



Concepts & Results Group

General Work Related Deductions

(All Deductions must be directly related to your employment and NO deduction is allowed for items supplied/reimbursed by the employer)

Car expenses: You can claim a deduction for work-related car expenses if you use your own car in the course of performing your job as an employee, for example, to:

- carry bulky tools or equipment
- attend conferences or meetings
- deliver items or collect supplies
- travel between two separate places of employment (for example, when you have a second job)
- travel from your normal workplace to an alternative workplace and back to your normal workplace or directly home
- travel from your home to an alternative workplace and then to your normal workplace or directly home (for example, if you travel to a client's premises).

You can choose which of the following two methods for claiming work-related car expenses that gives you the largest deduction for any car and choose different methods for different cars

Cents per kilometre method:

- Your claim is based on a set rate of 68c for each business kilometre.
- You can claim a maximum of 5,000 business kilometres.
- You don't need written evidence but you need to be able to show how you worked out your business kilometres (for example, by producing diary records of work-related trips).

Logbook method:

Your claim is based on the business-use percentage of the 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 and any improvement costs.

To work out your business-use percentage, you need a logbook and the odometer readings for the logbook period.

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

You need written evidence for all other expenses for the car.

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Travel expenses: You may be able to claim travel expenses you incurred for meals, accommodation and incidentals while away overnight for work - for example, going to an interstate work conference. Generally, if your travel did not involve an overnight stay, you can't claim for meals even if you received a travel allowance.

Other travel expenses you may be able to claim include:

- the costs you actually incur (such as fuel costs) when using a borrowed car or a vehicle other than a car for work purposes
- air, bus, train, tram and taxi fares
- car-hire fees

Keeping records of your overnight travel

You can claim a deduction for the full amount of your meal and incidental expenses without keeping all your records if:

- you receive a travel allowance that could reasonably be expected to cover your meals and expenses incidental to the travel (a token amount you receive as a travel allowance is not accepted as reasonably covering such costs), and
- your meal and incidental expenses are equal to or less than the reasonable allowance amount.

If you did not receive a travel allowance you will have to keep written evidence of accommodation, meal and incidental expenses to support your claims.

Written evidence to support your claim includes the following:

- invoices, receipts or other documents showing your travel expense and travel allowance details. If it is too difficult to get a receipt for a meal you purchased - for example, if you purchase a meal from a vending machine - you can keep diary entries as your proof of purchase
- receipts or other documents (such as diary entries) for air, bus, train, tram and taxi fares, bridge and road tolls, parking and car hire fees.
- Travel diary showing the dates, places, times and duration of your activities and travel. Each diary entry must show the date you incurred each expense, the name of the supplier and the amount and type of expense.

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Clothing, uniforms and footwear: A deduction is allowable for the cost of buying, hiring or replacing clothing, uniforms or footwear if these items are either:

- Protective (e.g. a dustcoat for the protection of their conventional clothing, non slip shoes)
- Occupation specific (e.g. female nurses' traditional uniforms, chefs' checked pants)
- Compulsory (strictly enforced policy e.g. distinctive colour, style or a tracksuit with the company logo)
- Non-compulsory if entered on the Register of Occupational Clothing, or approved in writing by the ATO before 1 July 1995.
- Conventional, but satisfy the deductibility tests as explained in Taxation Ruling TR 94/22.

Deduction is not available for:

- Conventional clothing of a particular colour, style or wearing a name plate etc. attached to the clothing
- Conventional foot wear e.g. running shoes, dress shoes, sports shoes, casual shoes, etc.

Laundry and maintenance: A deduction is allowable for the cost of cleaning and maintaining clothing that falls into one of the categories listed above.

Telephone, mobile & internet: mobile phone calls, home telephone calls and internet usage must be apportioned between business and private use. If an itemised account from your phone company is not available, your personal records, such as diary entries, which cover a representative four week period is acceptable in establishing a pattern of use for the entire year.

A deduction for the phone rental is available, if you were on call or were regularly required to phone the employer or clients while away from the workplace. If the phone is used for private purposes, the cost of phone rental should be apportioned between work-related and private use.

Self-education expenses: A deduction is allowable for self education expenses, if the education is directly relevant to the current work related activities. There should be sufficient connection between these expenses and the work at the time the expenses were incurred.

You cannot claim a deduction for self-education expenses if the study is to enable you to get employment, to obtain new employment, to open up a new income-earning activity, or related to industry placement employment (employment performed as an incident of study).

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You can generally claim study-related items such as:

- textbooks
- course fees
- stationery
- internet access
- student union fees
- travel expenses to and from the place of education
- decline in value (depreciation) of equipment you use in your study, such as a computer.

Technical or professional publications: A deduction is allowable for the cost of buying or subscribing to journals, periodicals and magazines that have a content specifically related to work performed and are not general in nature.

Competitions, conferences, seminars, shows and training course: Travel expenses relating to the attendance at conferences, seminars and other work-related events are deductible to the extent that they relate to work performed. You will need to apportion your travel expenses where both work-related and private activities are undertaken. Accommodation, food and other incidental costs must be apportioned between work-related and private activities taking into account the types of activities that were undertaken on the day they were incurred.

Home office expenses: You can claim the additional running expenses of a home office e.g. decline in value of and repairs to your home office furniture and fittings, heating, cooling, lighting and cleaning. You can keep a diary to work out how much of your running expenses relate to doing work in your home office.

Alternatively, you can use a fixed rate of 52 cents per hour for home office expenses for heating, cooling, lighting and the decline in value of furniture instead of keeping details of actual costs. When you use your home office for work as an employee, note that time in your diary. Diary records for a representative four-week period are acceptable evidence of a connection between the use of a home office and your work.

If you worked from home from the 1st of March 2020 until the 30th of June 2020 (due to Covid19), you can use a fixed rate of 80 cents per hour. You don't need to have a dedicated work area to use this method. However, you must keep a record of the number of hours you have worked from home. This could be a timesheet, roster, a diary or documents that set out the hours you worked from home.

You can only claim occupancy expenses (such as interest on mortgage or rent paid) where your home office is considered to be a place of business.

If your employer has an office in the city or town where you reside, your home office will not be a place of business, even if your work requires you to work outside normal business hours.



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Computers and software: A deduction is allowable for depreciation of computers and related software used for work-related purposes. If you buy the software separately from the computer, a deduction is allowable in full in the year you buy it. The deduction must be apportioned between work-related and private use. For example, if you used a computer 30% of the time for work and 70% of the time for non-work purposes, you can claim 30% of the decline in value.

You can also claim a deduction for the work-related proportion of the cost of repairs to your computer and interest on money borrowed to pay for your computer.

Depreciation of equipment: You can claim a deduction for the cost of purchasing tools or equipment (if under \$300) which you use for your work. If they cost more than \$300, you must depreciate the asset(s) via the decline in value process using either prime cost or diminishing value method.

As a general rule, desktop computers are depreciated over a period of four years, and laptops can be depreciated over three years. You must apportion the amount of your claim where the equipment has been used in part for private purposes or was not available for use during all of the financial year.

Professional library: A deduction is allowable for depreciation of a professional library if their content is directly relevant to the work performed. Encyclopaedia and general reference books are considered too general and no deduction is allowed for their cost.

A deduction for the decline in value of work related books, tapes, compact discs, records and videos (for example, which form part of a professional library) can be claimed, either immediately or over time.

Overtime meals: You can claim a deduction for overtime meal expenses you incurred if you worked overtime and you received an overtime meal allowance from your employer. The meal allowance must be detailed separately on your Income Statement. You can claim only the amount of expenditure you incurred. If your claim is more than \$31.25 per meal, you will need written evidence.

Union fees and professional association fees: A deduction is allowable for the annual cost of union or professional association fees. A deduction is not allowable for a fee paid to join a union or professional association or contributions to staff social clubs or associations.

Protective items: you can claim a deduction for the equipment or other items that you used to protect yourself from the risk of illness or injury at work or the environment in which you were required to carry them out e.g. safety equipment, hard hats, safety glasses, sunscreens and sunglasses.

First aid courses: A deduction is allowable if it is necessary for an employee as a designated first aid person, to undertake first aid training to assist in emergency work situations.

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Parking fees and tolls: A deduction is allowable for parking fees (but not fines), bridge and road tolls paid while travelling in the course of employment, e.g., between work places.

Cost of managing tax affairs:

The following expenses may be claimed:

- Cost of tax reference material
- Cost of lodging your tax return through a registered tax agent
- Travel expenses, to the extent that it is associated with obtaining tax advice (e.g. travel costs of attending a meeting with a recognised tax adviser)
- Costs associated with dealing with the Tax Office about your affairs
- Costs imposed by the Tax Office as an interest charge.

Generally, you incur the fees in the year you pay them.

Gifts & Donations:

The following gifts or donations are tax deductible:

- Gifts or donations of \$2 or more made to an eligible organisation
- Contributions of more than \$150 made to an eligible organisation in respect of a fund-raising event
- Gifts of shares listed on an approved Australian Stock Exchange valued at \$5,000 or less to an eligible organisation
- Contributions of \$2 or more made to-
 - A registered political party
 - An independent candidate in an election for parliament, or
 - An independent member of parliament

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Other expenses that *cannot* be claimed include:

Fines: A deduction is not allowable for fines

Glasses and contact lenses: A deduction is not allowable for the cost of purchasing prescription glasses or contact lenses as the expense relates to a personal medical condition and is, therefore, private in nature.

Child care: A deduction is not allowable for child care expenses, even if it is a prerequisite for an employee to work and earn income or to undertake studies relevant to employment.

Newspapers: A deduction is not allowable for the cost of newspapers

Removal and relocation expenses: A deduction is not allowable for the cost of taking up a transfer in existing employment or in taking up an appointment with a new employer.

Grooming: A deduction is not allowable for the costs of grooming including cosmetics and skin care products.

Hairdressing expenses: A deduction is not allowable for costs incurred in maintaining hairstyles.

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