Of that travel, 3,000kms are covered by an award transport payment. Carla receives \$1,500 for her award transport payment, which has a value of \$1,000 in the award on 29 October 1986.

Carla's expenses for those 3,000km 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's deduction for \$1,000 is claimed as work-related travel expenses in her tax return.

Carla elects to use the cents per kilometre method to claim the remaining 4,000kms. Carla's deduction for the transport expenses not covered by her award payment is claimed as work-related car expenses.

Example: Relying on exception and claiming additional work-related car expenses

Haneeta travels 9,000kms for work during the 2021–22 income year. Of that travel, 5,000kms are covered by an award transport payment. She receives \$2,500 for her award transport payment, which has a value of \$1,500 in the award on 29 October 1986.

Haneeta keeps a logbook and odometer records and based on her odometer records, she travelled a total of 13,500kms in the 2021–22 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 business kilometres.

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

Haneeta calculates her work-related percentage use as:

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

9,000kms – 5,000kms = 4,000kms

Work-related kilometres not covered by payment ÷ total kilometres

4,000km ÷ 13,500km = 29.63%

In her tax return, Haneeta claims a deduction of \$2,500 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.

Claim for work-related car expenses

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 substantiation and make a claim for all of your work-related car expenses. In this situation, your deduction must be claimed as work-related car expenses in your tax return.

When making your claim for work-related car expenses in your tax return you can use either:

- [logbook method](#)

- [cents per kilometre method](#)

If you choose not to limit your claim for work-related car expenses in this way, you can't then claim car expenses covered by your award transport payment as work-related travel expenses.

Treat any work-related kilometres covered by the award transport payment as business 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 have claim are work-related.

Example: not relying on the exception

If Haneeta from the previous example chooses not to rely on the exception but instead claims all of her work-related car expenses, she will be able to include all of the work-related kilometres she travels during the 2021–22 income year (9,000kms) 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

9,000km ÷ 13,500km = 66.67%

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

Keeping travel expense records

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Transport-and-travel-expenses/Keeping-travel-expense-records/>
- Last modified: 21 Mar 2022
- QC 31952

You generally need to keep records of your travel expenses to claim a deduction. You can claim a deduction for travel expenses, if you:

- incur the expenses while earning your employment income
- keep written evidence and travel records.

On this page

- [Records you need for travel expenses](#)
- [Exceptions for written evidence and travel records](#)

Records you need for travel expenses

Unless an exception applies, you must keep records of your travel expense records, this may be a combination of:

- [Written evidence](#)
- [Travel records](#)

You need to keep your travel expense records for 5 years from the date you lodge your tax return.

If you don't keep written records and travel records, you can't claim your travel expenses as a deduction. If you receive a travel allowance for travel expenses from your employer a [record keeping exception](#) may apply.

Written evidence

Written evidence is a document (paper, digital or electronic) that you get from the supplier of the goods or services, such as an itemised receipt. Written evidence must set out all of the following:

- the name or business name of the supplier
- the amount of the expense in the currency in which it you incur the expense
- the nature of the goods or services
- the date you incur the expense
- the date the document (evidence) is created.

The document must be in English where you incur the expense in Australia. However, if you incur the expense in a country outside Australia, the document can be in a language of that country.

If the document the supplier gave you doesn't show the date you incur the travel expense, you can use the following to show when you made payment:

- a bank statement
- credit card statement
- other reasonable, independent evidence that shows when it was paid.

If the document the supplier gave you doesn't specify the nature of the goods or services, you may write the missing details on the document yourself. However, you must do this before you lodge the income tax return in which you claim the deduction.

Travel records

A travel record is a [travel diary](#) or similar document where you can record your travel activities.

You need to keep a travel record if your travel is either domestic or overseas and involves you being away from your home for 6 or more nights in a row.

The purpose of the travel record is to show which of your activities were work-related. This will help you work out the work-related portion of your accommodation, food and drink and incidental expenses if your travel was for both a work and private purpose.

You should record each activity in your travel diary or similar document by specifying:

- the nature of the activity
- the date and approximate time the activity began
- the length of the activity
- your engagement in the activity.

Record the activity before it ends or as soon as possible afterwards. Each entry must be in English.

Example: travel records

Noel is a manager of a tool manufacturing company that has plants in Australia and New Zealand. He travels to New Zealand for 9 days to attend a conference in Auckland and to visit the factory in Christchurch.

Noel receives an allowance from his employer to cover his accommodation and meal expenses while in New Zealand.

As Noel will be staying away from his home for more than 6 nights, he keeps the following diary of his travel.

Date	Activity
Monday 7 October	7.10am flight to Auckland. Arrive 12.15pm 6.30pm–9.30pm Opening night of conference
Tuesday 8 October	9.30am–4.30pm Conference
Wednesday 9 October	9.30am–4.30pm Conference 5.00pm–6.30pm Teleconference with Australia
Thursday 10 October	9.30am–5.30pm Conference
Friday 11 October	9.00am flight to Christchurch. Arrive at 10.25am 11.30am–6.00pm Work at Christchurch plant

Saturday 12 October	Day off
Sunday 13 October	8.30am–12.30pm Management planning session.
Monday 14 October	8.00am–6.30pm Work at Christchurch plant
Tuesday 15 October	8.00am–3.00pm Work at Christchurch 6.05pm Flight to Sydney. Arrive at 7.25pm.

Noel keeps his travel records for a period of 5 years from when he lodges his tax return with the expenses that relate to this travel claim.

Exceptions for written evidence and travel records

Exceptions from keeping written evidence and travel records exist for:

- domestic travel
- overseas travel
- overseas travel for air crew.

To [rely on the exception from keeping records for domestic and international travel allowance expenses](#) you must meet the requirements.

If any of the requirements are not met, you'll have to keep written evidence for all of your travel allowance expenses along with travel records.

Travel allowance record keeping exceptions

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Transport-and-travel-expenses/Travel-allowance-record-keeping-exceptions/>
- Last modified: 21 Mar 2022
- QC 56003

If your travel expense claims are less than the reasonable amounts, you may be able to rely on the exception from keeping written evidence and travel records.

On this page

- [Relying on the travel allowance exception](#)
- [Records to keep if the exception applies](#)
- [Travel allowances and exceptions](#)

Relying on the travel allowance exception

There are several different travel allowance exceptions you may be able to rely on. To rely on one of the exceptions listed below, you must satisfy certain requirements for:

- [Domestic travel](#)
- [Overseas travel](#)
- [Overseas travel for airline crew](#)

If you can't rely on one of the travel allowance record keeping exceptions, you will need to [Keep travel expense records](#).

Domestic travel

You will be able to rely on the exception from keeping written evidence of your accommodation, food and drink and incidental expenses and travel records if:

- you incur deductible [travel allowance expenses](#)
- you receive a travel allowance from your employer
- your travel allowance expenses are within the [reasonable amounts](#).

Exception for domestic travel with travel allowance and claim that doesn't exceed the reasonable amounts

Travel period (days)	Written Evidence	Travel Records
Less than 6 nights in a row	No	No
6 or more nights in a row	No	No

Exception for domestic travel with travel allowance and claim that exceeds the reasonable amounts

Travel period (days)	Written Evidence	Travel Records
Less than 6 nights in a row	Yes – for the whole claim	No
6 or more nights in a row	Yes – for the whole claim	Yes

Example: meal by meal approach to reasonable amounts

Bruce's employer requires him to travel for work overnight. He leaves at 3.00pm and returns home at 7.00pm the following day. Bruce's employer

pays him a travel allowance for meals and incidentals for the period of his travel. This is shown on Bruce's income statement.

Bruce's employer pays for the accommodation directly. To work out if he can rely on the travel allowance record keeping exception, Bruce must separately calculate his expenses. Bruce separately calculates the following:

- his dinner on day one
- his expenses for breakfast, lunch and dinner on day 2
- his incidental expenses for day one and day 2.

As long as Bruce's claim for deduction for each meal and day of incidental expenses is not more than the reasonable amount for each meal and daily incidental amount, Bruce is not required to keep receipts.

Overseas travel

The exception from keeping written evidence and travel records for overseas travel works in the same way as the exception for [domestic travel](#) except:

- you must keep written evidence for all your accommodation expenses
- you must keep travel records if you receive a travel allowance to cover your expenses and you are away from your home for 6 or more nights in a row.

Overseas travel for airline crew

If you are an airline crew member on an overseas flight, you can claim a deduction for your travel allowance expenses without [keeping travel records](#), such as a travel diary, if:

- your travel allowance covers your travel as a crew member on an aircraft
- your travel is principally outside Australia
- your deduction for expenses your travel allowance covers don't exceed the amount of the allowance you receive.

This exception only applies to keeping travel records.

To rely on the exception from keeping written evidence for your food and drink and incidental expenses:

- you must incur deductible travel allowance expenses
- you must receive a travel allowance from your employer
- your travel allowance expenses must be reasonable.

You must keep written evidence for all of your accommodation expenses.

Exception for overseas travel - airline crew with travel allowance and claim that doesn't exceed the reasonable amounts

Travel period (days)	Written Evidence	Travel Records
Less than 6 nights in a row	Yes – for accommodation No – for meals and incidentals	No
6 or more nights in a row	Yes – for accommodation No – for meals and incidentals	Yes, except crew members claiming less than their travel allowance

Exception for overseas travel - airline crew with travel allowance and claim that exceeds the reasonable amounts

Travel period (days)	Written Evidence	Travel Records
Less than 6 nights in a row	Yes – for the whole claim	No
6 or more nights in a row	Yes – for the whole claim	Yes, except crew members claiming less than their travel allowance

Example: travel records and written evidence for international airline crew

Orla works for an airline as a captain and she flies long haul international routes to the United States of America. She receives a travel allowance for meals when she stays overnight.

The amount of Orla's allowance is:

- \$25 for breakfast
- \$56 for lunch
- \$67 for dinner.

Orla's regular itinerary is as follows:

- Days 1 and 2: flies from Sydney to Los Angeles on an overnight flight and spends an additional night in Los Angeles to rest
- Days 3 and 4: flies from Los Angeles to New York and stays 2 nights there to rest

- Days 5 and 6: flies from New York to Los Angeles and spends 2 nights there to rest, and
- Day 7: flies back to Sydney.

All up, Orla is away from home for 6 nights.

While in Los Angeles Orla spends:

- \$22 on breakfast
- \$18 on lunch
- \$46 on dinner.

While in New York Orla spends:

- \$23 on breakfast
- \$25 on lunch
- \$40 on dinner.

Even though Orla is away from her home for 6 nights in a row, she doesn't need to keep travel records because the amounts she spends on meals is less than the travel allowance her employer pays her.

Her meal expenses are also less than the reasonable amounts for the United States of America so Orla does not need to keep written evidence for her meal expenses because she can also rely on the travel allowance record keeping exception. .

However, Orla can only claim the amount she incurs on meals and she still needs to show how she works out the amount of her claim.

For more information, see [TD 2021/6](#) *Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2021-22 income year?*

Records to keep if the exception applies

If you don't receive an allowance from your employer, you need to keep receipts and a [travel diary](#) to claim a deduction. This is because the travel allowance record keeping exceptions don't apply to you.

Even if you don't claim more than the reasonable amounts (and an exception applies), we may still check your tax return and ask you to show:

- how you spent the money in the course of performing your work duties – for example, in travelling away from home overnight on a work trip
- how you worked out your claim – for example, kept a diary showing the times you were away and how many meals you ate and where
- you spent the money yourself and you were not reimbursed – for example, credit card statement or other banking records.
- you correctly declared your allowance as income in your tax return.

Example: relying on exception for domestic travel

Zoran works in Melbourne. His employer requires him to travel to the office in Sydney for a week to meet with a number of clients. Zoran leaves early on Monday morning and returns home on Friday evening.

For the 5 days he is in Sydney, Zoran's employer pays him a travel allowance of \$1,030. He receives the allowance to cover:

- accommodation of \$170 per night × 4 nights = \$680
- food and drink of \$70 per day × 5 days = \$350

Based on his records, Zoran calculates that he spent \$700 on his hotel accommodation and \$400 on food and drinks over the 5 days. Zoran determines that the amount he incurred each night on accommodation and the amount he incurred on each meal were less than the reasonable amount set by the ATO.

As Zoran is away from home for less than 6 nights in a row, he does not have to keep travel records. Zoran isn't required to keep receipts for his accommodation, food and drink expenses for this trip to Sydney either because he meets the requirements for relying on the travel allowance record keeping exception for domestic travel.

However, Zoran keeps records as evidence that he was travelling for work. He keeps also his credit card statements or other records to show he spent the amount he is claiming as a deduction (\$700 + \$400 = \$1,100). He also keeps a record to show he declared the \$1,030 allowance in his tax return.

Zoran must keep all receipts for any incidental expenses he has when in Sydney. As he didn't receive an allowance for incidental expenses, he can't rely on a travel allowance record keeping exception for incidental expenses.

Travel allowances and exceptions

Your employer may pay you a [travel allowance](#) to cover travel expenses you incur when you travel away from home to perform your employment duties.

You can't automatically claim a deduction just because you receive a travel allowance. Where you do receive an allowance, you might not have to keep receipts and a diary (as applicable).

Find out if your circumstances mean you can rely on the [travel allowance record keeping exception](#).

Example: payment not a travel allowance for travel expenses

Mel receives \$30 a day from her employer when she is required to travel.

The employer does not pay for any travel expenses directly. This means Mel has to organise and pay for everything herself, including meals and accommodation.

Mel keeps a record of her travel expenses when travelling. Even though the amount she claims in her tax return is less than the reasonable amounts, she must keep all of her receipts. This is because the amount she receives from her employer is not considered to be a travel allowance – it will not cover the costs Mel will incur when she travels.

Travel diary

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Transport-and-travel-expenses/Travel-diary/>
- Last modified: 21 Jun 2022
- QC 56005

A travel diary shows your travel movements with the time, date, places and length of activities when travelling for work.

On this page

- [Do you need to keep a travel diary?](#)
- [How to keep a travel diary](#)

Do you need to keep a travel diary?

The purpose of a travel diary is to help work out the work-related and private elements of your trip. You can only claim a deduction for the work-related part of your expenses.

If you want to check if you can claim a deduction, see [deductions you can claim](#).

If you travel away from home for 6 or more nights in a row, you need to keep a travel diary. However, if your circumstances are either of the following, you don't need to keep a travel diary:

- You receive a [travel allowance](#) for your travel, you are travelling in Australia, and the amount you are claiming is up to our reasonable travel allowance expense amount.
- You are a crew member on an international flight, you receive a travel allowance for your travel, your travel is mainly overseas, and your claim is not more than the amount of allowance you receive.

You don't need to keep a travel diary if your travel away from home is for less than 6 nights in a row. To see if you are eligible to keep less detailed records, see [travel allowance record keeping exceptions](#).

It can still be helpful to keep details of your travel, even if you aren't required to keep a travel diary.

For more guidance, see [TD 2021/6](#) *Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2021-22 income year?*

How to keep a travel diary

To ensure you keep a valid travel diary, you should record your:

- travel movements and activities in a diary or journal of your choice that has adequate space for information, such as
 - where you were
 - what you were doing
 - when you stop for meals
 - the start and end times for activities
- travel movements and activities before the activity ends, or as soon as possible afterwards
- diary entries in English.

Example – domestic travel with no private component

James is a sales consultant who lives and works in Melbourne. He is required to attend a sales conference in Wangaratta over 3 days. He then does some store visits in this area over the next four days.

James does not receive a travel allowance for his travel. His employer gives him a credit card to use to pay for accommodation while he is away from home. James pays for his own meals and incidental expenses.

Because James is away from home for 6 nights, and does not receive a travel allowance, he must keep a travel diary.

James' travel diary

Day	Activities
Monday	6:00 am travel to Wangaratta, arrive 9:00 am 9:30 am – 5:30 pm Sales conference Overnight at conference centre
Tuesday	9:30 am – 5:30 pm Sales conference Wangaratta Overnight conference centre

Wednesday	9:30 am – 5:30 pm Sales conference Wangaratta Overnight conference centre
Thursday	8:00 am travel to Shepparton, arrive 9:15 am 10:00 am meet Mr Smith for display meeting 1:00 pm – 5:00 pm Shepparton store review Overnight Shepparton hotel
Friday	6:00 am travel to Echuca, arrive 7.00am 8:00 am – 12:00 pm Echuca store review 12:30 pm – 12:45 pm drive to Moama store 1:00 pm – 5:00 pm Moama store review Overnight Moama hotel
Saturday	7:00 am travel to Bendigo, arrive 8:30 am 9:00 am – 6:00 pm State Rep meeting 6:00 pm dinner with State Reps Overnight Bendigo Motor Inn
Sunday	8:00 am State Rep breakfast conference, finish 10:00 am 10:00 am travel home to Melbourne, arrive 12:30 pm

Example – overseas travel with private component

Grace is a university lecturer who lives and works in Perth. She attends a 6 day international convention in England as a keynote speaker. After the convention is finished, Grace has a holiday.

Because Grace is travelling for more than 6 nights overseas, she is required to keep a travel diary.

Grace's travel diary for September

Grace's travel diary for September

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
4 No diary entry	5 No diary entry	6 No diary entry	7 No diary entry	8 No diary entry	9 10:00 am flight Q13 to London	10 Arrive London 1pm local

					(via Dubai)	time. Train to Oxford 7:00 pm–8:30 pm
11 Rest day	12 International teachers convention starts 9:00 am	13 Convention day 2	14 Convention day 3	15 Convention day 4	16 Convention day 5	17 Convention day 6, ends 3:00 pm
18 Train to London 9:00 am–10:30 am	19 Holiday – Sightseeing in London	20 Holiday – London	21 Holiday – Paris	22 Holiday – Paris	23 Holiday – Lyon	24 Holiday – Milan
25 Holiday – Florence	26 Holiday – Rome	27 Holiday – Rome	28 Flight home Q23 6:00 pm, arrive 10:00 pm local time	29 No diary entry	30 No diary entry	1 No diary entry

Grace's diary entries show that she was travelling for 20 days. Only half of these were for work purposes as she spent half the time enjoying a holiday while overseas. Grace can only claim deductions for the work-related portion of travel.

Quarantine and testing expenses when travelling on work

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Transport-and-travel-expenses/Quarantine-and-testing-expenses-when-travelling-on-work/>
- Last modified: 01 Apr 2022
- QC 64188

You can claim a deduction for accommodation, food, drink and incidental expenses you incur if you're travelling on work during COVID-19 and must quarantine.

On this page

- [When you can claim](#)
- [Quarantine expenses](#)
- [COVID-19 testing expenses](#)

When you can claim

Expenses for accommodation, food and drink are normally private in nature and not deductible by employees. However, you can claim a deduction for accommodation, food, drink and incidental expenses you incur if you're ['travelling on work'](#) during COVID-19 and must quarantine.

You can also claim the expenses you incur if you need to take a COVID-19 test when you travel overnight for work. For example, a Polymerase Chain Reaction (PCR) test or rapid antigen test (RAT).

Travelling on work means that you need to travel to perform your employment duties and must sleep away from your home overnight.

Quarantine expenses

If you must quarantine either during or after a trip while travelling on work, this would be an extension of the work-related trip. As such you undertake the quarantine as part of your employment duties.

If you are not travelling on work, your quarantine expenses are private in nature. No deduction is available for private quarantine expenses.

You also can't claim a deduction for quarantine expenses you incur when you either:

- travel to or from a work location and need to quarantine
- need to quarantine for another purpose (for example, returning from a private holiday), even if you can work from the quarantine location.

The fact you were working or are able to work from a quarantine location, doesn't meet the definition of 'travelling on work'.

If you incur expenses for both work purposes and private purposes, you will need to apportion your expenses. You can only claim the expenses that relate to your work activities.

Example: travelling on work

Mai was travelling on work for a sales tour of Victoria for 3 weeks. On her return to Sydney, Mai must quarantine for 2 weeks in a hotel.

As Mai is only travelling for work duties, she can claim a deduction for costs she incurs while in quarantine for her:

- accommodation
- food and drinks
- incidental expenses.

Example: expenses not connected with work-holiday travel

Rojesh lives and works in Brisbane, he travels to Sydney for a holiday for 2 weeks. Sydney was designated a COVID-19 hotspot during his trip. As such, when he returns to Brisbane, he must quarantine for 2 weeks in a hotel and can't return to work. He pays for his accommodation, food and drink expenses during this two-week period.

While Rojesh is in quarantine he is able to work using his laptop and keep normal business hours. Even though he is working while in quarantine, Rojesh can't claim a deduction for his accommodation, food and drink expenses.

His expenses are private in nature as his travel was not for work purposes.

Example: returning from overseas working holiday

Phillip takes a year of his long service leave so that he can live and work in the UK for that period. When his leave comes to an end, he returns to Adelaide.

When he arrives in Adelaide, he must quarantine for a 2 week period in a hotel. While he is in quarantine, Phillip works for his Australian employer using his laptop.

As Phillip is returning to live in Australia, the expenses he incurs while in quarantine are not as a result of travelling on work. Therefore, his quarantine expenses are private in nature and he can't claim a deduction.

For information about records you need, see [Keeping travel expense records](#) and [Travel allowance record keeping exceptions](#).

COVID-19 testing expenses

You may require a COVID-19 test by the destination jurisdiction in order for you to:

- enter the overseas country or state
- return to Australia or your home state.

Travel expenses include incidental expenses which are minor, but necessary expenses that relate to your travel for work. The cost of a COVID-19 test is an incidental expense when the travel is in the course of your employment. The cost of the [COVID-19 test](#) is a deductible expense.

If you do not have to pay for the COVID-19 test or your costs are reimbursed, you can't claim a deduction

If your travel is for both work and private purposes, you may need to [apportion your expenses](#).

Example: travel expenses are deductible

Therese is employed as the State manager of a company that operates clothing stores. Each year, the State managers attend an 8 day overseas trip to Italy to have meetings with buyers and distributors. Therese decides to attend the meetings.

Before entry into Italy and return to Australia, Therese buys 2 COVID-19 tests as she will need proof of a negative COVID-19 test taken within the last 3 days. Therese has receipts for the expenses.

As the travel is in the course of Therese's employment, the cost she incurs on the COVID-19 tests is in the course of performing her income-producing activities. As such, Therese is travelling on work during the 8 day period and can claim a deduction for the cost of the COVID-19 tests.

Clothing, laundry and dry-cleaning expenses


- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Clothing,-laundry-and-dry-cleaning-expenses/>
- Last modified: 09 Jun 2022
- QC 31907

Costs you can claim when you buy, repair or launder occupation-specific, protective clothing and distinctive uniforms.

On this page

- [When you can't claim a deduction](#)

- [Occupation-specific clothing](#)
- [Protective clothing](#)
- [Compulsory work uniform](#)
- [Non-compulsory work uniform](#)
- [Maintaining work clothing](#)
- [Keeping records for clothing, laundry and dry-cleaning](#)

For a summary of this content in poster format, see [Clothing and laundry \(PDF, 845KB\)](#) 

When you can't claim a deduction

You can't claim a deduction if your employer:

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

You also can't claim a deduction for buying, hiring, repairing or cleaning conventional clothing you buy for work, such as black trousers.

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

Occupation-specific clothing

You can claim for occupation-specific clothing that distinctly identifies you as a person associated with a particular occupation. For example, the chequered pants a chef wears or a judge's robe.

Occupation-specific clothing isn't every day in nature and allows the public to easily recognise your occupation. Items of clothing that are traditionally worn in a profession are not considered occupation-specific, where the clothing can be worn by multiple professions.

You can't claim the cost you incur to buy or clean clothes you wear for work that are not specific to your occupation. For example, a bartender's black trousers and white shirt, a business person's suit or a swimming instructor's swimwear.

Example: occupation-specific clothing

Joe is a chef with two 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 that you wear to protect you from specific risks of illness or injury from your work activities or your work environment.

To be considered protective, the items must have both:

- protective features or functions
- provide a sufficient degree of protection against specific risks you are exposed to in carrying out your work.

Protective clothing includes:

- fire-resistant clothing
- sun-protection 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 damage or soiling your ordinary clothes during your work activities.

You can't claim a deduction for conventional clothes, that lack the features or functions for protection against the risks of illness or injury at your work. For example, jeans, drill shirts, shorts, trousers, socks or normal 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 UV rating sufficient to protect you from the sun where your job requires you to work outdoors.

Example: can't claim a deduction for 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.

Even if Bob wore the items only at work, he can't claim a deduction. 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: claiming a deduction for 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, Bert 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 for 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.

Shoes, socks and stockings are generally not deductible. 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 the clothing is not available

to the public?

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

You can claim a deduction for the costs you incur to buy and clean clothing that is a compulsory uniform.

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 with AusIndustry. This means the uniform is on the [Register of Approved Occupational Clothing](#)²⁷ and you wear the uniform at work.

Shoes, socks and stockings can never form part of a non-compulsory work uniform. Neither can a single item of clothing such as, a jumper.

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 with AusIndustry.

As such, Lena can claim a deduction for the cost of buying the suit. This is because it is registered with AusIndustry on the Register of approved occupational clothing.

Maintaining work clothing

You can claim the cost of maintaining your work clothing as:

- [Laundry expenses](#)
- [Dry-cleaning and repair expenses](#)

Laundry expenses

You can claim a deduction for the costs you incur to wash (launder), dry and iron clothing you wear at work, even if the clothing is supplied by your employer, if it's:

- protective (for example, a hi-vis jacket)
- occupation specific and not a conventional, everyday piece of clothing such as jeans or general business attire
- a uniform either non-compulsory and registered with AusIndustry or compulsory.

This also 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 clothing you wear at work 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, which 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-related clothing if it's:

- protective (for example, a hi-vis jacket)
- occupation specific and not a conventional, everyday piece of clothing such as jeans or general business attire
- a uniform either non-compulsory and registered with AusIndustry or compulsory.

Keeping records for clothing, laundry and dry-cleaning

You need to keep receipts to claim a deduction for the cost you incur to buy:

- occupation-specific clothing
- protective clothing
- unique and distinctive uniforms.

You also need to keep receipts to claim a deduction for dry-cleaning or repairs to your work-related clothing.

You records need to show:

- the name or business name of the supplier
- the amount you spent on the clothing
- the nature of items you purchased
- the date you purchased the clothing
- the date the document was produced.

If you don't get, 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 that would be required on a receipt. 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 less than \$300, you can claim the amount expended 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.

You must have written evidence, such as diary entries and receipts, for your laundry expenses if the amount you claim is greater than \$150.

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 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 be required 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.

Find out more about what format [Records you need to keep](#) should be in and how long to keep them.

Working from home expenses

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Working-from-home-expenses/>
- Last modified: 22 Aug 2022
- QC 31977

Employees working from home may be able to claim a deduction for the expenses you incur relating to your work.

On this page

- [Eligibility to claim](#)
- [How to claim work from home expenses](#)

- [Changes to the work from home methods](#)
- [Expenses you can't claim](#)
- [Occupancy expenses](#)

Eligibility to claim

To claim your 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 expenses as a result of working from home.

You can claim a deduction for the additional running expenses you incur as a result of working from home.

Running expenses are expenses which relate to the use of facilities within your home and include:

- electricity expenses for heating or cooling and lighting
- the decline in value of office furniture and furnishings as well other items used for work – for example, a laptop
- internet expenses
- phone expenses.

In limited circumstances, you may also be entitled to claim [occupancy 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](#).

How to claim work from home expenses

To claim a deduction for expenses you incur when working from home you need to:

- use one of the methods set out below to calculate your deduction
- [keep records](#) that show you incurred the expenses.

You can use the method that suits your circumstances. The methods to choose from include the:

- [Fixed rate method](#)
An amount per work hour for additional running expenses plus expenses not covered by the fixed rate
- [Actual cost method](#)
The actual expenses you incur as a result of working from home
- [Shortcut method](#)
An all-inclusive rate per work hour, only available from 1 March 2020 to 30 June 2022

Changes to the work from home methods

We are updating the methods available to calculate your working from home expenses for the 2022–23 income year.

Make sure you have evidence to support your deduction claims.

From 1 July 2022, you should keep:

- records of all the hours you work at home
- receipts for all depreciating assets or equipment you use when you work at home
- records of your personal and work-related use of assets.

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

Calculate your work from home deduction

Use our [Home office expenses calculator](#) to help you work out your deduction.

Expenses you can't claim

You can't claim a deduction for the following expenses if you're an employee working at home. These include:

- 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 phone
- any items where your employer pays for or reimburses you for the expense.

Occupancy expenses

Occupancy expenses are expenses you pay to own, rent or use your home. They include:

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

As an employee working from home, generally:

- you can't claim occupancy expenses
- there will be no capital gains tax (CGT) implications for your home.

You can only claim occupancy expenses if you can show that:

- it was necessary for you to work from home because your employer doesn't provide you with an alternative place to work from
- 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.

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 for a statutory authority in Brisbane who permanently closed all their offices at the end of January 2022. From 1 February 2022, Abdul sets aside a room in his house for his work with the statutory authority. The floor area of the room is 10% of the floor area of the whole house.

His employer provides him with the equipment necessary to fulfil his work functions and they pay for a work, health and safety check on the room he uses for working at home.

Abdul locks the door to the room when it is not in use so his children can't get in and he doesn't use it for non-work purposes. Abdul can claim a deduction for occupancy expenses relating to working from home for 5 months of the year because:

- his employer does not provide him with a work location
- it is necessary for him to work from home
- the room he uses is used exclusively for work purposes.

Abdul's occupancy expenses for the 2021–22 income year are \$24,918. That is:

- mortgage interest \$19,524
- council and water 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 any capital gain he makes when he sells his home. He can't claim the full main residence exemption.

Fixed rate method

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Working-from-home-expenses/Fixed-rate-method/>
- Last modified: 22 Aug 2022
- QC 66146

You can use the fixed rate method to work out your deduction for working from home expenses.

On this page

- [Changes to the work from home methods](#)
- [Eligibility](#)
- [How it works](#)
- [Calculate your work from home deduction](#)
- [Record keeping for the fixed rate method](#)
- [Completing your tax return](#)

Changes to the work from home methods

We are updating the methods available to calculate your working from home expenses for the 2022–23 income year.

Make sure you have evidence to support your deduction claims.

From 1 July 2022, you should keep:

- records of all the hours you work at home
- receipts for all depreciating assets or equipment you use when you work at home
- records of your personal and work-related use of assets.

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

Eligibility

To use the fixed rate method, you must:

- incur additional running expenses as a result of working from home
- have a dedicated work area, such as a home office that you use when you work from home
- keep records that show the work-related portion of expenses not covered by the fixed rate per hour
- keep records of the number of hours spent working at home for the whole income year.

How it works

You can claim the fixed rate of 52 cents for each hour you worked from home. The rate includes the additional running expenses you incur for:

- the decline in value of home office furniture and furnishings – for example, a desk
- electricity and gas for heating, cooling and lighting
- cleaning your home office.

You can also claim the work-related portion of the following expenses, which are not covered by the 52 cents per hour rate, if you incur these expenses as a result of working from home:

- [phone, data and internet expenses](#), including the decline in value of the handset
- computer consumables and stationery – such as ink
- [decline in value of depreciating assets](#) other than home office furniture and furnishings used for work purposes – for example, computers and laptops.

Calculate your work from home deduction

Use our [Home office expenses calculator](#) to help work out your deduction.

Record keeping for the fixed rate method

To claim the work-related portion of your working from home expenses, you must keep:

- a record of the number of actual hours you work from home during the income year or a diary for a representative 4 week period to show your usual pattern of working at home
- receipts or other written evidence that shows the amount spent on expenses and depreciating assets you buy
- phone accounts identifying your work-related phone calls and private phone calls to work out your percentage of work-related use for a 4 week representative period
- a diary that shows
 - your work-related internet use
 - the percentage of the year you use your depreciating assets exclusively for work.

If you record the hours you work from home during a 4 week representative period you can use it across the rest of the income year to work out the total number of hours you work from home. However, if your work pattern changes you need to create a new record.

If you don't have a representative 4 week period of your hours worked from home or your work-related use of your phone, internet and depreciating assets because they vary throughout the income year, you will need to keep records for the entire income year.

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

and receipts throughout the year. It's a fast, easy way to capture information on the go by taking and uploading photos of receipts.

Completing your tax return

Once you calculate your deduction, enter the amount at 'Other work-related expenses' in your tax return.

Actual cost method

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Working-from-home-expenses/Actual-cost-method/>
- Last modified: 29 Jun 2022
- QC 66147

You can use the actual cost method to claim a deduction for actual expenses you incur as a result of working from home.

On this page

- [Eligibility](#)
- [How it works](#)
- [Record keeping for actual costs method](#)
- [Calculate your work from home deduction](#)
- [Completing your tax return](#)

Eligibility

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, for example receipts or other written evidence, which show 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 three 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 expenses you incur to produce your income when working from home. This may include the following expenses:

- [Decline in value of depreciating assets](#) – such as home office furniture (desk, chair) and furnishings, phones and computers, laptops or similar devices.
- [Cleaning expenses](#), if you use a dedicated area for working.
- [Heating, cooling and lighting](#) – electricity and gas.
- [Phone, data and internet](#)
- [Computer consumables](#) and stationery – such as printer ink.

If you don't have a dedicated work area, such as a home office, you will generally only incur minimal additional running expenses.

Decline in value of depreciating assets

If the depreciating assets you use when you are working from home cost \$300 or more, you can only claim a deduction for their decline in value over their effective life. 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.

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

For depreciating assets that cost less than \$300 that are used mainly for work-related purposes, you can claim the total cost of the asset in the year it was purchased. However, you still need to reduce your deduction to account for any private use of the asset.

For example, if you purchase a device for \$289 which 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 purchased it.

Work out the decline in value of depreciating assets and:

- keep receipts showing the amount you spent on the assets
- show the percentage of the year you used those depreciating assets exclusively for work – you can claim for the decline in value that reflects your percentage of work-related use of the depreciating assets.

Cleaning expenses

If you have a dedicated work area, 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 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.

Heating, cooling and lighting

Work out the cost of your heating, cooling and lighting by using the:

- cost per unit of power used (your utility bill has this information)
- average units used per hour, which is the power consumption per kilowatt hour for each appliance, equipment or light used
- total annual hours used for work-related purposes by checking your record of hours worked or your diary.

Phone, data and internet

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

Computers consumables and stationery

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

Record keeping for actual costs method

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

- record of the number of actual hours you work from home during the income year
- diary for a representative 4 week period to show your usual pattern of working at home.

You must also keep all the receipts, bills and other documents which show the additional running expenses you incurred while working from home and that you used to work out your deduction.

You can use the [myDeductions](#) tool in the ATO app to keep track of your expenses and receipts throughout the year. It's a fast, easy way to capture information on the go by taking and uploading photos of receipts.

Calculate your work from home deduction

Use our [Home office expenses calculator](#) to help work out your deduction.

Completing your tax return

Once you calculate your deduction, enter the amount at 'Other work-related expenses' in your tax return.

Shortcut method

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Working-from-home-expenses/Shortcut-method/>
- Last modified: 22 Aug 2022
- QC 66148

Use the temporary shortcut method to work out your working from home deduction between 1 March 2020 and 30 June 2022.

On this page

- [Changes to the work from home methods](#)
- [Eligibility](#)
- [How it works](#)
- [Record keeping for the shortcut method](#)
- [Calculate your work from home deduction](#)
- [Completing your tax return](#)

Changes to the work from home methods

We are updating the methods available to calculate your working from home expenses for the 2022–23 income year.

Make sure you have evidence to support your deduction claims.

From 1 July 2022, you should keep:

- records of all hours you work at home
- receipts for all depreciating assets or equipment you use when you work at home
- records of your personal and work-related use of assets.

You can use the myDeductions tool in the ATO app to help keep track of your expenses.

Eligibility

This shortcut method is temporary, you can only use it to work out your deduction

for work from home expenses:

- between 1 March 2020 to 30 June 2020 in the 2019–20 income year
- for the 2020–21 and 2021–22 income years.

To continue to claim deductions for working from home expenses after 30 June 2022 you will need to use either the:

- [fixed rate method](#)
- [actual cost method](#)

You will need to meet the eligibility and record keeping requirements for the method you choose to use.

You can use this method if you:

- worked from home and incurred some additional running expenses as a result
- have a record of the number of hours you worked from home.

How it works

The temporary shortcut method simplifies how you calculate your deduction for working from home expenses.

Using this method, you:

- can claim 80 cents per hour for each hour you work from home
- can't claim any other expenses for working from home, even if you bought new equipment.

The shortcut method covers all your working from home expenses, such as:

- phone and data expenses
- internet expenses
- the decline in value of equipment and furniture
- electricity and gas for heating, cooling and lighting.

The shortcut method includes decline in value of all items. If you choose to use this method there is no requirement to separately calculate the decline in value of equipment or depreciating assets or any other working from home expense.

However, as you may need to use a different method to work out your working from home deduction in later years it's important to keep the:

- receipts for depreciating assets or equipment you use when working from home
- records of how you calculated your work-related use of the asset
- your [decline in value calculations](#)

Record keeping for the shortcut method

You must have a record of the hours you worked from home, for example, a timesheet, roster or diary.

Calculate your work from home deduction

Use our [Home office expenses calculator](#) to help work out your deduction.

Completing your tax return

Once you calculate your deduction, enter the amount at Other work-related expenses in your tax return. Include in the description COVID hourly rate.


Self-education expenses

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Self-education-expenses/>
- Last modified: 01 Aug 2022
- QC 31970

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

On this page

- [Eligibility to claim](#)
- [Expenses you can claim](#)
- [Expenses you can't claim](#)
- [\\$250 reduction in expenses](#)
- [Apportioning expenses](#)
- [Calculate your self-education deduction](#)
- [Keeping records for self-education expenses](#)

For a summary of this content in poster format, see [Self-education expenses \(PDF, 290KB\)](#)  .

Eligibility to claim

You can claim a deduction for self-education and study, if you receive a [taxable bonded scholarship](#) or you incur expenses when the self-education or study has a sufficient connection to your current employment activities as an employee. The self-education or study must either:

- maintain or improve the specific skills or knowledge you need to perform your current employment activities
- result in or is likely to result in, an increase in your income from your current employment activities.

You generally can't claim the first \$250 of expenses for your self-education. Check when you must include a [\\$250 reduction in expenses](#) before you can claim.

You can't claim a deduction for self-education and study expenses that:

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

Example: employment ceases while studying

Callum is an employee software developer. To improve his skills as a software developer Callum commences a Graduate Diploma in Advanced Software and Network Technology. The course takes 1 year and is paid for in 2 instalments, which become due as each semester commences. Callum's employer is supportive of his study and offers paid leave for Callum to study each week.

During semester 1 Callum is made redundant. He chooses to continue studying the course while unemployed.

Callum can claim a deduction for the semester 1 payment as he was working and earning income when he made that payment. 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, in doing the course, you are satisfying 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 and study expenses meet the eligibility criteria, you can claim a deduction for following expenses:

- [General course expenses](#)
- [Depreciating assets](#)
- [Car expenses](#)

General course expenses

You can claim a deduction for the following general course expenses you incur:

- [accommodation and meals \(if away from home overnight and not living at a location\)](#)
- [car expenses](#)
- computer consumables – for example, printer cartridges
- course and tuition fees
- [decline in value for depreciating assets \(costing more than \\$300\)](#)
- equipment or technical instruments (costing \$300 or less)
- equipment repairs
- fares
- fees payable on some study and training support loans (that is, FEE-HELP and VET Student Loan), but not repayments on the loan itself
- home office additional running costs
- interest
- internet and data usage (excluding connection fees)
- parking fees (only for work-related claims)
- phone calls
- postage
- stationery
- student union fees
- student services and amenities fees
- textbooks
- trade, professional, or academic journals
- [travel expenses](#), including car expenses
 - between home and your place of education
 - between your workplace and the place of education.

For work-related self-education, you can't claim the cost of the last stage of your travel from:

- home to your place of education, and then to work
- work to your place of education, and then to your home.

However, you may be able to offset the cost of last stage of your travel against the [\\$250 reduction in expenses](#).

See [claiming specific self-education expenses](#) for more detail on claiming education expenses.

Depreciating assets

You may be able to claim a deduction for assets that lose their value over time such as computers and printers.

You can claim:

- the decline in value of an asset that cost more than \$300 to the extent you used the asset for your self-education and not private purposes
- the full cost of an asset that cost \$300 or less (in the income year you buy it) if you mainly used the asset for your self-education.

Car expenses

If your self-education and study expenses have sufficient connection to your current employment, you can claim daily travel expenses from your:

- home to your place of education and back
- work to your place of education and back.

However, you can't claim the cost of the last stage of your travel. For example:

- home to your place of education, and then to work
- work to your place of education, and then to your home.

Expenses you can't claim

You can't claim the following expenses in relation to your self-education and study expenses:

- tuition fees paid by someone else or that your employer or a third-party reimburses you for
- student contribution amounts
- repayments of study and training support loans such as
 - Higher Education Loan Program (HELP) (such as HECS-HELP, FEE-HELP and OS-HELP)
 - Student Financial Supplement Scheme (SFSS)
 - VET Student Loans (VSL)
 - Student Start-up Loans (SSL)
 - ABSTUDY Student Start-up Loans (ABSTUDY SSL)
 - Trade Support Loans (TSL)
- working from home occupancy expenses – for example, rent, mortgage interest or rates
- accommodation and meals (unless sleeping away from home for study, such as to attend a residential school).

From the 2011–12 income year onwards, you can't claim a deduction for self-education and study expenses you incur if you only receive a qualifying [Australian Government allowance or payment](#). This allowance or payment is a rebatable benefit and is eligible for the beneficiary tax offset.

Example: receiving Austudy payments

Alison starts a full time Bachelor of Pharmacy. As she has two young children, she applies for and receives Austudy payments from Centrelink rather than finding employment 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 she receives Austudy payments and Austudy is a rebatable benefit.

For more detail about the deductibility of self-education expenses, see [TR 98/9](#) – *Income tax: deductibility of self-education expenses incurred by an employee or a person in business*

\$250 reduction in expenses

There are [5 categories](#) that we place self-education or study expenses in to. If all of your self-education or study expenses are from 'category A' then you have to reduce your total claim for self-education and study by \$250.

However, if you have expenses which are not allowable as a deduction from 'category E', you can use these expenses to offset the \$250 reduction.

Expenses offset against the \$250 reduction

While you can't claim a deduction for the following expenses, you can use them to offset the \$250 reduction. These expenses include:

- childcare while attending self-education activities
- capital expenses related to your self-education such as, the purchase of a desk
- fares, travel or car expenses for these journeys
 - for work-related self-education, the second leg of a trip if you went from home to your place of education and then to work, or the other way around
 - if you receive a taxable bonded scholarship and are not an employee of the scholarship provider, travel from home to your normal place of education and back.

Apportioning expenses

You need to apportion some expenses between private purposes and use for self-education and study.

If you use equipment such as computers and printers privately and for self-education or study, you must apportion the expenses. You base your claim on the percentage you use the equipment for your work-related self-education and study. For example, if you use a computer 50% of the time for self-education and study and 50% for private purposes, you can only claim half the decline in value of the computer for that income year.

You may be able to claim the cost of particular subjects of a qualification or components of a course where those subjects or components have a sufficient connection to your current employment activities.

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, and 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.

Calculate your self-education deduction

Use our [Self-education expenses calculator](#) to work out your eligibility and get an estimate of your self-education and study deductions.

Keeping records for self-education expenses

You must keep receipts for all self-education and study expenses you incur, for example:

- 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 self-education and study directly relates to your employment at the time you incur the expense.

If you are claiming a deduction for a depreciating asset that you have used for self-education or study, you must keep:

- your receipts
- a depreciation schedule
- details of how you work out your claim for decline in value
- details of the percentage of time you use them for self-education or study.

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.

Tools, equipment and other assets

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Tools,-equipment-and-other-assets/>
- Last modified: 22 Aug 2022
- QC 31938

You can claim a deduction for the cost of tools, equipment and other assets you use to help earn your employment income.

On this page

- [Assets you can claim](#)
- [Examples of tools, equipment or assets](#)
- [Carry cases and bags](#)
- [Calculate your deduction](#)
- [Keeping records for depreciating assets](#)

Media: Transporting bulky tools and equipment
<http://tv.ato.gov.au/ato-tv/media?v=bd1bdiubx7d1ys> [↗] (Duration: 00:52)

Assets you can claim

You can claim a deduction for tools, equipment and other assets if you use them to perform your work duties. The deduction you can claim depends on the cost of the asset.

If you use the tools for both work and private purposes you can only claim for your work-related use of the item.

If the tool or equipment cost you \$300 or less, you can claim a deduction for the full amount in the year you buy it, if:

- you use it mainly for work purposes (more than 50% of the time)
- it's not part of a set that together cost more than \$300.

You can claim a deduction for the cost over the life of the item (that is, [decline in value](#)), if the tool or equipment:

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

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

You can't claim a deduction for tools and equipment that your employer or a third party supplies for use.

Examples of tools, equipment or assets

You can claim a deduction for some or all of the cost of tools, equipment, assets or products you use to help earn your income. For example:

- Calculators
- Computers and software
- Desks, chairs and desk lamps
- Filing cabinets and bookshelves
- Hand tools, such as spanners, hammers and screwdrivers or power tools, such as grinders, sanders and hammer drills.
- [Protective items, equipment and products](#), such as hard hats, safety glasses, sunglasses
- [Professional libraries](#)
- Safety equipment
- Technical instruments.

You can also claim the cost of repairing and insuring your tools and equipment and any interest on money you borrow to buy these items.

If you use items for both personal and work-related purposes you need to [keep records](#) such as a diary to show the purpose of use of the item. This is so you can show how you work out the amount of personal and work-related use if we request it from you.

Carry cases and bags

You can claim a deduction for a bag or carry case you buy to carry items you need to use for your work. Bags and carry cases may include briefcases, laptop bags, luggage and handbags.

Items you carry for work may include laptops, tools, client briefs and protective gear.

Items don't include private and domestic items like gym gear, food or a personal phone or tablet.

Your job must require you to transport work items and the bag must be suitable for that purpose. You can claim a deduction to the extent that you use the bag or similar for work purposes.

If you use a bag or case to carry both work and private items, you need to apportion the expense between work-related and private use, and you can only claim the work-related portion.

Where you use the bag for work purposes only and it costs:

- less than \$300, you can claim an immediate deduction
- more than \$300, work out any deduction using the [decline in value of depreciating assets](#) over its effective life.

Example: allowable deduction for a handbag

Elizabeth buys a handbag for \$150 to carry her tablet and work diary between appointments with clients. The handbag is only used to carry the work items and she carries another bag for her personal items. She doesn't use the handbag that carries her tablet and work diary outside of work hours.

As Elizabeth requires the tablet and diary to perform her work duties and she never uses the handbag outside of work hours, the bag is solely used for work purposes.

Elizabeth can claim a deduction for the full cost of the handbag (\$150) in the year that she buys it.

Example: no deduction is allowable for a satchel

Arki buys a messenger satchel for \$220 to carry his lunch and snacks, personal medical kit and private grooming items to work every day. He also uses it to carry a mini tablet, which he uses for private purposes.

Although Arki carries the satchel to work every day, he only carries private items in it so the satchel isn't used for work purposes.

Arki can't claim a deduction for the cost of the satchel.

Example: apportioned deduction for a handbag

Theresa buys a large handbag for \$280 to replace her current handbag, as she must now take a small laptop and client paperwork to and from work and to client meetings. She also uses her new handbag to carry personal items.

Theresa works out she is using the new handbag 70% for work purposes.

As the handbag cost less than \$300 and is mainly being used for work purposes, the decline in value is the full cost of the bag. However, as Theresa is using the handbag for both work and private purposes, she would need to apportion her deduction between both uses.

Theresa's works out her deduction as \$196 ($\$280 \times 70\%$ work use).

If Theresa uses her handbag less than 50% of the time for work purposes,

she would need to work out her deduction for decline in value over the effective life, She would also need to apportion the deduction for her private use.

Calculate your deduction

Use our [depreciation and capital allowances tool](#) to help you work out the deduction available from the depreciating asset.

Keeping records for depreciating assets

You must keep receipts for depreciating assets that show:

- name of the supplier
- cost of the asset
- nature of the asset
- date you acquire the asset
- date of the document.

You also need to be able to show:

- The date you first started using the asset for work-related purposes.
- The effective life of the asset (how long an asset can be used for).
- How you worked out the effective life, if you have not adopted the effective life determined by us.
- The method used to work out the decline in value.
- How you work out your percentage of work use.

For more information on general record keeping requirements and formats, see [Records you need to keep](#).

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

Other work-related deductions

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/>
- Last modified: 01 Apr 2022
- QC 58826

You may be able to claim a deduction for other work-related expenses you incur that directly relate to your work or your income producing activities.

To claim a deduction for a work-related expense:

- you must have spent the money and your employer did not reimburse you
- the expense must directly relate to earning your income
- you must have a [record](#) to prove it (usually a receipt).

Depending on the expense you incur, you can claim an immediate deduction or claim the decline in value of a depreciating asset over several years.

Other work-related expenses that relate to you earning your income can include:

- [Accommodation expenses when travelling for work](#)
- [Books, periodicals and digital information](#)
- [Cash shortages or client bad debts](#)
- [COVID-19 test expenses](#)
- [Election expenses](#)
- [Glasses, contact lenses and protective glasses](#)
- [Income protection insurance](#)
- [myGovID expenses](#)
- [Overtime meal expenses](#)
- [Phone, data and internet expenses](#)
- [Project pool deductions](#)
- [Protective items, equipment and products](#)
- [Quarantine and testing expenses when travelling on work](#)
- [Removal and relocation](#)
- [Seminars, conferences and training courses](#)
- [Tools, equipment and other assets](#)
- [Transport expenses - trips between home and between workplaces](#)
- [Union fees, subscriptions to associations and bargaining agents fees](#)
- [Work from home expenses](#)
- [Working with children checks](#)

You may also be able to claim a deduction for [Other expenses](#) you incur that don't relate to your work or income producing activities.

For more information, see [Employees guide for work expenses](#).

Books, periodicals and digital information

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/Books,-periodicals-and-digital-information/>
- Last modified: 09 Jun 2022
- QC 31988

You can claim a deduction for books, periodicals and digital information you use in

earning your employment income.

On this page

- [Items you can include](#)
- [Work out your deduction](#)
- [Keeping records for depreciating assets](#)

Items you can include

Books and periodicals you use in earning your employment income may include:

- library subscriptions
- academic journals
- technical journals
- database subscriptions
- reference books and similar.

Digital information services may include:

- online subscriptions
- electronic material, such as e-books or e-journals
- other digital materials you buy.

Examples include midwifery journals for obstetric nurses, annotated legislation for lawyers, subscriptions to online technical journals for engineers.

To claim a deduction, you must incur the cost to get the books and periodicals or digital information. If your employer pays for or reimburses you for the cost, you can't claim a deduction.

Work out your deduction

You can claim either an [immediate deduction](#) or [decline in value](#) over the effective life depending on the cost of the books, periodicals or digital information.

If the item costs \$300 or less you can claim an immediate deduction where you satisfy all of the following requirements. The item:

- is mainly used for earning your assessable employment income (not from carrying on a business)
- is not part of a set of assets you acquire in the same income year, where the total cost of the set is more than \$300
- is not one of a number of identical or substantially identical items you acquire in the same income year that together cost more than \$300.

You can claim a deduction for the decline in value of items in your professional library, if the item either:

- cost more than \$300
- is part of a set or a number of items that are identical or substantially identical that cost more than \$300.

Use the [Depreciation and capital allowances tool](#) to help you calculate the decline in value of a depreciating asset.

Keeping records for depreciating assets

You must keep receipts that show:

- name of the supplier
- cost of the asset
- nature of the asset
- date you acquire the asset
- date of the document.

You also need to be able to show:

- the date you first started using the asset for work-related purposes
- the effective life of the asset (how long an asset can be used for). If you have not adopted the effective life determined by us, you will need to show how you worked out the effective life
- the method used to work out the decline in value
- how you work out your percentage of work use.

For more information on general record keeping requirements and formats, see [Records you need to keep](#)

Cash shortages or client bad debts

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/Cash-shortages-or-client-bad-debts/>
- Last modified: 07 Jun 2022
- QC 53953

If as an employee you repay the cost of cash shortages or client bad debts, you can claim a deduction if your employer doesn't reimburse you for the cost.

If you repay your employer amounts in respect of cash shortages or client bad debts and you can substantiate the repayment (provide records), then you can claim a deduction.

COVID-19 test expenses

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/COVID-19-test-expenses/>
- Last modified: 11 Jul 2022
- QC 69182

From 1 July 2021, if you're an employee, sole-trader or contractor and you pay for a COVID-19 test for a work-related purpose, you can claim a deduction for its cost.

On this page

- [When you can claim COVID-19 testing](#)
- [When you can't claim COVID-19 testing](#)
- [Keeping records for COVID-19 tests](#)
- [Completing your tax return](#)

When you can claim COVID-19 testing

From 1 July 2021, to claim a deduction for the cost of a COVID-19 test, you must:

- use the test for a work-related purpose to determine if you can attend or remain at work
- pay for a qualifying COVID-19 test, being a:
 - polymerase chain reaction (PCR) test through a private clinic, or
 - test listed in the Australian Register of Therapeutic Goods, including rapid antigen test (RAT) kits
- pay for the test yourself (that is, your employer doesn't give you a test or reimburse you for the cost)
- [keep a record](#) to prove that you incurred the cost (usually a receipt).

You can only claim a deduction for the COVID-19 tests you paid for that were 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 were 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 receive a reimbursement for the expense from 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. It does not form part of the cost of the test and is private in nature.

Example: COVID-19 tests you can claim

Mary is a casual employee at a local café. In April 2022 she bought a box of 5 qualifying COVID-19 tests, which she only used before commencing a shift if she had any COVID-19 symptoms or had been in contact with a person who had COVID-19. Her employer doesn't reimburse her for the cost of the COVID-19 tests.

As Mary used all 5 tests to check her COVID-19 status before commencing a shift she can claim a deduction for the total cost of this 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 in May 2022. He uses one test to confirm he doesn't have COVID-19 before attending a local sporting event. 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 used only one of the tests to determine whether he could attend work, he can only claim a deduction of 50% of the purchase price he paid for the pack of 2 COVID-19, this being \$10.

Keeping records for COVID-19 tests

You need to keep records of COVID-19 tests to demonstrate that you paid for the test and the test was for work-related purposes. 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 plans and policies
- 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](#).

Phone, data and internet expenses

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/Phone,-data-and-internet-expenses/>
- Last modified: 07 Jun 2022
- QC 46119

Claim costs you incur to use your phone, data or internet for work purposes and have records to support your claims.

On this page

- [Conditions on claiming a deduction](#)
- [Phone expenses you can claim](#)
- [Phone expenses you can't claim](#)
- [How to work out your work-related use](#)
- [Keeping records for phone, data and internet](#)

Conditions on claiming a deduction

You must meet all of the following conditions to claim a deduction:

- you spent the money and your employer did not reimburse you
- the expenses directly relate to earning your income
- you have a record to prove it.

You can't claim a deduction if you don't incur any expenses or for the cost of personal phone calls to family and friends.

If you use your phone, data or internet for both work and private use, you will need to work out the amount that relates to your work use.

Phone expenses you can claim

Where you have met all the conditions above, you can claim a deduction for:

- your phone or device
- data and internet expenses
- phone plan or bundle plans.

If the phone or device cost \$300 or more, you claim the decline in value of the item as a deduction over the effective life.

If you incur phone, data and internet expenses when [working from home](#), the method you use to claim expenses may include these costs.

Phone expenses you can't claim

You can't claim a deduction for installation and set up costs for phones, data and internet. This includes:

- [Phones and devices your employer provides](#)
- [Costs you incur before you start work](#)

Phones and devices your employer provides

If your employer provides you with a phone for work use and they are billed for the usage (phone calls, text messages and data), then you can't claim a deduction. Similarly, if you pay for your usage and your employer then reimburses you, you can't claim a deduction.

Costs you incur before you start work

If you use your phone to seek employment you can't claim a deduction as you are not yet generating income from the use of the phone.

You also can't claim a deduction if you're a casual employee and an employer phones you to ask you to work, or you phone them to check on work availability. This cost doesn't directly relate to your income-producing activities. It is instead, an activity that puts you in a position to earn income.

You can only claim a deduction for phone expenses you incur when carrying out your employment duties, that is, in the course of earning your employment income.

For costs that are private or capital in nature, are disallowed or that require you work out your usage, such as installation costs, line rental and joint usage expenses, see the [Employees guide for work expenses](#).

How to work out your work-related use

As there are many different types of plans available, you will need to work out your work-related use on a reasonable basis as below:

- [Usage is itemised on your bills](#)
- [Usage is not itemised on your bills](#)
- [Internet expenses](#)
- [Bundled phone and internet plans](#)
- [Buying a smartphone, tablet or other electronic device](#)

Usage 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 four-week representative period, which you can then apply to the full year.

You need to work out the 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 data downloaded for work purposes as a percentage of your total downloads.

Example: Phone calls are itemised on your bill

Julie has an \$65 per month mobile phone plan, which includes \$500 worth of phone calls and 1.5GB of data. She receives a bill that itemises her phone calls and provides her with her monthly data use.

Over a 4 week representative period, Julie identifies that 20% of her phone calls are work-related. She worked for 11 months during the income year, having had one month of leave. Julie can claim a deduction of \$143 in her tax return ($20\% \times \65×11 months).

Usage is not itemised on your bills

If you have a phone plan where you don't receive an itemised bill, you work out your work use by:

- keeping a record of all your phone calls over a 4 week representative period
- calculating your claim using a reasonable basis.

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 his phone calls for a four-week representative period.

During this four-week period, Ahmed makes 25 work phone calls and 75

private phone calls. Ahmed worked for 11 months during the income year, having had one month of leave.

Ahmed calculates his work use as 25% (25 work calls ÷ 100 total phone calls). He claims a deduction of \$138 in his tax return (25% × \$50 × 11 months).

Internet expenses

A reasonable basis to work out your work-related internet use could include:

- the amount of data downloaded for work as a percentage of the total data downloaded by all 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.

Bundled phone and internet plans

Phone, internet and other related services are often bundled. 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 in 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
- based on the relative costs of the bundled services as if they were purchased separately from the same supplier
- based on information on 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 four-week representative period during the income year. This will allow you to work out your pattern of work use, which 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 identifies that the monthly cost of Sujita's phone service in her bundle is \$40, and her internet service is \$60. Sujita brings in her mobile phone plan 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 mobile phone is 20%. Sujita also uses her home internet for work purposes and based on her use she works out that 10% of her use is for work. Sujita does not use her home phone for work phone calls.

As the components are part of a bundle Sujita can calculate her work-related use as follows:

Step 1 – work out the value of each bundled component

- Mobile phone: \$90 per month minus the \$10 per month discount = \$80 per month
- Internet: \$60 per month
- Home phone: Sujita does not need to determine the home phone costs as she does not use this service for work purposes.

Step 2 – apportion work-related use

- Mobile phone use: 20% work-related use × \$80 per month × 11 months = \$176
- Home internet use: 10% work-related use × \$60 per month × 11 months = \$66

In her tax return, Sujita claims a deduction of \$242 for the income year (\$176 mobile phone use + \$66 home internet use).

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 4 week representative 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 ($\$90 \div 2$ services)
- Home phone: \$45 per month ($\$90 \div 2$ services)

Step 2 – apportion work-related use

- Internet: 30% work-related use \times \$45 per month \times 11 months = \$149
- Home phone: 25% work related use \times \$45 per month \times 11 months = \$124

In his tax return, Des claims a deduction of \$273 ($\$149 + \124) for the year.

Buying a smartphone, tablet or other electronic device

If you bought a smartphone, tablet or other electronic device and you use it for work you can claim a deduction for:

- assets costing \$300 or less, its full cost in the income year it was purchased
- assets costing more than \$300, its [decline in value](#) over its effective life

If you use the asset for work purposes and private purposes, you need to apportion your deduction and only claim the work-related portion.

Keeping records for phone, data and internet

If your phone, data and internet use for work is incidental and you're claiming \$50 or less in total, you don't need to keep records.

If the work use of your phone, data and internet is incidental, you can claim:

- \$0.25 for work phone calls made from your landline
- \$0.75 for work phone calls made from your mobile
- \$0.10 for text messages sent from your mobile.

If the work use of your phone, data and internet is more than \$50, you need to keep records:

- of your phone and internet bills for the year
- that show how much use is work-related.

Records you keep may include:

- diary entries, including electronic records
- bills for phone, data and internet services
- purchase receipts for phones and devices you buy
- evidence that you work at home or make work-related phone calls from home.

For more information on general record keeping requirements and formats, see [Records you need to keep](#).

myGovID expenses

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/myGovID-expenses/>
- Last modified: 07 Jun 2022
- QC 61932

Check if you can claim costs you incur to use myGovID on your device or the data to carry out your employment duties.

On this page

- [Eligibility to claim](#)
- [You provide the phone](#)
- [Your employer provides the phone](#)
- [You receive an allowance from your employer](#)
- [Records for phone and data expenses](#)

Eligibility to claim

The myGovID app allows users to use their digital identity to authenticate with Australian Government websites and services.

You may be able to claim a deduction for expenses you incur to:

- use myGovID on a smartphone or device you own
- use the data on your smartphone or device to carry out your employment duties.

You provide the phone

If you provide the smartphone or device and use it mainly to produce your employment income, you can claim:

- an [immediate deduction if it cost \\$300 or less](#)
- a [deduction for the decline in value](#) of its cost over its effective life, if it cost more than \$300.

Smartphones and devices start to decline in value from when you first use them for any purpose.

You may be able to claim a deduction for the decline in value of a smartphone or device you own, that you first bought for a private purpose. You must meet both of the following conditions:

- the smartphone or device cost \$300 or more
- you use it at a later time for a work purpose (such as accessing our online services).

You can only claim a deduction for your work-related use. You need to work out the amount you use your [smartphone, device or data for work purposes](#).

Example 1: Employee buys a smartphone for less than \$300

Gerry is an in-house accountant for a company. His duties involve lodging his employer's income tax returns and business activity statements. Gerry also requires access to ATO online services so that he can view statements of account and Single Touch Payroll reports.

Gerry buys a smartphone for \$199 to use only at work for the purpose of setting up a myGovID to access the ATO online services. Gerry's employer provides him with authorisation to access ATO online services through the Relationship Authorisation Manager and access to the company internet through wi-fi. Gerry leaves the smartphone at work.

As the device cost less than \$300, Gerry can claim an immediate deduction for the full amount he incurred to purchase the phone (\$199) in the income year he purchased it in.

Gerry can't claim a deduction for data because the company has provided Gerry access to their internet. Therefore, Gerry doesn't incur any expense for the data he uses.

Example 2: 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 purchased her smartphone on 1 July 2021 for \$1,100. Eliza uses her smartphone for private and making and receiving work-related calls. On 29 February 2022, she uses it to set up myGovID and 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 four week period. Eliza's records prior to using her smartphone to access ATO online services, show that up until 29 February 2022 when she registered for myGovID, she used her smartphone 40% for work purposes.

From 1 March 2022 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 2021 to 29 February 2022. Eliza took four weeks leave during this period so she excludes the four 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 2022 to 30 June 2022.

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 (\$1,100). 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 (365 \div 365) \times (200\% \div 3 \text{ years}) = \734
- $(\$734 \times 7 \div 12 \text{ months}) \times 40\% = \172
- $(\$734 \times 4 \div 12 \text{ months}) \times 50\% = \123
- $\$172 + \$123 = \$295$

In her return for the 2021–22 income year, Eliza can claim a total deduction for her phone expenses of \$535 (\$240 + \$295).

Your employer provides the phone

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

- provides you with a smartphone or device to get and use a myGovID and pays for any associated data
- reimburses you for costs you incur to buy a smartphone or device and the associated data.

Example 3: Employer provides smartphone to employee

Leo works for an accounting firm. He prepares accounts, lodges income tax returns and lodges business activity statements for clients.

On 29 February 2022, his employer gives him authorisation to access ATO online services through the Relationship Authorisation Manager. In order to set up a myGovID and access online services, his employer provides him with a mobile phone to use at work. Leo uses his employer's wi-fi to access

the online services.

As Leo doesn't incur any expenses for the smartphone or data he uses, he can't claim deduction for its use. However, his employer will be entitled to claim a deduction for the cost of supplying the smartphone and data to Leo for this purpose.

You receive an allowance from your employer

If you receive an allowance to cover the cost of a smartphone, device or data for the purpose of obtaining and using myGovID to access our online services, you must include the allowance as income in your tax return. You can claim a deduction for the smartphone or device you buy and the amount you spent on data for this purpose. You can claim the:

- immediate cost if the amount of the smartphone or device is \$300 or less
- decline in value where the cost of the smartphone or device is more than \$300.

Example 4: Employer pays employee an allowance to purchase a smartphone

Priya is an employee tax agent and BAS agent. Priya requires access to ATO online services in order to carry out her employment duties. Priya sets up a myGovID and her employer gives her authorisation to access ATO online services through the Relationship Authorisation Manager.

In the 2021–22 income year, Priya's employer pays her an allowance of \$500 to cover the cost of buying a smartphone or device and any data she requires to set up and use a myGovID to access online services.

On 1 March 2022, Priya buys a smartphone at a cost of \$299 and enters into a contract for a plan at a cost of \$30 per month. Priya chooses the plan on the basis that it includes enough data for her to regularly access online services. The phone Priya buys is only used for work purposes as she already has a smartphone that she uses for private purposes.

In her tax return for the 2021–22 income year, Priya declares the allowance of \$500 from her employer as income. Priya also claims a deduction of \$419 calculated as $(\$299 + (\$30 \times 4 \text{ months})) = \419

Records for phone and data expenses

You must have [records to support your claim for phone and data expenses](#).

These records may include diary entries, including electronic records, and bills. Evidence that you are required to use myGovID to access online services for work

purposes will also help you show that you are entitled to a deduction.

Election expenses

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/Election-expenses/>
- Last modified: 07 Jun 2022
- QC 31991

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:

- local government elections
your deduction for local government body election expenses can't exceed \$1,000 for each election contested, even if you incur the expense in more than one income year
- state or territory elections
- federal elections.

In very restricted circumstances entertainment expenses qualify as deductible election expenses.

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.

You can't claim a deduction for union election expenses if there is no continuity of office. Continuity of office only occurs when a union position is guaranteed without an election. You can't incur election or re-election expenses in performing union duties, so they are not deductible.

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*

Glasses, contact lenses and protective glasses

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/Glasses,-contact-lenses-and->

[protective-glasses/](#)

- Last modified: 07 Jun 2022
- QC 49860

You may be able to claim a deduction for the work-related part of the 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 are 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 can't claim a deduction for the cost to buy or repair prescription glasses or contact lenses, even if you wear them while working. It's a private expense relating to a personal medical condition.

For more guidance and examples, see [Employees guide to work expenses](#)

Overtime meal expenses

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/Overtime-meal-expenses/>
- Last modified: 21 Mar 2022
- QC 31960

You can claim the cost of a meal you buy and eat while working overtime if:

- you receive an [overtime meal allowance](#) under an industrial award or enterprise agreement
- the [overtime meal allowance](#) is shown on your income statement and you declare the allowance in your tax return.

On this page

- [When overtime meal expenses are deductible](#)
- [When you can't claim overtime meal expenses](#)
- [Overtime meal allowance](#)
- [Overtime meal allowance expense records](#)

When overtime meal expenses are deductible

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
- receive an overtime meal allowance under an industrial award or enterprise agreement where both
 - your employer includes it on your income statement
 - 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.

You must have a record to prove you incur an expense unless an [Exception from keeping overtime meal expense records](#) applies. For example, where your claim is within the reasonable amounts the Commissioner publishes.

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. The amount she spent on the overtime meal that she ate while on duty for extended hours was incurred in earning her employment income and is not private in nature.

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 (such as, if you eat the meal on your way home after you work overtime).

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 bought pizza for the team, so Nerissa didn't buy any food or drink herself.

As Nerissa didn't incur 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 didn't incur the expense as part of earning his assessable income.

Overtime meal allowance

An overtime meal allowance is:

- an amount your employer pays you to enable you to buy food and drink (a meal allowance)
- a payment specifically for working overtime
- a payment you receive 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.

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.

An amount for overtime meals that has been folded into your normal salary and wages isn't an overtime meal allowance.

Example: not paid overtime meal allowance

Luke's Enterprise Agreement previously paid an overtime meal allowance. In the most recent agreement, the overtime meal allowance was folded into the general pay structure and is no longer a specific allowance to buy food and drink on overtime.

The amount folded into Luke's general pay is not an overtime meal allowance. It is not paid to enable Luke to buy a meal specifically while working overtime.

Example: different meal allowances

Ophelia is a paramedic and her pay and conditions are covered by an industrial award. She receives a meal allowance if, because of her work, she is away from her home station during a rostered meal break. Ophelia also receives a broken meal allowance if she is called out to duty while on a meal break.

Neither of these allowances are overtime meal allowances as they are not paid in direct connection with working overtime.

However, Ophelia also receives an overtime meal allowance when she works overtime shifts.

This allowance is paid directly as a result of working overtime and enables Ophelia to buy a meal when she works overtime. The allowance will be treated as an overtime meal allowance.

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. To this, amounts are added 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 and he gets paid the same amount regardless of whether he works overtime or not. 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 and can't claim a deduction.

Overtime meal allowance expense records

Unless an exception applies, you must keep records (written evidence) of your overtime meal expenses.

You need to keep written evidence for 5 years (in most cases) from the date you lodge your return.

Written evidence

Written evidence is a document (paper, digital or electronic) that you get from the supplier of the goods or services, such as an itemised receipt. Written evidence must set out all of the following:

- the name or business name of the supplier
- the amount of the expense in the currency in which you incur the expense
- the nature of the goods or services
- the date you incur the expense
- the date the document (evidence) is created.

The document must be in English but if you incur the expense in a country outside Australia, the document can be in a language of that country.

If the document does not show the day you incurred the travel expense, you can use the following to show when you made payment:

- a bank statement
- credit card statement
- other reasonable, independent evidence that shows when it was paid.

If the document the supplier gave you doesn't specify the nature of the goods or services, you may write the missing details on the document yourself. However, you must do this before you lodge the income tax return in which you claim the deduction.

In some circumstances, there are [Exceptions for keeping overtime meal expense records](#).

Exceptions for keeping overtime meal expense records

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/Overtime-meal-expenses/Exceptions-for-keeping-overtime-meal-expenses-records/>
- Last modified: 21 Mar 2022
- QC 68179

If you receive an overtime meal allowance and claim a deduction for those expenses you generally need records. An exception may apply where your expenses are within the reasonable amount the Commissioner publishes.

On this page

- [When the exception applies](#)
- [Reasonable amount](#)
- [Expenses above the reasonable amount](#)
- [Relying on the exception from keeping records](#)

When the exception applies

To rely on the exception from record keeping for overtime meal expenses:

- you must incur a deductible [overtime meal expense](#)
- you must receive an [overtime meal allowance](#) from your employer
- the total amount you claim as a deduction for expenses, which are covered by your allowance, are within the [reasonable amount](#) the Commissioner publishes.

Reasonable amount

The Commissioner needs to consider the total amount you claim for overtime meal expenses covered by your overtime meal allowance to be reasonable.

The reasonable amount for overtime meal expenses in the 2021–22 income year is \$32.50.

The reasonable amounts are published each income year, see [TD 2021/6 Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2021-22 income year?](#).

Use the reasonable amount to work out if you can [rely on the exception from keeping records](#).

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](#) that you actually incur.

You don't need to work out if you can rely on the exception from record keeping, if you don't incur any deductible overtime meal expenses.

Expenses above the reasonable amount

If the deduction you claim for your overtime meal expenses is more than the reasonable amount, [you must keep records for your whole claim](#). It is not sufficient to only have records for the amount above the reasonable amount.

If you incur more than the reasonable amount on your deductible overtime meal expenses, you can choose to either:

- claim the amount you spent and keep written evidence of your expenses
- claim less than the reasonable amount and keep fewer records.

Example: expenses are 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 steak house and buys a steak dinner and a cup of coffee. The total of the bill is \$48.55, which is higher than the reasonable amount of \$32.50 in 2021–22 for an overtime meal.

Stefan can either:

- claim up to the reasonable amount and not keep written evidence of his claim
- keep written evidence to claim the full amount of the overtime meal he buys.

Relying on the exception from keeping records

To rely on the exception from keeping records, each meal you buy and eat while working overtime, that you receive an overtime meal allowance for, must be less than the reasonable amount.

If you can rely on the exception from substantiation, you don't need to keep written evidence of your overtime meal expenses.

Even if you are not required to keep written evidence of your overtime meal expenses, we may check your claim in your tax return. We may also ask you to show how you work out your claim. If we ask, you will need to provide documents that show:

- when you worked overtime
- you purchased a meal
- your overtime meal allowance was paid under an industrial instrument
- you correctly declared the overtime meal allowance in your tax return.

You claim for the amount you actually spend, not the reasonable amount.

Example: overtime meal less than reasonable amount

Raisa works as a paralegal in a law firm. During the 2021–22 income year, Raisa works overtime one night to complete an urgent task. Raisa 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 2021–22 tax return.

During the course of performing the overtime duty, Raisa takes a rest break to have a meal and returns to continue her overtime. Raisa spends \$20 on her meal.

The reasonable amount for overtime meal expenses in the 2021–22 income year is \$32.50.

Raisa can claim a deduction in her 2021–22 tax return for the \$20 she spent without keeping written evidence because she:

- incurs a deductible overtime meal expense
- was 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.

Project pool deductions

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/Project-pool-deductions/>
- Last modified: 07 Jun 2022
- QC 31953

Check if you can claim for capital expenditure with a direct connection to a project, that you allocate to a project pool.

On this page

- [What is a project](#)
- [Records for depreciating assets](#)

What is a project

A project is carried on if it involves some form of continuing activity.

Holding a less-active investment, would not have sufficient activity to constitute the carrying on of a project. For example, a rental property is a less-active investment.

The project must be either:

- operating for a taxable purpose – that is, to produce assessable income
- carried on or proposed to be carried on for a taxable purpose that you then abandon, sell or otherwise dispose of before or after it started to operate.

You can't claim a deduction for private or domestic expenditure. For example, the cost of constructing a driveway at your home.

Records for depreciating assets

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

You must keep receipts that show:

- name of the supplier
- cost of the asset
- nature of the asset
- date you acquire the asset
- date of the document.

You also need to be able to show:

- the date you first started using the asset for work-related purposes
- the effective life of the asset (how long an asset can be used for). If you have not adopted the effective life determined by us, you will need to show how you worked out the effective life
- the method used to work out the decline in value
- how you work out your percentage of work use.

Protective items, equipment and products

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/Protective-items,-equipment-and-products/>
- Last modified: 30 Jun 2022
- QC 63689

Check if you can claim costs for items that protect you from the real and likely risk of illness or injury while working.

On this page

- [Personal protective equipment \(PPE\)](#)
- [Cosmetics containing sun protection](#)
- [Protective glasses and clothing](#)

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 be able 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 may include items such as:

- hardhats 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 and if he doesn't wear them, he is at risk of being injured. There is 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 may be able to claim a deduction for the cost of buying a face mask to wear at work if:

- 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, and
- 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 has always worked from home. Prior to COVID-19, she occasionally met with her clients face to face. This was mainly because her clients were located all around Australia and overseas. As a result of COVID-19, Kate no longer meets any of 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 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.

Cosmetics containing sun protection

Personal items can perform more than one function, and so can have more than one use. For example, some creams and cosmetics can function both as a 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't claim a deduction if:

- your work doesn't require you to perform your duties in the sun for prolonged periods
- you purchase a cosmetic with added sunblock protection.

Cosmetics are designed to change a person's appearance or cleanse, perfume or protect an external part of the body. This means that they are usually a private expense and the addition of sun protection does not make them deductible.

If your product is a sunscreen or a cosmetic

The Department of Health, Therapeutic Goods Administration (TGA) regulates 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 (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 allowable for products that are 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 will not be entitled to a deduction for the purchase. This is even though she is exposed to the sun when she is performing her duties on sports afternoon.

If the product Jackie purchased had been given an ARTG ID by the TGA, she would have to apportion the deduction she claimed for the product 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 – no deduction allowable for products used for night duties

Teegan is a hospitality worker and works at night at a restaurant. She bought a cosmetic with a high level sunblock to wear at all times. Although Teegan wears the cosmetic when she goes to work, her duties don't expose her to the effects of the sun and sun protection isn't required by her in the course of earning her income. Teegan isn't able to claim a deduction for the cosmetic.

Example – deduction allowed for cosmetic containing sunscreen

Wendy works as a gardener and spends the majority of her working day outdoors. Wendy purchases 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. Wendy 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 as a result of 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 is entitled to a deduction for the tinted moisturiser and sunscreen she purchases.

Protective glasses and clothing

You can claim a deduction for [protective clothing](#) or [protective glasses](#) you wear to protect yourself from the real and likely risk of illness or injury. They must protect you from risks posed by your work duties or your work environment. The items must directly provide a degree of protection against that risk.

Seminars, conferences and training courses

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/Seminars,-conferences-and-training-courses/>
- Last modified: 07 Jun 2022
- QC 31928

You can claim 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.

The costs you can claim include fares to attend the venue where the seminar, conference or training course is held and registration costs. If you need to travel and stay away from home overnight to attend such an event, you can also claim the cost of accommodation and meals.

If there is a non work-related component to attending the seminar, conference or training course, then you may not be able to claim all of your expenses.

If there is an incidental component of attending the seminar, conference or training course that is not work-related, then you can still claim all of the expenses to attend. For example, catered lunches or a reception for delegates.

If the main purpose is non work-related and the conference, seminar or training course is incidental (not the main purpose), you can only claim the direct costs.

If attendance involves travel, you may need to show that you have reduced your claim to exclude the private part of any trip.

Union fees, subscriptions to associations and bargaining agents fees

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/Union-fees,-subscriptions-to-associations-and-bargaining-agents-fees/>
- Last modified: 07 Jun 2022
- QC 31912

For the industry you work in, you can claim a deduction for:

- union fees
- subscriptions to trade, business or professional associations
- the payment of a bargaining agent's fee to a union for negotiations in relation

to a new enterprise agreement 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 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 where it's not in direct relation to earning your employment income.

Most unions and associations send their members a statement of the fees or subscriptions they pay.

Working with children check

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-work-related-deductions/Working-with-children-checks/>
- Last modified: 07 Jun 2022
- QC 44085

You can claim a deduction for the cost of a working with children check, if you work with children in your work duties

On this page

- [When you can claim a working with children check](#)
- [When you can't claim a working with children check](#)

When you can claim a working with children check

You can claim a deduction for the cost you incur for a working with children check, if you are:

- an existing employee and need to have 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 2021 and she accepted another contract at a different school in May 2021.

In order for Freda to start this new contract, the principal of the school is now required to apply for a suitability notice for Freda. 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.

Example: renewal of notice

Adam is working as a head of middle school when his suitability notice to work with children expires. The principal applies for a renewal of the notice and Adam pays the application fee.

Adam can claim a deduction for the cost of the renewal. The expense is necessary to maintain his existing income stream.

When you can't claim a working with children check

You can't claim a deduction for the cost of getting an initial working with children check, if you're both:

- a new employee
- haven't 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, for an extended period of time, she has not worked in child-related employment and her suitability notice to work with children has expired. In June 2021, she accepted another position as a cleaner with a new school. The principal of the school applies for a suitability notice for her. Catriona pays the application fee.

Catriona can't claim a deduction, 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 an existing income stream. The expense precedes the earning of assessable income from that field.

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*

Other deductions

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-deductions/>
- Last modified: 07 Jun 2022
- QC 31921

Check if you can claim other expenses for managing your tax affairs, but don't relate to your work as an other deduction.

In this section

[Cost of managing tax affairs](#)

You can claim a deduction for expenses you incur to manage your tax affairs, such as lodging with a registered agent.

[Gifts and donations](#)

Check when you can claim for gifts or donations you make to deductible gift recipients and the records you need.

[Income protection insurance](#)

When you can claim a deduction for insurance you take out to protect your income in the event of injury or illness.

[Interest charged by the ATO](#)

You can claim a deduction for certain interest imposed by the ATO.

[Interest, dividend and other investment income deductions](#)

When you can claim for costs you incur to earn interest, have shares or other investments, such as a rental property.

[Personal super contributions](#)

Find out when you can claim a deduction for contributions you make to your super fund or retirement savings account.

[Undeducted purchase price of a foreign pension or annuity](#)

When you can claim a deduction to reduce the taxable amount on income you receive from a foreign pension or annuity.

Cost of managing tax affairs

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-deductions/Cost-of-managing-tax-affairs/>
- Last modified: 02 Jun 2022
- QC 31959

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 a deduction for include:

- those 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 you incur 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, solicitor, barrister and other legal costs
- getting 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 you incur in complying with your legal obligations relating to another person's or other entity's tax affairs.

If you receive a single invoice for preparing your tax returns or the tax returns for associated persons (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.

Gifts and donations

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-deductions/Gifts-and-donations/>
- Last modified: 07 Jun 2022
- QC 31906

Check when you can claim for gifts or donations you make to deductible gift recipients and the records you need.

On this page


- [What is a DGR?](#)
- [When a gift or donation is deductible](#)
- [What you can claim](#)
- [What you can't claim](#)
- [Keeping records for gifts and donations](#)

For a summary of this content in poster format, see [Gifts and Donations \(PDF, 548KB\)](#) 

What is a DGR?

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

Not all charities are DGRs. For example, in recent times crowdfunding campaigns have become 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](#) 

When a gift or donation is deductible

You can only claim a tax deduction for gifts or donations to organisations that have the status of deductible gift recipients (DGRs). To claim a deduction, you must be the person that gives the gift or donation and it must meet the following 4 conditions:

- It must be made to a DGR.
- 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 an item that has a monetary value.
- It must be of money or property – this can include financial assets such as shares
- It must comply with any relevant gift conditions – for some DGRs, the income tax law adds extra conditions affecting types of deductible gifts they can receive.

DGRs sometimes authorise a business to collect donations on their behalf. For example, a supermarket accepting a donation at the register that they then send

onto the DGR. You can claim 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, 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 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 can claim the deduction for your gift for the income year in which the gift was given. In certain circumstances, you can elect to spread the tax deduction over a period of up to 5 income years – see, [When can I claim?](#)

Bucket donations

If you made donations of \$2 or more to bucket collections – for example, to collections conducted by an approved organisation for natural disaster victims – you can claim a tax deduction for gifts up to \$10 without a receipt.

To claim contributions 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 12 months or more before 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.

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, even if the cost exceeds the value of the dinner. 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.

Example – no deduction for donating partially refunded membership fee to non-DGR

Ruby buys an annual membership for \$100 for her football club in January 2020. Her membership included a season pass to attend home games as well as discounted food and drink at club bars and restaurants. Due to the physical distancing requirements put in place as a result of the COVID-19 pandemic, the 2020 season was cancelled after round two and club venues had to close.

The football club offers members a refund of \$85, taking into account the fact that some benefits of their membership have been used in the short season. Ruby chooses to donate her \$85 refund back to her club to support them. Ruby can't claim a tax deduction for this donation as her football club is not endorsed as a deductible gift recipient (DGR).

Example – claiming partially refunded memberships as donations

Unlike Ruby, Gary decides to donate his partially refunded membership to the Australian Sports Foundation (ASF), which is a DGR, via his football club. Gary is provided with a receipt from the ASF for the amount of his donation and can claim an \$85 tax deduction.

While Gary may nominate as a preferred beneficiary an ASF project that supports his football club, the ASF has absolute discretion as to how the donation is allocated and may choose to allocate the donation to a different ASF project.

Keeping records for gifts and donations

You should keep records for all tax deductible gifts and contributions you make.

Evidence you need to keep may include:

- receipts for donations or contributions
- copy of donations you make to eligible organisations through your
 - income statement (previously known as a PAYG payment summary) if your employer uses single touch payroll (STP)
 - PAYG payment summary – individual non-business
- 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 DGR's will issue you with a receipt for your donation. However, there is no

requirement for the DGR to provide a receipt. 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)
- 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](#).

Interest charged by the ATO

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-deductions/Interest-charged-by-the-ATO/>
- Last modified: 02 Jun 2022
- QC 31992

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

The law authorises us to impose interest in specific situations, including where there is:

- 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.

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.

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

Use [Calculate and report ATO interest](#) to work out the amount of your deduction.

Calculate and report ATO interest

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-deductions/Interest-charged-by-the-ATO/Calculate-and-report-ATO-interest/>
- Last modified: 02 Jun 2022
- QC 49294

Help if you need adjust pre-fill amounts, or manually calculate and report ATO interest when preparing your tax return.

On this page

- [Pre-fill interest data](#)
- [Reporting ATO interest](#)
- [Calculating ATO interest](#)
- [Manually calculating ATO interest](#)

Pre-fill interest data

The ATO interest pre-fill data is information we provide to assist you to work out the amount of ATO interest that is assessable or deductible. If you're charged interest or have interest paid to you by us, you need to report the amounts in your tax return.

You need to declare certain amounts of interest paid or remitted by the Commissioner as assessable income. You can also claim a deduction for certain interest amounts that have been imposed by law.

Before you lodge your tax return, check your statement of account to ensure the

pre-fill data is accurate.

Tax agents don't use the *Year to date interest summary report* to complete the tax return as there are [Recurring data issues – calculating ATO interest](#).

Reporting ATO interest

We provide ATO interest data to individual taxpayers for the 2014 and later income years. We pre-fill the interest data in the relevant tax return labels when you prepare your return online using *myTax*.

We also give this data to tax agents through the *Pre-filling report* and the practitioner lodgment service. We display a message in the *Pre-filling report* to advise if a client has ATO interest for 2013 and earlier income years.

From 2021, pre-fill interest data will now be sourced from all client accounts held by the individual taxpayers in the main accounting system, including the income tax account and integrated client account.

We report the following interest types:

- [General interest charge \(GIC\)](#)
- [Shortfall interest charge \(SIC\)](#)
- Late payment interest (LPI)
- [Interest on early payment \(IEP\)](#)
- [Interest on overpayment \(IOP\)](#)
- [Delayed refund interest \(DRI\)](#)

We report on interest that you:

- may be able to claim as a deduction (GIC, SIC, LPI)
- must declare as assessable income (GIC, SIC or LPI remissions or recoupments)
- must claim as interest paid by the ATO (IOP, IEP, DRI).

Individual taxpayers can choose to report ATO interest deductions and income using either:

- [ATO interest – calculation](#)
- [Manually calculating ATO interest](#)

Completing ATO interest in your tax return

We changed the individual tax return labels you use to report ATO interest as follows:

- For 2018 and later income years you report:
 - interest deductions at item D10N *Cost of managing tax affairs – Interest charged by the ATO*
 - assessable interest at item 24X *Other income – Category 2 (ATO interest)*
 - interest paid by the ATO at item 10 *Gross interest*.

- For 2017 and prior income years you report:
 - interest deductions at item D10 *Cost of managing affairs*
 - assessable interest at item 24Y *Other income*
 - interest paid by the ATO (that is, IOP, IEP, DRI) at item 10 *Gross interest*.

Recurring data issues

Before you lodge your tax return, you should check your pre-fill data against your:

- ATO statements of account
- other source documents.

Interest calculations will not capture your specific circumstances in the following situations:

- Recoupments of interest charged
When we report interest remission and credit adjustments as assessable income we assume you have claimed a deduction for interest that we imposed. If you have not claimed a deduction and the period for requesting an amendment of your return to claim the deduction has lapsed, you don't include that interest income. (You may need to adjust the interest totals we have provided to remove the amount you are not claiming.)
- Change in residency status
We report interest paid by the ATO on the basis of your residency status when the interest data is extracted from your account at the end of the income year. If you were a non-resident at the date of extraction, no interest paid data will be provided. If you were a non-resident when we paid you interest, then we should have withheld tax from that payment. If this is the case you don't have to declare this interest in your tax return. If tax was not withheld, you must declare the interest as income at item 10 *Gross interest*.
You may need to adjust the interest totals we have provided to remove or add the interest paid by the ATO. See [Examples 5 and 6](#)
- Movement of transactions across ICA
We move transactions across accounts. For example, to isolate pre and post-bankruptcy transactions; to isolate amounts that are in dispute. When we move a transaction between accounts, the process date is reported as the date the transaction was moved. This means interest previously reported may be reported again in a later pre-fill report. We have revised our business rules to prevent this duplication in the report for 2018 and later years. You may need to adjust the interest totals we provide for the 2017 and prior years if your accounts contain moved transactions.

Calculating ATO interest

For the 2015 and prior income years, we use the [effective date](#) and [processed date](#) to capture separate interest totals for:

- interest deductions
- assessable interest
- interest paid by the ATO.

Non-individual taxpayers will need to continue using these calculation rules for all income years.

For the 2016 and later income years, we capture all interest transactions in the pre-fill totals for individual taxpayers using the processed date. We also report either a net deduction or a net assessable interest amount instead of a separate total for these interest categories. Interest is reported as follows:

- net interest deductions at item D10 or D10N (where the interest imposed exceeds the interest income)
- net assessable interest at item 24Y or 24X (where the interest income exceeds the interest imposed), and
- interest paid by the ATO at item 10.

Where the net balance of interest calculations is nil, no interest will be reported. Nor will we provide a message that there is any interest.

Individual taxpayers don't have to rely on the pre-fill interest amounts. They can use the previous method of calculation. See [Manually calculating ATO interest](#).

Transitional year adjustments

This only impacts the calculation of pre-fill interest for the 2016 income tax year.

The 2015 *Pre-filling report* was changed to a static report on 9 November 2015 to cater for the new reporting method. This means:

- the debit interest transactions processed on or after 9 November 2015 with an effective date of 30 June 2015 or earlier will be included in the interest totals for the 2016 pre-fill report
- the debit interest transactions processed on or after 1 July 2015 but before 9 November 2015 with an effective date of 30 June 2015 or earlier may be captured in the interest totals in several pre-fill reports – the 2016 and earlier year reports – depending on when interest was incurred.

If you lodged your 2015 tax return before 9 November 2015 using ATO pre-fill data, you may need to adjust the 2016 pre-fill interest figures (see [Example 4](#)).

The following may help you to work out if adjustments will be needed:

- Did you have ATO interest in 2015?
 - If no, no adjustment to 2016 data is needed.
- Did you lodge your 2014-15 return using pre-fill data before 9 November 2015?
 - Adjust 2016 pre-fill data (see [note 1](#)) by any debit interest transaction with
 - process date between 1 July 2015 and the date you lodged, and
 - effective date between 1 July 2014 and 30 June 2015.
- Did you lodge your 2014-15 return using pre-filled figures after 9 November 2015?
 - Adjust 2016 pre-fill data (see [note 1](#)) by any debit interest transaction

with

- process date between 1 July 2015 and 9 November
- effective date between 1 July 2014 and 30 June 2015.
- Did you lodge your 2014-15 return using non-prefilled figures?
 - Manual calculation method required.

1. An adjustment will be needed if the same debit interest transaction is captured in the 2015 and 2016 interest totals. This is done by reducing the 2016 deductions claimed. That is, increase 24Y or decrease D10 by the amount of the duplicated transaction. Adjustments to credit transactions are not needed.

How the new reporting process works – examples

Example 1: Net amount of ATO interest is nil

Chris has an outstanding debt with us and was charged \$1,200 GIC in the period 1 July 2015 to 31 January 2016. Chris paid his debt and requested leniency with the charges. A full remission was granted on 31 January 2016. In this case, Chris has a:

- \$1,200 deductible interest expense
- \$1,200 assessable interest income (due to the GIC remission).

Under the new approach, we will not provide pre-fill information as the net balance of the interest deductions and interest income is nil.

Under the legislative rules, Chris would claim a deduction expense of \$1,200 at label D10 and include interest income of \$1,200 at label 24Y in the supplementary return. Under the new reporting approach, he will not declare ATO interest at these labels.

Example 2: Net amount of deductible interest

Jenny has an outstanding debt with us and was charged \$2,300 GIC in the period 1 July 2015 to 30 June 2016. There were GIC remissions of \$56 in this period. Jenny lodged a credit amendment for the 2014 income year in the same period and this reduced the debt payable. The GIC debt was also reduced by \$505. In this case, Jenny has a \$2,300 deductible interest expense and \$561 assessable interest income (due to the GIC remission and credit reduction). Under the new approach, we will report a \$1,739 net deductible interest expense.

Under the legislative rules, Jenny would claim a deduction expense of \$2,300 at label D10 and include interest income of \$561 at label 24Y in the supplementary return. Under the new reporting approach, Jenny will declare

\$1,739 at label D10.

Example 3: Net amount of assessable interest income

John has an outstanding debt with us relating to the 2014 income year and was charged:

- \$1,265 GIC in the period 1 July 2015 to 30 June 2016
- \$981 GIC for the period 1 July 2014 to 30 June 2015.

John lodged a credit amendment for the 2014 income year on 30 September 2015 which resulted in a refund. The GIC charged in the 2015 and 2016 income years was subsequently reduced to nil. In this case, John has a \$1,265 deductible interest expense and \$2,246 assessable interest income (due to the GIC adjustments in the 2016 income year). Under the new approach, we will report \$981 net assessable interest (John would have claimed a \$981 deduction in his 2015 tax return.)

Under the legislative rules, John would claim a deduction expense of \$1,265 at label D10 and include interest income of \$2,246 at label 24Y in the supplementary return. Under the new reporting approach, John will declare \$981 at label 24Y.

Example 4: Transitional year calculations – 2016 tax return only

Eva has an outstanding debt with us relating to the 2014 income year:

- \$435 GIC was processed in the period 1 July 2015 to 30 June 2016 (this includes the \$45 and \$53 mentioned below)
- \$550 GIC was incurred in the period 1 July 2014 to 30 June 2015 (this includes the \$45 mentioned below)
 - \$45 processed 7 July 2015 with effective date of 30 June 2015 (end of year GIC calculation)
 - \$53 processed 10 November 2015 with effective date prior to 30 June 2015 (this amount will be included in the calculation of interest in 2016 only).

Eva lodged her 2015 tax return on 30 August 2015 using ATO pre-fill data and declared a deductible expense of \$505 (\$550 – \$45). She will need to consider whether to amend this return to declare the \$53 imposed on her account after lodging the 2015 return, if she uses the legislative rules to

calculate her entitlements.

Under the new 2016 approach we will report \$435 net deductible interest. Eva will need to adjust this total for the \$45 claimed as a deduction in the 2015 return.

Under the legislative rules, Eva can claim a deduction expense of \$337 (\$435 – \$45 – \$53) at label D10 in her 2016 tax return. Under the new reporting approach, Eva will declare \$390 at label D10. She will not need to amend her 2015 tax return to claim the \$53 processed in November 2016 as the new process results in the deduction being claimed in the later year.

Example 5: part year residency – taxpayer resides in Australia

Steven returned to Australia on 30 October 2018 and updated his address with the ATO.

The 2019 income year pre-fill interest data included \$125 IOP paid to Steven by the ATO on 10 August 2018 from which we withheld tax. This means Steven does not have to declare this IOP. When Steven lodged his return on 21 September 2019, he removed \$125 from the IOP interest total pre-filled at item 10 *Gross interest*, so that he is not taxed again on this interest.

Example 6: part year residency – taxpayer resides overseas

Susan left Australia to reside overseas on 20 May 2019. She notified the ATO of her change of address before her departure. As we recorded Susan as a non-resident we will not report the interest paid by us the pre-fill interest totals for 2019.

When Susan checked her ATO records she realised we had paid her IOP of \$120 on 15 November 2018. As she was a resident when this was paid, we did not withhold tax from the payment. When Susan prepares her 2019 income tax return she must adjust the pre-fill data at item 10 *Gross interest* to include the \$120 so that she is correctly declaring the interest income she has received.

Manually calculating ATO interest

You must calculate the ATO interest you want to claim as a deduction or must declare as assessable income, if:

- we do not provide you pre-fill interest data but:
 - your statement of account shows you have ATO interest
 - we told your agent in the *Pre-filling report* that you have ATO interest on your account
- we paid interest to you in the period 1 July 2015 to 9 November 2015 and:
 - the transactions have an effective date prior to 1 July 2015, and
 - you included the interest in an earlier tax return – see [Transitional year adjustments](#)

You may wish to manually calculate the ATO interest where:

- you prefer to declare interest deductions and income separately at the relevant labels in your tax return, instead of reporting a net balance of interest
- you don't wish to rely on ATO pre-fill data
- you want to assess which reporting method provides the best outcome for you.

General rules for assessing ATO interest transactions

- Effective date – the date a transaction affects the account for determining the daily balance and calculating GIC.
- Processed date – the date we process a transaction on your account.

Item 10 Gross interest

This label includes the interest we've paid or credited to you (IOP, IEP, DRI).

The same rules apply for both the legislative process and the new reporting process.

For the calculation:

- the processed date is when we paid you interest
- declare any new credit balance.

Item D10 / D10N Cost of managing tax affairs– Interest charged by the ATO

This label includes an interest charge we imposed on you (GIC, SIC, LPI).

For the calculation under the legislative rules:

- use the processed date and effective date of the interest transaction to determine when it was incurred (Noting that GIC with an effective date of 1 July that relates to interest imposed in the period prior to 1 July will be reported in that prior year)
- claim the net debit interest balance.

For the calculation under the business rules for the new reporting process:

- use the processed date of the interest transaction
- declare a debit balance where the net deduction is greater than your net assessable interest.

Item 24Y / 24X (Other income – Category 2 (ATO interest))

This label includes amounts of interest we imposed on you that have been remitted or recouped. This includes:

- GIC remissions and GIC credit adjustments
- SIC remissions and SIC credit adjustments
- and LPI remission/credit adjustments).

It does not include certain transactions such as write-offs or released amounts.

Under the legislative rules you must declare interest that has been remitted or reduced where you claimed a deduction, or can claim a deduction, for the interest that was imposed. (The benefit that you gain from the deduction must reflect the actual amount of interest imposed.)

Interest is assessable in the year that it is remitted or recouped.

For the calculation under the legislative rules:

- use the processed date of the transaction to work out when the interest that we imposed has been is recouped (that is, the benefit of the deduction has been reversed)
- declare the net credit balance.

For the calculation under the business rules for the new reporting process:

- use processed date
- declare the net income where this is greater than the net deduction total.

Applying the different calculation rules

You will need to analyse your ATO statements of account and review all interest transactions in the relevant timeframe. The examples below show how to calculate interest deductions and income amounts using the different reporting methods.

Example: Statement of account #1 – Income tax

Processed date	Effective date	Transaction description	Debit \$	Credit \$	Running balance account \$	DR/CR
02/06/2015	02/06/2015	General interest charge (GIC) from 01 Jun to 02 Jun 2015	5.46	0.00	13,003.94	DR

02/06/2015	02/06/2015	Remission of general interest charge (GIC)	0.00	-5.46	12,998.48	DR
01/07/2015	01/07/2015	General interest charge (GIC) calculated from 02 Jun to 30 Jun 2015	99.82	0.00	13,098.30	DR
01/07/2015	01/07/2015	Remission of general interest charge (GIC)	0.00	-99.82	12,998.48	DR
01/08/2015	01/08/2015	General interest charge (GIC) calculated from 01 Jul to 31 Jul 2015	107.40	0.00	13,105.88	DR
01/09/2015	01/09/2015	General interest charge (GIC) calculated from 01 Aug to 31 Aug 2015	108.29	0.00	13,214.17	DR
01/10/2015	01/10/2015	General interest charge (GIC) calculated from 01 Sep to 30 Sep 2015	105.64	0.00	13,319.81	DR
03/11/2015	03/11/2015	General interest charge (GIC) calculated from 01 Oct to 02 Nov 2015	116.46	0.00	13,436.27	DR
01/12/2015	01/12/2015	General interest charge (GIC) calculated from 03 Nov to 30 Nov 2015	99.61	0.00	13,535.88	DR
01/12/2015	01/12/2015	Remission of general interest charge (GIC)	0.00	-99.61	13,436.27	DR
02/01/2016	02/01/2016	General interest charge (GIC) calculated from 01 Dec 2015 to 01 Jan 2016	113.93	0.00	13,550.20	DR
02/02/2016	02/02/2016	General interest charge (GIC) calculated from 02 Jan to 01 Feb 2016	112.65	0.00	13,662.85	DR
02/03/2016	02/03/2016	General interest charge (GIC) calculated from 02 Feb to 01 Mar 2016	102.56	0.00	13,765.41	DR

Calculating ATO interest under the new process – statement 1

Identify the interest transactions processed in the period 1 July 2015 to 30 June 2016.

For the transitional 2016 year we adjust your pre-fill interest data to exclude the GIC processed on 1 July as this was included in the 2015 pre-fill interest totals.

- Total deductible interest = \$107.40 + \$108.29 + \$105.64 + \$116.46 + \$99.61 + \$113.93 + \$112.65 + \$102.56 = \$866.54
- Total assessable interest income = \$99.82 + \$99.61 = \$199.43

Net interest reported:

Net deductible interest you could claim at item D10 = \$866.54 – \$199.43 = \$667.11

Calculating ATO interest under the legislative rules – statement 1

Identify the income year in which:

- GIC was incurred (which is generally by the effective date of the transaction)
- interest that was remitted or reduced (by the processed date of the transaction).

Interest reported:

- Total deductible interest expense you could claim at item D10 = \$866.54
- Total assessable interest income you must declare at item 24Y = \$199.43

Example: Statement of account #2 – Income tax

Processed date	Effective date	Transaction description	Debit \$	Credit \$	Running balance account	DR/CR
26/09/2015	05/06/2014	Tax return individuals – income tax for the period from 1 Jul 2012 to 30 Jun 2013	1,199.15	0.00	1,199.15	DR
26/09/2015	21/11/2014	Tax return individuals – income tax for the period from 1 Jul 2013 to 30 Jun 2014	15,644.15	0.00	16,843.30	DR
26/09/2015	26/09/2015	Credit offset from Client Integrated Account	0.00	–9,343.00	7,500.30	DR
29/09/2015	01/07/2014	General interest charge (GIC) calculated from 1 Oct 2013 to 30 Jun 2014	8.52	0.00	7,508.82	DR
29/09/2015	01/07/2014	Remission of general interest charge (GIC)	0.00	–8.52	7,500.30	DR
29/09/2015	02/06/2015	Amended general interest charge (GIC) calculated from 1 Jul 2014 to 1 Jun 2015	926.45	0.00	8,426.75	DR

29/09/2015	02/06/2015	Remission of general interest charge (GIC)	0.00	-926.45	7,500.30	DR
30/09/2015	01/07/2014	Amended general interest charge (GIC) calculated from 1 Jun 2013 to 30 Jun 2014 (see note)	62.32	0.00	7,562.62	DR
30/09/2015	30/09/2015	Remission of general interest charge (GIC)	0.00	-62.32	7,500.30	DR

Amended general interest charge denotes an account correction by the ATO. This may affect interest amounts you previously reported depending on the method you use.

Calculating ATO interest under the new process – statement 2

Identify the interest transactions processed in the period 1 July 2015 to 30 June 2016.

- Total deductible interest you could claim at item D10 = \$8.52 + \$926.45 + \$62.32 = \$997.29
- Total assessable interest income you must declare at item 24Y = \$8.52 + \$926.45 + \$62.32 = \$997.29

Net interest reported:

Net deductible interest = \$997.29 – \$997.29 = \$0.00

There is no interest to be reported at items D10 or 24Y in the 2016 tax return.

Calculating ATO interest under the legislative rules – statement 2

The account adjustment by the ATO does not change the timing of the deduction for the GIC incurred in the 2014 income year. It corrects the GIC that can be claimed as a deduction in the tax return for that year.

2014 income year:

- Total deductible interest to report at item D10 = \$62.32

You must lodge an out of time objection if you wish to include this deduction with any other deductions claimed, if any.

2016 income year:

- Total deductible interest you could claim at item D10 = \$8.52 + \$926.45 = \$934.97
- Total assessable interest income you must declare at item 24Y = \$8.52 + \$926.45 + \$62.32 = \$997.29

The 2013 and 2014 tax returns were lodged late in the 2016 income year. The GIC of \$8.52 and \$926.45 imposed on the liabilities established by the notices of assessment for these income years, is incurred in 2016. The \$62.32 is incurred in the 2014 income year as the account adjustment alters the interest imposed in that year.

For more information on SIC and GIC charges we impose, see

- [TD 2012/2](#) *Income tax: when is the shortfall interest charge incurred for the purposes of paragraph 25-5(1)(c) of the Income Tax Assessment Act 1997*
- [PS LA 2011/12](#) *Administration of general interest charge (GIC) imposed for late payment or under estimation of liability*

Interest, dividend and other investment income deductions

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-deductions/Interest,-dividend-and-other-investment-income-deductions/>
- Last modified: 07 Jun 2022
- QC 31945

You can claim a deduction for expenses you incur in earning interest, dividend or other investment income.

On this page

- [Interest income expenses](#)
- [Investment income expenses](#)
- [Dividend and share income expenses](#)
- [Rental and holiday home expenses](#)
- [Forestry managed investment scheme deduction](#)

Interest income expenses

You can claim a deduction for account-keeping fees you incur on an [account held for investment purposes](#). For example, 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 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 pay on that account.

You can't claim a deduction for interest you incur on a personal tax debt. For

example, interest on a loan you take to pay your personal tax debt.

Investment income expenses

If you attend an investment seminar in relation to an existing investment, you may be entitled to claim a deduction for the portion of expenses that relate to investment income activities.

Dividend and share income expenses

You can claim a deduction for interest charged on money borrowed to buy shares and other related investments that you derive assessable interest or dividend income from.

Only interest expenses incurred 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.

What you can claim

You can claim a deduction for costs you incur to [invest in shares](#), such as:

- ongoing management fees or retainers
- amounts you pay for advice relating to changes in the mix of investment
- a portion of other costs you incur in managing the investments, such as:
 - some travel expenses
 - the cost of specialist investment journals and subscriptions
 - borrowing costs
 - 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 were 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.

Rental and holiday home expenses

You can claim a deduction for interest and borrowing expenses that relate to your rental property for the period your property is rented or is genuinely available for rent.

You can only claim a deduction for the portion of any [rental property or holiday home expenses](#) that relate to the income-producing use.

You can't claim any deductions for the cost of travel you incur relating to your residential rental property unless you are either:

- [in the business of letting rental properties](#)
- an [excluded entity](#)

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*.

Personal super contributions

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-deductions/Personal-super-contributions/>
- Last modified: 17 May 2022
- QC 31985

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 provide a valid notice of intent to your super fund or RSA provider.

On this page

- [Eligibility to claim](#)
- [How to claim the deduction](#)
- [After you claim the deduction](#)

Eligibility to claim

To claim a deduction your income needs to be from one of the following income

sources:

- [salary and wages](#)
- [a personal business](#) (for example, people who are self-employed contractors, or freelancers)
- [investments](#) (including interest, dividends, rent and capital gains)
- [government pensions or allowances](#)
- [super](#)
- [partnership or trust distributions](#)
- [a foreign source](#)

How to claim the deduction

To claim (or vary) a deduction for personal super contributions, you must first give your super fund or RSA provider a valid notice of intent.

Your fund must acknowledge the notice in writing before you claim the deduction in your tax return.

You can give a valid notice by:

- completing a [Notice of intent to claim or vary a deduction for personal super contributions](#)
- using a form your fund provides
- writing to your fund, stating you wish to claim a deduction for your personal super contributions.

Once your fund acknowledges your valid notice of intent you can [claim the deduction for personal super contributions](#) in your tax return.

When you complete your tax return, make sure you claim your deduction at the section Personal super contributions in your tax return. If lodging by paper, you will need to complete the [Individual tax return supplement](#).

After you claim the deduction

If you claim a deduction for a personal super contribution:

- that contribution will be subject to 15% tax in the fund
- you are not eligible for the super co-contribution for the amount that you claim (if the deduction is allowed).

Undeducted purchase price of a foreign pension or annuity

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-deductions/Undeducted-Purchase-Price-of-a-foreign-pension-or-annuity/>
- Last modified: 17 May 2022
- QC 31987

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](#)

Income protection insurance

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-deductions/Income-protection-insurance/>
- Last modified: 07 Jun 2022
- QC 31905

You can claim a deduction for the cost of premiums you pay for insurance against the loss of your [employment income](#). Only the premiums you pay to protect your income are deductible. This is known as income protection of continuing salary cover.

You must include any payment you receive under an income protection policy in your tax return.

You can't claim a deduction if the policy:

- you take out 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 protections 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 of the premium Deanne pays is for income protection cover and \$75 is for the 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.

Occupation and industry specific guides

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Occupation-and-industry-specific-guides/>
- Last modified: 26 May 2022
- QC 35914

Occupation and industry guides to help you work out the income and allowances to declare and the expenses you can claim.

On this page

- [Using our guides](#)
- [Rules for claiming a work deduction](#)
- [Tailored guides](#)

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 you need to declare
- work-related expenses you can claim as a deduction
- records you need to keep.

Rules for claiming a work deduction

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 have a [record](#) to prove it (usually a receipt).

Tailored guides

We tailor these guides to address common claims and errors in your occupation or industry.

Access from the table below, either:

- the complete occupation or industry guide including income, expenses, record keeping and examples – use the link in the left column of the table
- a summary of common work-related expenses for your occupation or industry that you can download as a PDF and print – use the link in the right column of the table.

Table: Occupation guides and summary posters

Occupation and industry guides	Deductions summary – PDF download
Adult industry workers	Not available
Agricultural workers	Agriculture deductions (PDF, 355KB) ↓
Apprentice	Apprentice (PDF, 343KB) ↓
Australian Defence Force members	ADF members deductions (PDF, 486KB) ↓
Building and construction employees	Building and construction deductions (PDF, 311KB) ↓
Bus drivers	Bus driver deductions (PDF, 347KB) ↓
Call centre operators	Call centre operators' deductions (PDF, 329KB) ↓
Cleaners	Cleaner deductions (PDF, 322KB) ↓
Community support workers and direct carers	Community worker and direct carer deductions (PDF, 334KB) ↓
Doctor, specialist or other medical professional	Doctor deductions (PDF, 332KB) ↓
Engineers	Engineer deductions (PDF, 385KB) ↓
Factory workers	Factory worker deductions (PDF, 359KB) ↓
Fire fighters	Fire fighter deductions (PDF, 320KB) ↓
Fitness and sporting industry employees	Fitness employee deductions (PDF, 302KB) ↓

Flight Crew	Flight crew deductions (PDF, 336KB) 
Gaming attendants	Gaming attendant deductions (PDF, 296KB) 
Guards and security employees	Security industry deductions (PDF, 366KB) 
Hairdressers and beauty professionals	Hairdresser and beauty deductions (PDF, 323KB) 
Hospitality industry employees	Hospitality deductions (PDF, 319KB) 
IT professionals	IT professional deductions (PDF, 296KB) 
Lawyers	Lawyer deductions (PDF, 325KB) 
Meat workers	Meat worker deductions (PDF, 333KB) 
Media professionals	Media professional deductions (PDF, 330KB) 
Mining site employees	Miners deductions (PDF, 321KB) 
Nurses and midwives	Nurse and midwives deductions (PDF, 330KB) 
Office workers	Office worker deductions (PDF, 405KB)  Public servant deductions (PDF, 296KB) 
Paramedics	Paramedic deductions (PDF, 336KB) 
Performing artists	Performing artist deductions (PDF, 331KB) 
Pilots	Pilot deductions (PDF, 296KB) 
Police	Police deductions (PDF, 317KB) 
Professional sportsperson	Not available
Real estate employees	Real estate employees deductions (PDF, 357KB) 
Recruitment consultants	Recruitment consultant deductions (PDF, 318KB) 
Retail industry workers	Retail industry deductions (PDF, 374KB) 
Sales and marketing	Sales and marketing deductions (PDF, 336KB) 
Teachers and education professionals	Teachers deductions (PDF, 319KB) 
Tradesperson	Tradesperson deductions (PDF, 312KB) 
Train drivers	Train driver deductions (PDF, 310KB) 
Travel agent employees	Travel agent deductions (PDF, 336KB) 
Truck drivers	Truck driver deductions (PDF, 343KB) 

We translate some of our occupation guides into other languages to help people from non-English speaking backgrounds. To find out if an occupation or industry guide is available in your language:

- select your language from the [other languages' homepage](#)
- select the heading Individuals
- check the list, if a guide for your occupation is available it will appear on this page.

For more information, see [Employees guide for work expenses](#).

Offsets and rebates

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Offsets-and-rebates/>
- Last modified: 07 Jun 2022
- QC 31972

Work out if you are eligible for a tax offset or rebate to help reduce your tax payable.

[Private health insurance rebate and offset](#)

Work out if you can claim a rebate or tax offset to cover the cost of your private health insurance premium.

[Australian Government allowances and payments and the beneficiary tax offset](#)

Work out if an offset is available to you, if you receive certain government payments or allowances.

[Offset for maintaining an invalid or invalid carer](#)

Work out if you can claim an offset for maintaining an invalid or invalid carer who is 16 years old or older.

[Low and middle income earners tax offsets](#)

Check if you are eligible for the low or low and middle income tax offsets.

[Medical expenses tax offset](#)

Check if you can claim a medical expenses offset from 2015–16 to 2018–19, the offset is not available from 1 July 2019.

[Seniors and pensioners tax offset](#)

Check if you are eligible for the seniors and pensioners offset.

[Super-related tax offsets](#)

Check if you are eligible for an offset on a super income stream or super contribution you made.

[Zones and overseas forces tax offsets](#)

Check if you are eligible for an offset for living in a remote area or serving overseas as a member of a force.

[Lump sum payment in arrears tax offsets](#)

Work out if you can claim an offset for lump sum payments you receive in arrears.

[Claiming a foreign income tax offset](#)

Work out if you're eligible to claim an offset for tax you pay on income from another country.

Private health insurance rebate and offset

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Offsets-and-rebates/Private-health-insurance-rebate-and-offset/>
- Last modified: 07 Jun 2022
- QC 31939

Work out if you can claim a rebate or tax offset to cover the cost of your private health insurance premium.

On this page

- [Eligibility for the PHI rebate or offset](#)
- [Calculate your PHI rebate](#)
- [How to claim the PHI rebate](#)

Eligibility for the PHI rebate or offset

You must have private health insurance to claim a rebate or tax offset for PHI. Your rebate or tax offset amount is income tested and depends on your eligibility. The rebate is an amount the government contributes towards your private health insurance.

Your entitlement to a private health insurance rebate or tax offset depends on both:

- the age of the oldest person your policy covers
- your single or family [income for Medicare levy surcharge purposes](#), depending on your family status.

If you have a high income, the amount of private health insurance rebate you can receive is either:

- reduced
- not available, if your income is more than a certain amount.

Calculate your PHI rebate

We calculate the amount of private health insurance rebate when you lodge your tax return. We will test your income against the income thresholds to work out the percentage of rebate you're entitled to receive.

Use the [Private health insurance rebate calculator](#) to work out for the current income year, your:

- private health rebate percentage
- income for Medicare levy surcharge purposes.

How to claim the PHI rebate

You can claim your PHI rebate as a:

- premium reduction, which lowers the policy price your insurer charges
- refundable tax offset when you lodge your tax return.

[How you claim the PHI rebate](#) may result in you receiving a private health insurance tax offset or a liability, depending on:

- how you choose to claim your rebate
- the level of rebate you claim for your policy
- your [income for Medicare levy surcharge purposes](#)

Government allowances and payments and the beneficiary tax offset

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Offsets-and-rebates/Government-allowances-and-payments-and-the-beneficiary-tax-offset/>
- Last modified: 08 Jun 2022
- QC 31940

Work out if an offset is available to you if you receive certain government payments or allowances.

On this page

- [Eligibility](#)
- [Calculate your beneficiary tax offset](#)

Eligibility

You must be receiving certain [Australian Government allowances and payments](#) to be eligible for the beneficiary tax offset. The beneficiary tax offset reduces the amount of tax you pay on your taxable income.

If you have no tax payable, the beneficiary tax offset is not available as there is no tax to offset.

You will pay no tax for the year if you both:

- receive a qualifying [tax-free Australian Government allowances and payments](#)
- have no other taxable income.

If you have other assessable income you may still pay some tax.

Calculate your beneficiary tax offset

We calculate your entitlement to the beneficiary tax offset using the information you include in your tax return.

Use the [Beneficiary tax offset and seniors and pensioners tax offset calculator](#) to help you work out:

- your eligibility
- the amount of offset you may receive.

Offset for maintaining an invalid or invalid carer

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Offsets-and-rebates/Offset-for-maintaining-an-invalid-or-invalid-carer/>
- Last modified: 08 Jun 2022
- QC 31971

Work out if you can claim an offset for maintaining an invalid or invalid carer who is 16 years old or older.

On this page

- [When you can claim the tax offset](#)
- [When you can't claim the tax offset](#)
- [Maintaining an invalid](#)
- [Maintaining an invalid carer](#)
- [Calculate the invalid or invalid carer tax offset](#)

When you can claim the tax offset

If you maintain certain invalids or invalid carers you may be able to claim a tax offset. The invalid or carer must be both:

- 16 years old or older
- receiving certain government payments.

When you can't claim the tax offset

You can't claim the tax offset if you maintain:

- your spouse who is an invalid or invalid carer and your [adjusted taxable income](#) is more than \$100,900
- an invalid or invalid carer who is not your spouse and your and your spouse's adjusted taxable income is more than \$100,900.

Maintaining an invalid

You may claim a tax offset for maintaining an invalid if:

- you maintain an invalid who is your:
 - spouse
 - child 16 years old or older
 - sibling 16 years old or older
 - spouse's child 16 years old or older
 - spouse's sibling 16 years old or older
 - parent
 - spouse's parent.
- the invalid receives either:
 - a disability support pension under the *Social Security Act 1991*
 - a special needs disability support pension under the *Social Security Act 1991*
 - an invalidity service pension under the *Veterans' Entitlement Act 1986*.

Maintaining an invalid carer

You may claim a tax offset if you maintain an invalid carer where:

- you maintain an invalid carer who is either your:
 - spouse
 - parent
 - spouse's parent.
- the invalid carer cares for either:
 - your or your spouse's invalid child 16 years old or older
 - your or your spouse's sibling 16 years old or older
- the invalid carer:
 - receives a carer payment or carer allowance under the *Social Security Act 1991* for the care they provide for that person
 - has been wholly engaged in providing care to an invalid person receiving one of the following pensions:
 - a disability support pension under the *Social Security Act 1991*
 - a special needs disability support pension under the *Social Security Act 1991*
 - an invalidity service pension under the *Veterans' Entitlement*

Act 1986.

Calculate the invalid or invalid carer tax offset

You need to calculate the tax offset amount you can claim in your tax return.

Use the [Invalid and invalid carer tax offset calculator](#) to work out your invalid or invalid carer tax offset.

Claim the amount at 'Invalid and invalid carer' at question 'You are claiming tax offsets, adjustments or a credit for early payment – Other tax offsets.'

Low and middle income earner tax offsets

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Offsets-and-rebates/Low-and-middle-income-earner-tax-offsets/>
- Last modified: 01 Aug 2022
- QC 31944

Check if you're eligible for the low income tax offset (LITO) and the low and middle income tax offset (LMITO).

On this page

- [Eligibility for the tax offsets](#)
- [Low income tax offset](#)
- [Low and middle income tax offset](#)
- [What is a tax offset?](#)

Eligibility for the tax offsets

Eligible low and middle income earners may receive one or both of the:

- low income tax offset (LITO)
- low and middle income tax offset (LMITO).

These offsets can only reduce your tax payable to zero, it is not a bonus payment. The amount of available offset depends on your individual circumstances.

To be eligible for one or both of these tax offsets you need to:

- be an Australian resident for income tax purposes
- pay tax on your taxable income
- have a taxable income that is below certain income thresholds.

You don't need to complete a section in your tax return to get these tax offsets, we work out the offsets when you lodge your tax return.

If you are eligible, the amount of offset you're entitled to reduces the tax you need to pay when you lodge your tax return. You can see the amount of offset you receive on your notice of assessment (you won't receive the offset as a separate payment).

Low income tax offset

The amount of the low income tax offset (LITO) you receive will depend on your taxable income.

If your taxable income is:

- \$37,500 or less, you will get the maximum offset of \$700
- between \$37,501 and \$45,000, you will get \$700 minus 5 cents for every \$1 above \$37,500
- between \$45,001 and \$66,667, you will get \$325 minus 1.5 cents for every \$1 above \$45,000.

Low and middle income tax offset

In addition to the LITO, you may also receive the low and middle income tax offset (LMITO).

If your taxable income is less than \$126,000 and you are an Australian resident for tax purposes, you will get some or all of the LMITO.

As announced in the 2022–23 federal Budget, the LMITO has been increased by \$420 (referred to as the one-off \$420 cost of living tax offset) for the 2021–22 income year. This increases the base amount to \$675 and the full amount to \$1,500.

The LMITO amount for the 2018–19, 2019–20 and 2020–21 income years remains the same at between \$255 and \$1,080.

The amount of offset you receive depends on your circumstances, such as your taxable income and how much tax you have paid throughout the income year – see, [what is a tax offset?](#)

Media: Low and middle income tax offset explained
<http://tv.ato.gov.au/ato-tv/media?v=bi9or7odo6jxb8> (Duration: 01:05)

The 2021–22 income year is the last year for the LMITO – it will not be available in future income years.

The tables below show the amount of the offset you can receive depending on the income year and your taxable income.

Low and middle income tax offset for 2021–22 income year

Taxable income	Offset
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\$37,000 or less	\$675
From \$37,001 to \$48,000	\$675 plus 7.5 cents for every dollar above \$37,000, up to a maximum of \$1,500
From \$48,001 to \$90,000	\$1,500
From \$90,001 to \$126,000*	\$1,500 minus 3 cents for every dollar of the amount above \$90,000

Note: If your taxable income is \$126,000 or more, you will not receive the LMITO.

Low and middle income tax offset for 2018–19, 2019–20 and 2020–21 income years

Taxable income	Offset
\$37,000 or less	\$255
From \$37,001 to \$48,000	\$255 plus 7.5 cents for every dollar above \$37,000, up to a maximum of \$1,080
From \$48,001 to \$90,000	\$1,080
From \$90,001 to \$126,000*	\$1,080 minus 3 cents for every dollar of the amount above \$90,000

Note: If your taxable income is \$126,000 or more, you will not receive the LMITO.

Example: taxable income up to \$37,000

Jacqueline's taxable income for 2021–22 income year is \$18,000. She paid no tax because her income is under the tax-free threshold.

As Jacqueline's income was less than \$37,000, she is eligible for the:

- low and middle income tax offset amount of \$675
- low income tax offset amount of \$700.

Jacqueline is eligible for both offsets but as she didn't pay any tax, her tax payable can't be reduced any lower than \$0.

The low and middle income tax offset and low income tax offset are non-refundable tax offsets so the unused offset can't be refunded. Jacqueline's tax payable remains at \$0 and she doesn't receive a tax refund.

Example: taxable income exceeds \$37,000 but is not more than \$48,000

Jeff's taxable income is \$45,000 for the 2021–22 income year. He is eligible for both the low income tax offset and the low and middle income tax offset.

As Jeff's income exceeds \$37,000 but is not more than \$45,000, he is eligible for a low income tax offset amount of \$700 minus 5 cents for every dollar his income is above \$37,500.

That is:

$$\$45,000 - \$37,500 = \$7,500$$

$$\$7,500 \times \$0.05 = \$375$$

$$\$700 - \$375 = \$325$$

As Jeff's income is between \$37,000 and \$48,000, he is also eligible for a low and middle income tax offset amount of \$675 plus 7.5 cents for every dollar his income is above \$37,000.

That is:

$$\$45,000 - \$37,000 = \$8,000$$

$$\$0.075 \times \$8,000 = \$600$$

$$\$675 + \$600 = \$1,275$$

Both of the offset amounts reduce Jeff's tax payable.

$$\$325 + \$1,275 = \$1,600$$

Jeff's tax payable of \$5,092 can be reduced by up to \$1,600 using both the LITO and LMITO.

Example: taxable income exceeds \$48,000 but is not more than \$90,000

Anita's taxable income is \$70,000 for the 2021–22 income year. As Anita's income is more than \$48,000 but less than \$90,000, she is eligible for a low

and middle income tax offset of \$1,500.

Anita is not eligible for the LITO as her income is above \$66,667.

Anita's tax payable of \$13,217 can be reduced by up to \$1,500 using the LMITO.

Example: taxable income exceeds \$90,000 but is not more than \$126,000

Andre's taxable income is \$92,000 for the 2021–22 income year. Andre's income is more than \$90,000 but less than \$126,000. Andre is eligible for a LMITO amount of \$1,500 minus 3 cents for every dollar his income is above \$90,000.

That is:

$$\$92,000 - \$90,000 = \$2,000$$

$$\$0.03 \times \$2,000 = \$60$$

$$\$1,500 - \$60 = \$1,440$$

Andre's tax payable of \$20,367 can be reduced by up to \$1,440 using the LMITO.

Andre was not eligible for the LITO as his income was above \$66,667.

What is a tax offset?

A tax offset reduces the tax you pay (known as your tax payable) on your taxable income. Your taxable income is your total income minus any deductions you claim.

The LITO and the LMITO can only reduce the tax you pay to \$0 (zero). Any offset amount that remains once your tax payable is zero isn't refunded to you.

Media: How tax offsets work

<https://tv.ato.gov.au/ato-tv/media?v=bi9or7od1ih49o> [↗] (Duration: 01:41)

How tax offsets affect the tax you pay

The tax offset amount you receive depends on your taxable income and the amount of tax you need to pay on this income (your tax payable).

Offsets can't reduce your Medicare levy and Medicare levy surcharge (if any). The Medicare levy is 2% of your taxable income, in addition to the tax you pay on your taxable income.

If your taxable income is \$18,200 or less and you:

- have not paid any tax, an offset can't reduce the tax you pay – your tax payable amount is already zero
- have paid any tax on this income, you will generally receive all of this tax back as a refund – your tax payable amount is zero so, no offset applies.

If your taxable income is \$18,201 or more, we use your taxable income to work out how much tax you're required to pay. We then reduce the tax you need to pay with the offset amount you're entitled to.

If you are under 18 years old on 30 June of the income year and you have unearned income, these offsets can't reduce the tax payable on this income.

Claiming income tax offsets

You don't need to complete anything in your tax return in order for us to work out your low income tax offset or the low and middle income tax offset. We work out the amounts of these tax offsets for you once you lodge your tax return.

Any offset you are entitled to is included when we work out the result of your tax return.

If you want to find out how much of an offset you were entitled to, you can see this amount on your notice of assessment. Look for the *Less non-refundable tax offsets* section.

If you lodge online, your notice of assessment will be sent to your myGov Inbox once your return has been finalised.

If you receive a tax refund it will be deposited into your nominated bank account. Any refund may also be reduced by any debt you have with us or any Australian government agency. The law requires us to [use refunds or credits to pay debt](#).

Authorised by the Australian Government, Canberra.

Medical expenses tax offset

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Offsets-and-rebates/Medical-expenses-tax-offset/>
- Last modified: 08 Jun 2022
- QC 31918

Check if you can claim a medical expenses offset from 2015–16 to 2018–19, the offset is not available from 1 July 2019.

On this page

- [Eligibility for the medical expenses tax offset](#)
- [Keeping records for medical expenses](#)
- [Calculate the medical expenses tax offset](#)

Eligibility for the medical expenses tax offset

You can claim the medical expenses tax offset for net eligible expenses that relate to:

- disability aids
- attendant care
- aged care.

Net expenses are your total eligible medical expenses minus refunds you, or someone else, receive from:

- National Disability Insurance Scheme (NDIS)
- private health insurers.

You must reduce your eligible medical expenses, if you receive a reimbursement from:

- a government
- a public authority
- a society
- an association
- a fund.

If you receive a reimbursement amount as part of a compensation payment, you generally don't have to reduce your eligible medical expenses.

Keeping records for medical expenses

You need to [keep records](#) for the income years you claim this tax offset. These may include:

- receipts or other documents to show the medical expenses you claim – for example, payment for prosthetics or a wheelchair
- receipts from an approved care provider for in-home care expenses
- documents for any payments made to residential aged care facilities
- statements from the National Disability Insurance Scheme (NDIS) or a private health fund.

You should keep documents that relate to you, as well as for your dependants. This generally refers to your spouse and children but may also include other dependants.

Calculate the medical expenses tax offset

This offset is subject to an income test. To work out the percentage of net medical expenses you can claim, if you're eligible for the offset, you will need to know your:

- [adjusted taxable income \(ATI\)](#)
- family status.

Use the [Net medical expenses tax offset calculator](#) to work out the amount of your total net medical expenses for income years 2015–16 to 2018–19.

Use the [Income tests calculator](#) to help you work out your adjusted taxable income (ATI) amount.

Seniors and pensioners tax offset

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Offsets-and-rebates/Seniors-and-pensioners-tax-offset/>
- Last modified: 05 Sep 2022
- QC 31909

Check if you are eligible for the seniors and pensioners offset (SAPTO).

On this page

- [Eligibility for the seniors and pensioners tax offset](#)
- [Amount of seniors and pensioners tax offset](#)
- [Transferring SAPTO to a spouse](#)

Eligibility for the seniors and pensioners tax offset

To be eligible for the seniors and pensioners tax offset (SAPTO), you must meet certain conditions relating to:

- your eligibility for an [Australian Government pension or allowance](#)
- your and your spouse's [income](#)

The SAPTO can reduce the amount of income tax you pay. However, you can't claim the SAPTO if you were in jail for the whole income year.

SAPTO is available on assessment of your tax return. It is a non-refundable tax offset.

Use the [Beneficiary tax offset and seniors and pensioners tax offset calculator](#) to help you work out your eligibility for this offset and calculate the offset amount.

Eligibility for an Australian Government pension or allowance

You meet this condition if any of the following apply to your circumstances in 2021–22:

- you were the recipient of an [Australian Government pension or allowance](#) from Centrelink. No other Australian Government payment satisfies this condition.
- you were the recipient of a [pension, allowance or benefit](#) from the Department of Veterans' Affairs (DVA)
- you satisfy the Centrelink age pension age requirement and were eligible for an Australian Government age pension during the income year, but didn't receive it because you didn't make a claim or because of the application of the income test or assets test and you satisfy one of the following
 - you had been an Australian resident for age-pension purposes for 10 years or more, of which at least five years were continuous
 - you had a qualifying residence exemption because you arrived in Australia as a refugee or under a special humanitarian program
 - you are a woman who was widowed in Australia and all of the following apply
 - you and your late partner were Australian residents when your late partner died
 - you are currently in Australia
 - you have been an Australian resident for at least the last 2 years
 - you received a widow B pension, a widow allowance, or a partner allowance, immediately before turning age-pension age
 - you would have qualified for an age pension under an international social security agreement
 - you're a woman and on 19 March 2020 and were receiving either
 - a wife pension and you were not receiving a carer allowance
 - a special needs widow B pension.
- you met the veteran pension age test and were eligible for a pension, allowance or benefit from Veterans' Affairs during the income year, but didn't receive it because you didn't make a claim or because of the income test or the assets test, and you were
 - a veteran with eligible war service
 - a Commonwealth veteran, allied veteran or allied mariner with qualifying service.

Centrelink pension age test

To be eligible for an Australian Government age pension from Centrelink, you must be [66 years and 6 months old or older](#)²⁷ on 30 June 2022.

Veteran pension age test

To be eligible for a pension, allowance or benefit from Veterans' Affairs, you must meet the veteran pension age test and on 30 June 2022 be 60 years old or older.

You meet the veteran pension age test if one of the following applied to you and you were eligible for a pension, allowance or benefit under the *Veterans' Entitlements Act 1986*:

- you have eligible war service, that is, service in World War II or operational service as a member of the Australian Defence Force
- you're a Commonwealth or allied veteran who served in a conflict in which the Australian Defence Force was engaged during a period of hostilities, that is, in
 - World War II
 - Korea
 - Malaya
 - Indonesia
 - Vietnam
- you're an Australian or allied mariner who served during World War II
- you're the war widow or widower of a former member of the Australian Defence Force.

Income

You meet this condition if any of the following applied to you in 2021–22:

- you didn't have a spouse and your [rebate income](#) was less than \$50,119
- you had a spouse and the [combined rebate income](#) of you and your spouse was less than \$83,580 (less than \$41,790 income for each partner)
- at any time during the year
 - you and your spouse had to live apart due to illness or because one of you was in a nursing home, and
 - the combined rebate income of you and your spouse was less than \$95,198 (less than \$47,599 income for each partner).

The phrase 'had to live apart' due to illness, refers to situations where you and your spouse don't live together because one or both of you have an indefinitely continuing illness or infirmity and as a result your combined living expenses were increased.

The combined rebate income is the total of all of the following:

- your [rebate income](#)
- your spouse's rebate income
- the amount on which a trustee of a trust was liable to pay tax in respect of your spouse because your spouse was under a legal disability, such as being an undischarged bankrupt or a person who was declared legally incapable because of a mental condition.

Amount of seniors and pensioners tax offset

Your entitlement to the SAPTO depends on:

- the amount of your [rebate income](#)

- your marital status – if you are a member of a couple, whether you and your spouse either
 - live together
 - had to live apart due to illness.

Had to live apart due to illness refers to situations where you and your spouse did not live together because one or both of you have an indefinitely continuing illness or infirmity and, as a result, your combined living expenses were increased.

Rates and thresholds for the seniors and pensioners tax offset

To be entitled to an amount of SAPTO, your rebate income must be less than the relevant cut-out threshold in the table below. If your rebate income is less than the shading-out threshold, you will be entitled to the maximum tax offset amount.

Rates and rebate income thresholds for SAPTO

Status	Maximum tax offset amount	Shading-out threshold	Cut-out threshold
Single	\$2,230	\$32,279	\$50,119
Each partner of a couple	\$1,602	\$28,974	\$41,790
Each partner of an illness separated couple	\$2,040	\$31,279	\$47,599

If more than one item in the table above applies to you during the income year, your offset amount will be based on the amount that gives you the greatest entitlement.

Example – Single with rebate income exceeding the cut-out threshold

Marko is single and is 67 years old. He qualifies for the Centrelink age pension but he does not make a claim for it. His rebate income is \$85,690.

Although Marko qualifies for the Centrelink age pension but didn't make a claim for it, Marko is not eligible for SAPTO as his rebate income is more than the cut-out threshold of \$50,119.

Example – Single with rebate income below threshold

Simon is single and he receives the parenting payment (single) from

Centrelink. Simon has a rebate income of \$32,178.

As Simon's rebate income is less than the cut-out threshold of \$50,119 and he receives an Australian Government pension or allowance, he is eligible for the tax offset.

Simon is entitled to the maximum SAPTO amount of \$2,230 as his rebate income is less than the shade-out threshold of \$32,279.

Example – Couple living together and rebate income below threshold

Clare and Roy are married and live together. Both Clare and Roy receive an Age pension from Centrelink. Clare's rebate income is \$23,020 and Roy's is \$25,677.

Clare and Roy are each entitled to the maximum SAPTO amount of \$1,602 as each of their rebate income is below the shading-out threshold of \$28,974.

Tax offset reduction

The tax offset reduces by \$0.125 for every dollar by which your rebate income exceeds the relevant shading-out threshold amount.

Example – Single with rebate income above the threshold

José is single and he receives an Age pension. José has a rebate income of \$39,000.

José is eligible for the tax as his rebate income is less than the cut-out threshold of \$50,119 and he receives an Australian Government pension.

As José's rebate income exceeds the shading-out threshold of \$32,279, his tax offset is reduced as follows:

$$\$39,000 - \$32,279 = \$6,721$$

$$\$6,721 \times 0.125 = \$840.125$$

$$\$2,230 - \$840.125 = \$1,389.875$$

This amount is to be rounded up to the nearest dollar. Therefore, José is entitled to a SAPTO amount of \$1,390.

Example – Couple with spouse not eligible and rebate income above the threshold

Keith and Jean are a married couple living together. Keith receives an Age pension but Jean has not reached the Age pension age and does not qualify for the Centrelink Age pension.

Keith's rebate income is \$33,650 and Jean's is nil. Their combined rebate income is therefore, \$33,650. For determining whether they satisfy the cut-out threshold, each is taken to have a rebate income of:

- $0.5 \times \$33,650 = \$16,825$.

Jean is not eligible for SAPTO as she has not reached the Age pension age and is not eligible for an Age pension.

Keith is eligible for the tax offset as his determined amount of rebate income (\$16,825) is less than the cut-out threshold of \$41,790, and Keith receives the Age pension. However, his actual rebate income is used in calculating the tax offset amount.

As Keith's actual rebate income of \$33,650 is more than the shade-out threshold of \$28,974, his tax offset is reduced as follows:

$$\$33,650 - \$28,974 = \$4,676$$

$$\$4,676 \times 0.125 = \$584.50$$

$$\$1,602 - \$584.50 = \$1,017.50.$$

This amount is to be rounded up to the nearest dollar. Therefore, Keith is entitled to a SAPTO amount of \$1,018.

In some circumstances, a person may be eligible for the tax offset, but their income amount means the tax offset is reduced to zero.

Example – Couple with spouse eligible for SAPTO and rebate income above the threshold

Vanh and his spouse, Julie, live together. They both receive the Age pension.

Vanh has a rebate income of \$32,590 and Julie's rebate income is \$26,780.

Their combined rebate income is \$59,370. To determine if they satisfy the cut-out threshold, each is taken to have a rebate income of:

- $0.5 \times \$59,370 = \$29,685$.

Both Vanh and Julie are eligible for SAPTO as they both receive the Age pension and their determined amount of rebate income of \$29,685 is less than the cut-out threshold of \$41,790.

As Vanh's actual rebate income of \$32,590 is more than the shade-out threshold of \$28,794, his tax offset is reduced as follows:

$$\$32,590 - \$28,974 = \$3,616$$

$$\$3,616 \times 0.125 = \$452$$

$$\$1,602 - \$452 = \$1,150$$

Vanh is entitled to a SAPTO amount of \$1,150.

Julie is entitled to the maximum tax offset amount of \$1,602 as her actual rebate income of \$26,780 is below the shade-out threshold of \$28,974.

Julie's taxable income is also \$26,780. The amount of tax payable on Julie's taxable income exceeds the maximum SAPTO amount of \$1,602. Therefore, there is no unused portion of the tax offset to transfer to Vanh.

For information on how to work out transferring an unused portion of the tax offset, see [Transferring SAPTO to a spouse](#).

Transferring SAPTO to a spouse

In some cases, if you and your spouse are both eligible for SAPTO, you may be able to [transfer your spouse's unused SAPTO](#) to you. We calculate their transfer amount and include this amount when calculating your SAPTO.

Super-related tax offsets

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Offsets-and-rebates/Super-related-tax-offsets/>
- Last modified: 24 May 2022
- QC 31976

You may be eligible to claim a tax offset on your super income stream and super contributions you make on behalf of your spouse.

On this page

- [Australian super income stream tax offset](#)
- [Tax offset for super contributions on behalf of your spouse](#)

Australian super income stream tax offset

A super income stream is a series of regular payments from your super fund. If you receive income from an Australian super income stream, you may be eligible for a tax offset equal to:

- 15% of the taxed element
- 10% of the untaxed element.

The tax offset amount available to you on your taxed element will be shown on your *PAYG payment summary – superannuation income stream*.

There is a limit on the amount of tax offset you can claim on your untaxed element. This offset is generally limited to \$10,625 for the 2021–22 income year (\$10,000 for the 2020–21 and earlier income years) and will not be shown on your payment summary.

To work out if you can claim a tax offset on your untaxed element, use the [Defined benefit income cap tool](#).

You can't claim a tax offset for the taxed element of any super income stream you receive before you reach your [preservation age](#). Except where the super income stream is either a:

- disability super benefit
- death benefit income stream.

You can't claim a tax offset for the untaxed element of any super income stream you receive before you turn 60 years old, unless:

- the super income stream is a death benefit income stream
- the deceased died after they turned 60 years old.

Tax offset for super contributions on behalf of your spouse

You may be able to claim a tax offset if you make an eligible contribution on behalf of your spouse (married or de facto) who is earning a low income or not working. The contribution needs to be made to:

- a complying super fund
- retirement savings account (RSA).

You can claim a tax offset of up to \$540 per year for the income year you are claiming the tax offset if you meet all of the following conditions:

- the contributions were made to a super fund that was a complying super fund for the income year in which you made the contribution

- both you and your spouse were Australian residents when the contributions were made
- the contributions were not deductible by you
- when making the contributions you and your spouse were not living separately and apart on a permanent basis.

For income years before 2017–18:

- your spouse's income is less than \$13,800, that is the sum of your spouse's
 - assessable income
 - total reportable fringe benefits amounts
 - total reportable employer super contributions.

For the 2017–18 income year:

- your spouse's income is less than \$40,000, that is the sum of your spouse's
 - assessable income
 - total reportable fringe benefits amounts
 - total reportable employer super contributions.

For the 2017–18 income year and later income years your spouse had neither:

- exceeded their non-concessional contributions cap for the relevant year
- a total super balance equal to or exceeding the transfer balance cap immediately before the start of the income year in which the contribution was made. The general transfer balance cap for 2021–22 is \$1.7 million (\$1.6 million for the 2020–21 and earlier income years).

For the 2018–19 income year and later income years:

- your spouse's income is less than \$40,000, that is the sum of your spouse's
 - assessable income (disregarding your spouse's FHSS released amount for the income year),
 - total reportable fringe benefits amounts and
 - total reportable employer superannuation contributions.
- for income years before 2020–21, your spouse was under 70 years old when the contributions were made.
- from 1 July 2020 your spouse was under 75 years old when the contributions were made.

You can claim the maximum tax offset of \$540 where both of the following apply:

- you contribute to the eligible super fund of your spouse, whether married or de facto
- your spouse's income is \$37,000 or less.

The tax offset amount reduces when your spouse's income is greater than \$37,000 and completely phases out when your spouse's income reaches \$40,000. The tax offset is calculated as 18% of the lesser of:

- \$3,000 minus the amount by which your spouse's income exceeds \$37,000
- the sum of your spouse contributions in the income year.

The tax offset for eligible spouse contributions can't be claimed for super contributions that you made to your own fund, then split to your spouse. That is called a rollover or transfer, not a contribution.

Example: eligibility for the tax offset for super contributions on behalf of your spouse

Robert and Judy are spouses. Robert earns \$19,000 in 2018–19 and Judy makes a \$3,500 contribution to Robert's super fund.

Robert and Judy meet the eligibility requirements to claim a tax offset. Judy can claim a tax offset in her 2018–19 tax return for the contributions she makes to Robert's super fund.

The tax offset is calculated as 18% of the lesser of:

- \$3,000 minus the amount over \$37,000 that Robert earned (in this case, nil)
- the value of the spouse contributions (in this case, \$3,500).

Judy can claim a tax offset of \$540, being 18% of \$3,000.

Example: eligibility for a part tax offset for super contributions on behalf of your spouse

Carmel and Adam are married and living together. Carmel is 46 years old and her income is \$38,000 per year. Carmel has not exceeded her non-concessional contributions cap for the income year, and her total super balance is under \$1.6 million.

Adam wishes to make a super contribution of \$3,000, on Carmel's behalf, to her complying super fund.

Before 1 July 2017, Carmel's income would be too high and therefore Adam would not be eligible for a spouse tax offset for an eligible contribution.

From 1 July 2017, under the new arrangements, Carmel's income is under the threshold. Adam is eligible for a tax offset. As Carmel earns more than \$37,000 per year, Adam will not receive the maximum tax offset of \$540. Instead, Adam calculates his entitlement as 18% of the lesser of:

- \$3,000 reduced by every dollar over \$37,000 that Carmel earns
- the value of spouse contributions.

Carmel earns \$1,000 over the \$37,000 income threshold. Adam's tax offset

is \$360. This is calculated as 18% of \$2,000 (\$3,000 reduced by the \$1,000 that Carmel earned over the \$37,000 income threshold). This amount is less than the value of the spouse contributions (\$3,000).

Zone and overseas forces tax offsets

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Offsets-and-rebates/Zone-and-overseas-forces-tax-offsets/>
- Last modified: 08 Jun 2022
- QC 31995

Check if you are eligible for an offset for living in a remote area or serving overseas as a member of a force.

On this page

- [Zone tax offset](#)
- [Overseas forces tax offset](#)
- [Calculate the zone and overseas forces tax offset](#)

Zone tax offset

A rebate of tax, known as the zone tax offset, is available to individuals who are residents of either:

- specified remote areas
- isolated areas of Australia.

This doesn't include an offshore oil or gas rig.

Remote areas are either Zone A or Zone B areas as specified in the [Australian zone list](#). There are also special areas within these zones.

Eligibility for the zone tax offset

We base your eligibility on your usual place of residence.

If your usual place of residence is not in a zone, you are not eligible for the zone tax offset.

To claim the zone tax offset your usual place of residence needs to be both:

- a remote or isolated area (on the [Australian zone list](#))
- your residence for 183 days or more during the income year.

If your usual place of residence was in a zone for less than 183 days in the income year, you may still be able to claim the tax offset. If your usual place of residence was in a zone for a continuous period of less than 5 years and:

- you were unable to claim in the first year because it was not your residence for 183 days or more
- the total of the days you lived there in the first year and the current income year is 183 days or more
- the period you lived in a zone in the current income year includes the first day of the income year.

Any discretion the Commissioner of Taxation exercises for the zone tax offset will be made with reference to your usual place of residence.

Example: unable to claim the zone tax offset – no residence in a prescribed zone

Levi is an engineer who lives in Adelaide. He flies to Alice Springs for 12-day shifts at an engineering firm and then travels back to Adelaide for his days off (which vary between four and eight days in a row).

Levi doesn't have his usual place of residence within a prescribed zone, even though he is in Alice Springs for 183 days or more. This means he is unable to claim the zone tax offset.

Example: able to claim the zone tax offset

Jonte is an engineer who lives in Darwin (located in Zone A). He travels to Kununurra in Western Australia (located in a Zone A special area), where he is employed in the mining industry. In his usual shift, Jonte drives to Kununurra, works 14 days at the mine and drives back to Darwin where he remains for 16 days.

Jonte is eligible for the Zone A tax offset because his usual place of residence is in Darwin (Zone A).

Example: unable to claim the zone tax offset – main residence outside Australia

Angela is a doctor who works in the Darwin Hospital emergency department. She flies into Darwin from Auckland, New Zealand and works on a regular rotational basis in Darwin Hospital.

Usually, Angela works for 10 days and then has a break of between 8 and 10 days. During her breaks, Angela travels back to Auckland to see her friends and family. She stays in accommodation provided by the hospital when she is in Darwin.

Angela is purchasing a house in Auckland. She also has a car which she leaves at her Auckland home for use when she is there. Angela has bills sent to her Auckland home and she is registered to vote in New Zealand.

Angela isn't eligible for the zone tax offset because her usual place of residence is in Auckland.

Overseas forces tax offset

You may be eligible for an overseas forces tax offset if the following apply:

- you serve in a [specified overseas locality](#)
- your income relating to that service is not specifically exempt from tax
- you are a member of either
 - the Australian Defence Force
 - a United Nations armed force.

If your income was exempt foreign employment income, you exclude these periods when working out your eligibility for the tax offset.

To claim the full tax offset, you must have served in an overseas locality for 183 days or more in the income year. If your overseas service was less than 183 days, you may be able to claim part of the tax offset. Unlike the zone tax offset, you can't carry forward any unused days from previous years to make up 183 days.

Calculate the zone and overseas forces tax offset

You need to calculate the tax offset amount you can claim in your tax return. You can only claim one of these tax offsets. If you qualify for both of the above tax offsets, you can claim the one that give you the greater offset amount.

Use the [Zone or overseas forces tax offset calculator](#) to work out our eligibility for a zone or overseas forces tax offset and the tax offset amount.

Lump sum payments in arrears tax offsets

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Offsets-and-rebates/Lump-sum-payments-in-arrears-tax-offsets/>
- Last modified: 08 Jun 2022
- QC 63791

Work out if you can claim an offset for lump sum payments you receive in arrears (LSPIA).

On this page

- [Eligibility for LSPIA](#)
- [Reporting LSPIA](#)
- [Impact of receiving LSPIA](#)
- [Payments that qualify for the tax offsets](#)
- [LSPIA tax offset](#)
- [Tax offset for Medicare levy surcharge \(LSPIA\)](#)

Eligibility for LSPIA

Lump sum payments in arrears (LSPIA) are taxable in the year you receive payment. You may be eligible for a tax offset to reduce your tax payable.

A lump sum payment in arrears amount, is a payment that relates to earlier income years.

Eligible payments usually relate to:

- employment
- compensation
- welfare payments.

Reporting LSPIA

You will need to include any LSPIA amounts you receive in your tax return in the income year you receive the payment.

You will also need to provide a breakdown of the payment into each income year.

To work out where to show the amount in your tax return, see [myTax 2022 Salary, wages, allowances, tips, bonuses etc.](#)

Impact of receiving LSPIA

The intent of the LSPIA tax offset is to ensure you don't overpay tax. You usually pay more tax in the year you receive the lump sum than you would if tax was withheld in the year you earned it. The tax offset reduces the tax you pay.

As the LSPIA is taxable in the year you receive it, it can impact your tax and non-tax entitlements such as:

- student loans

- child support and welfare payments.

You may find:

- you are in a higher tax bracket and pay more tax than you would have if you received the amount when you earned it
- you are in the same tax bracket and pay the same amount of tax as you would have if you received the amount when you earned it
- you are in a lower tax bracket and pay less tax than you would have if you received the amount when you earned it
- you have a new or increased Medicare levy surcharge obligation, because the lump sum pushes you over a Medicare levy surcharge threshold.

Eligible tax offsets in relation to your LSPIA are:

- [LSPIA tax offset](#)
- [Medicare levy surcharge \(LSPIA\) tax offset](#)

If you are eligible for these offsets, we will work out the offsets and apply them to your tax return.

The intent of the Medicare levy surcharge (MLS) LSPIA tax offset is to reduce your liability to pay the MLS. This applies where you become liable for MLS because the lump sum pushes you over a MLS threshold.

We will work out the tax offsets for you based on the information you provide in your tax return.

Payments that qualify for the tax offsets

To qualify for one of the tax offset treatments, your LSPIA amounts must be either:

- salary or wages (only applies to the extent the salary or wages were accrued during the period earlier than 12 months before payment)
- a government education or training payment
- salary or wages paid to a person after reinstatement to duty following a period of suspension (only to the extent the payment was for the period of suspension, even if that period was within the preceding 12 months)
- deferred payment of a retiring allowance, retirement pension or annuity (or a payment which is a supplement to any of those payments)
- compensation, sickness or accident pay for incapacity to work (the concession is not available on payments made to the owner of an insurance policy under which the payment is made)
- Social Security and repatriation pensions, benefits and allowances paid by Social Security or the department of Veterans' Affairs or similar payments made under a law of a foreign country, state or province, but not exempt income.

LSPIA tax offset

To be eligible for the tax offset, a LSPIA must be 10% or more of your taxable income in the year of receipt after you deduct any:

- amounts that accrued in earlier years (that is, this payment)
- amounts received on termination of employment in lieu of annual or long service leave
- employment termination payments (ETPs)
- income stream and lump sum superannuation payments
- net capital gains
- any taxable professional income that exceeds the average taxable professional income.

The calculation of this tax offset is complex, therefore, there is no online calculator. The myTax estimate also doesn't include this tax offset as part of the estimate.

Tax offset for Medicare levy surcharge (LSPIA)

You, and in some cases your spouse, may be eligible to the tax offset for Medicare levy surcharge (LSPIA). The tax offset is available for a MLS that exists or is increased because you received an eligible lump sum payment in arrears.

Eligible lump sum payments in arrears for this tax offset consist of:

- eligible income for the purposes of the LSPIA tax offset (listed above) received in the relevant income year
- LSPIA of 'exempt foreign employment income' for the relevant year which you accrued for a period more than 12 months before the date it was paid.

Also consistent with the LSPIA tax offset, you will only be eligible for this tax offset if the lump sum represents 10% or more of your:

- taxable income in the relevant year
- exempt foreign employment income for the current year
- amounts that would be included in assessable income if family trust distribution was ignored
- reportable employer superannuation contributions for the current year
- total net investment loss for the current year.

Tax offset amount for Medicare levy surcharge

If you're eligible, the tax offset is equal to the amount of MLS liability payable on the lump sum.

The tax offset amount can only reduce your MLS liability to zero. It can't exceed the total liability.

The myTax estimate doesn't include this tax offset.

Tax offset for Medicare levy surcharge for spouses

[MLS liability is determined for families by combining both spouse's income.](#) Your LSPIA may affect your spouse's MLS liability. If your LSPIA results in a MLS liability for your spouse, they will receive a tax offset equal to the MLS liability caused by your LSPIA, if:

- you are entitled to the tax offset for Medicare levy surcharge (lump sum payments in arrears)
- you both were not already liable for the MLS because your other income exceeded the family threshold.

If you and your spouse were already liable for MLS (based on your income excluding the LSPIA), only you will receive the tax offset if you meet the eligibility criteria.

Claiming a foreign income tax offset

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Offsets-and-rebates/Claiming-a-foreign-income-tax-offset/>
- Last modified: 08 Jun 2022
- QC 33244

Work out if you're eligible to claim an offset for tax you pay on income from another country.

On this page

- [Eligibility for the foreign income tax offset](#)
- [Calculate the foreign income tax offset](#)

Eligibility for the foreign income tax offset

You can claim an Australian foreign income tax offset if you've paid foreign tax in another country. The foreign income tax offset provides relief from double taxation. You pay tax on your employment income or capital gains you make.

To be able to claim a foreign income tax offset, you must:

- have actually paid an amount of foreign income tax on your [Foreign income](#)
- include the income or capital gain you paid foreign income tax on in your assessable income for Australian income tax purposes.

Calculate the foreign income tax offset

Differences between the Australian and foreign tax systems may mean you pay foreign income tax in a different income year. You can only claim the offset after you pay the foreign tax.

Before you calculate your net income, you must [Convert all foreign income, deductions and tax amounts you pay to Australian dollars](#).

Use the [Guide to foreign income tax offset rules](#) to work out which foreign taxes count towards the offset.

Records you need to keep

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Records-you-need-to-keep/>
- Last modified: 08 Jul 2022
- QC 31973

Work out what format your records need to be in, how long to keep them and when you need them.

On this page

- [What is a record](#)
- [Format of your records](#)
- [The importance of keeping records](#)
- [How long to keep your records](#)
- [Keeping digital records with myDeductions](#)
- [Record keeping exceptions](#)
- [Lost or destroyed records](#)

For a summary of this information and specific work-related expense records you should keep, see [Records you need to keep – set the record straight \(PDF, 881KB\)](#) 

What is a record

Records are written evidence of your income or expenses that can be in paper or electronic form. You will receive documents that are important for doing your tax during the income year.

You need to keep records for 5 years (in most cases) from the date you lodge your tax return. Records may include income statements, payment summaries and receipts.

Records you need will differ depending on whether they are for:

- [Records for payments you receive](#)
- [Records for expenses](#)
- [Records for assets](#)
- [Records for local government councillors](#)

You need to keep specific records that support the claims and declarations you make as the Australian tax system relies on taxpayer's self-assessment.

Records for payments you receive

For income you receive from salary, wages, allowances, government payments or pensions and annuities your records may include:

- your income statement if your employer reports to us through single touch payroll (STP)

- your Pay as you go (PAYG) payment summary – individual non-business
- a signed letter or statement from the payer, that provides the same information as an income statement or payment summary
- your PAYG payment summary – superannuation income stream.

For income you receive from interest or managed funds, your records or evidence may include:

- statements, passbooks or other documents from your financial institution that show the amount of interest you receive
- statements or advice from managed funds that show
 - the amount of your distribution
 - the amount of any primary production or non-primary production income
 - any capital gains or losses
 - any foreign income
 - your share of any credits, such as franking credits.

Records for expenses

For most expenses you need a receipt or similar document as evidence of your expenses. To claim a deduction for a work-related expense, as an employee:

- you must have spent the money and you weren't reimbursed
- the expenses must directly relate to earning your income
- you must have a record to prove it (usually a receipt).

You will also need to be able to show how the expense relates to earning your income. For information about the specific records you need, see:

- [Keeping car expense records](#)
- [Keeping travel expense records](#)
- [Keeping transport expense records](#)
- [Keeping clothing, laundry and dry-cleaning expense records](#)
- [Keeping self-education expense records](#)
- [Keeping working from home expenses records for the method you use](#)
- [Keeping phone, data and internet expense records](#)
- [Keeping records for tools, equipment and other assets](#)

You can only claim a deduction for the work-related portion of an expense. You can't claim a deduction for any part of an expense that doesn't directly relate to earning your income or that is private.

If your total claim for work-related expenses is more than \$300, you must have written evidence to prove your claims.

If you are claiming the [decline in value of a depreciating asset](#) you have used for work, such as a laptop, you must keep records for 5 years following your final claim, including:

- purchase receipts and a depreciation schedule
- details of how you calculated your claim for decline in value.

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.

Records for assets

If you acquire a capital asset you may make a capital gain or capital loss if you sell the asset in the future. To ensure you don't pay more tax than necessary, keep good records from when you buy the asset.

This may include income you receive from an investment property or dividends from shares.

For information about the specific records you need, see:

- [Keeping records of shares and units](#)
- [Records for rental properties and holiday homes](#)
- [Keeping records for property](#) – your main residence and inherited dwellings
- [Keeping crypto records](#)

Record for local government councillors

As a local government councillor, you may also be an employee. You're an employee if your local governing body decides to subject its members to the pay as you go withholding system.

If this is the case, you need to keep written evidence of the work-related and car expenses you incur in carrying out your duties as a councillor.

Format of your records

You can keep your records in paper or digital format. If you make paper or digital copies, they must be a true and clear copy of the original.

We recommend you keep a back-up of all your digital records.

Your documents must be in English unless you incur the expense outside Australia.

If you claim a deduction, you must have records to show how you work out your claims. Records are usually a receipt from the supplier of the goods or services. A receipt must show the:

- name of the supplier
- amount of the expense
- nature of the goods or services
- date the expense was paid
- date of the document.

The importance of keeping records

Keeping good records helps you and your tax adviser:

- to provide written evidence of your income and expenses
- prepare your tax return
- to ensure you are able to claim all your entitlements
- prove the information you provide in your tax return (in case we ask you)
- reduce the risk of tax audits and adjustments
- improve communication with us
- resolve issues that relate to a dispute of your assessments or adjustments
- avoid exposure to penalties.

Keeping good records reduces the cost of managing your tax affairs. If you use a tax advisor, you can reduce the time they spend sorting and preparing your records. This will give them more time to ensure you claim your entitlements.

If you incur expenses that you use partly for private purposes, you must have records that show how you worked out the part of expenses that you incur in earning assessable income.

For more information, see [PS LA 2005/2](#) *Penalty for failure to keep or retain records*.

How long to keep your records

Generally, you must keep your written evidence for 5 years from the date you lodge your tax return.

There are some more specific situations. If you:

- claim a deduction for the [decline in value of depreciating assets](#) – keep records for the 5 years from the date of your last claim for decline in value
- acquire or dispose of an asset – keep records for the 5 years after it is certain that no [capital gains tax \(CGT\) event](#) can happen
- are in dispute with us – keep records for the later of either
 - 5 years from the date you lodge your tax return
 - 5 years from the date the dispute is resolved.

Keeping digital records with myDeductions

Our [myDeductions tool](#) is a record-keeping tool you can use to keep track of your records digitally. Using the myDeductions tool makes keeping your records including photos easier.

We recognise documents you store digitally, including photos of your receipts as records.

Sole traders with simple affairs can also use it to help keep track of their business income and expenses.

You can upload your records from the myDeductions tool and pre-fill your myTax return. If you use a registered tax agent, you can also email your records directly to them.

The myDeductions tool allows you to keep your records for:

- all work-related expenses (including car trips)
- interest and dividend deductions
- gifts or donations
- costs of managing tax affairs
- sole trader expenses and business income
- other deductions.

Watch: A quick demonstration of myDeductions

Media: A quick demonstration of myDeductions

<http://tv.ato.gov.au/ato-tv/media?v=bd1bdiubgosm84> (Duration: 1:22)

Record keeping exceptions

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

Exceptions exist for:

- [Keeping travel allowance expense records](#)
- [Keeping overtime meal allowance records](#)
- [Small and hard to get receipts](#)

In some circumstances you may not need receipts, but you still need to show:

- you spent the money yourself
- how you worked out your claim.

Small and hard to get receipts

You don't have to get and keep a receipt for 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.

You can still claim a deduction if the nature and quality of your evidence shows you spent the money and are entitled to claim a deduction. Evidence can include:

- a bank or credit card statement that shows
 - the amount that was paid
 - when and to who amounts were paid.
- other documents that outline the nature of the goods or services
- a written record in your work diary.

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

Lost or destroyed records

If your records are accidentally lost or destroyed, you may be able to claim a deduction for certain expenses. For example, your records are stolen during a burglary or destroyed in a disaster. You can claim a deduction if you can either:

- provide a complete copy of the lost or destroyed records
- satisfy us that you took reasonable precautions to prevent the loss or destruction and it's not reasonably possible to get a copy of the records.

We may also be able to help you with [Reconstructing your tax records](#).

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

Income tests

- <https://www.ato.gov.au/Individuals/Income-and-deductions/Income-tests/>
- Last modified: 25 May 2022
- QC 27221

Work out your eligibility for some tax offsets and benefits, and if items in a tax return apply to you.

On this page

- [Income tests and your tax return](#)
- [When the income test applies](#)
- [Adjusted taxable income](#)
- [Income for Medicare levy surcharge purposes](#)
- [Study and training support loan repayment income](#)
- [Super income tests](#)
- [Income tests calculations](#)

Income tests and your tax return

We use items from your tax return when applying income tests.

Ensure that you complete all items that apply to you in the income tests section of your tax return.

If you have a spouse, you should also include your spouse's income in the Spouse details section of your tax return.

When the income test applies

We use income tests to work out whether tax offsets and other items apply to you.

[Tax offsets](#) include:

- invalid and invalid carer tax offset
- seniors and pensioners tax offset
- Medicare levy surcharge (lump sum payment in arrears) tax offset
- spouse super contributions tax offset
- private health insurance tax offset.

Other items include:

- private health insurance liability
- [Medicare levy surcharge threshold](#) calculation
- government super co-contribution
- a deduction for your personal super contributions
- a deduction for your business losses (non-commercial losses)
- income tax concessions available to participants in certain [Employee Share Schemes](#)
- [study and training support loan repayments](#)

We use the family income threshold to assess most offsets, benefits and obligations.

Adjusted taxable income

Your adjusted taxable income (ATI) affects your entitlement to any dependant tax offset.

ATI is the sum of the following amounts less (minus) any child support you pay:

- taxable income (your assessable income minus deductions), disregarding any assessable [First Home Super Saver \(FHSS\)](#) released amount
- [adjusted fringe benefits total](#), that is the sum of
 - reportable fringe benefits amounts received from employers exempt from fringe benefits tax under section 57A of the *Fringe Benefits Tax Assessment Act 1986* multiplied by 0.53, and
 - reportable fringe benefits amounts from employers not exempt from fringe benefits tax under section 57A of the *Fringe Benefits Tax Assessment Act 1986*
- target foreign income (includes any income earned from overseas that is not already included in your taxable income or received in the form of a fringe benefit)
- total net investment loss (includes both net financial investment loss and net rental property loss)
- [tax-free government pensions or benefits](#) (includes certain disability pensions, carer payments and defence pensions)
- [reportable super contributions](#) (includes both reportable employer super contributions and deductible personal super contributions)

Rebate income

We work out what we call 'rebate income' to determine whether you are eligible for the seniors and pensioners tax offset.

Your rebate income is the total amount of your taxable income (disregarding your assessable [First home super saver](#) released amount), plus the following amounts if they apply to you:

- [reportable super contributions](#) (includes both reportable employer super contributions and deductible personal super contributions)
- total net investment loss (includes both net financial investment loss and net rental property loss)
- [adjusted fringe benefits total](#), that is the sum of
 - reportable fringe benefits amounts you received from employers exempt from fringe benefits tax under section 57A of the Fringe Benefits Tax Assessment Act 1986 multiplied by 0.53, and
 - reportable fringe benefits amounts from employers not exempt from fringe benefits tax under section 57A of the Fringe Benefits Tax Assessment Act 1986.

Income for Medicare levy surcharge purposes

We use your [income for Medicare levy surcharge purposes](#) to work out if you have to pay the Medicare levy surcharge (MLS) and the rate of your MLS.

The Medicare levy surcharge (MLS) is levied on Australian taxpayers who:

- don't have an appropriate level of private patient hospital cover for themselves, their spouse and dependent children, and
- earn above a certain income.

Income for surcharge purposes is used to test your eligibility for the [private health insurance rebate](#). Income for surcharge purposes includes your:

- taxable income (your assessable income minus deductions), disregarding any assessable [FHSS](#) released amount
- [reportable fringe benefits amount](#), as reported on your income statement or payment summary
- [reportable super contributions](#) (includes both reportable employer super contributions and deductible personal super contributions)
- total net investment loss (includes both net financial investment loss and net rental property loss)
- the amount on which family trust distribution tax has been paid.

If you were aged from your preservation age to under 60 years old, this amount is reduced by the taxed element amount of superannuation lump sums, other than a death benefit superannuation lump sum that do not exceed your low rate cap.

Study and training support loan repayment income

The [study and training support loan](#) repayment income includes your:

- taxable income (your assessable income minus deductions), disregarding any assessable [FHSS](#) released amount
- total net investment loss (includes both net financial investment loss and net rental property loss)
- reportable fringe benefits amount, as reported on your income statement or payment summary
- reportable super contributions (includes both reportable employer super contributions and deductible personal super contributions).

This applies to the:

- Higher Education Loan Program (HELP)
- Student Start-up Loan (SSL)
- ABSTUDY Student Start-up Loan (ABSTUDY SSL)
- VET Student Loan (VSL)
- Trade Support Loan (TSL)
- Student Financial Supplement Scheme (SFSS)

Super income tests

Reportable employer super contributions are also included in the income tests for the following:

- spouse super contributions tax offset
- government super co-contribution
- deduction for personal super contributions.

Income tests calculations

Use the [Income tests calculator](#) to help you work out your:

- adjusted taxable income (ATI) amount
- rebate income for seniors and pensioners tax offset
- income for surcharge purposes to determine liability for Medicare levy surcharge.

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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