



Mechanics - claiming work-related expenses



About this guide

If you are an employee mechanic this document outlines some of the deductions you may be able to claim.



To navigate through this guide, use the table of contents on the right. General topics lead to more detailed information about your particular situation.

Throughout this guide we highlight:

- key information with the  symbol
- pointers to more information and extra steps you may need to take with the  symbol.

For a print friendly version of this guide, click on the print icon on the right.

Work-related daily travel expenses you can claim

Generally, the cost of normal trips between home and work is a private expense you cannot claim an income tax deduction for. However, as an employee mechanic, there are certain situations where you may be able to claim deductions for travel between your home and workplace.

Transporting bulky tools and equipment

You can claim the cost of using your car to travel between your home and work if both of the following apply:

- you have to carry bulky tools and equipment you need to use at work
- there is no secure storage area at your workplace.

Example 1

Ariel is a diesel mechanic. His employer provides a secure tools storage area at his workplace. However, Ariel chooses to transport his tools to and from work every day.

Because Ariel chooses not to use the secure tools storage area at his work, he cannot claim a deduction for the expenses he incurs to transport his tools between his home and work.

Changing workplaces

You can claim the cost of travelling between your home and work if you have changing workplaces - that is, you regularly work at more than one location each day before returning home.

Example 2

Olive does maintenance work. To do her work, she travels to several worksites each day.

Olive can claim a deduction for her car expenses between her home and work because she works at several worksites each day.

Travelling between workplaces

Work-related car and travel expenses also include the cost of travel:

- directly between two separate workplaces – for example, when you have a second job
- from your normal workplace to an alternative workplace while you are still on duty, and back to your normal workplace or directly home
- 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 to work there for the day.

If you travel to and from a place of education because you are completing a work-related education course, you



may be entitled to claim the travel costs as a self-education expense at label D4 Work-related self-education expenses on your income tax return.



To find out if you are eligible to claim self-education expenses, refer to our [Self-education eligibility tool](#).

Work-related daily travel expenses you cannot claim

Unless you meet the conditions of [Work-related daily travel expenses you can claim](#), generally the cost of normal trips between home and work is a private expense you cannot claim a deduction for, even if:

- you travel outside normal business hours
- you are on call
- you do minor tasks such as picking up a car part on the way to work or home
- you live a long distance from work
- there is no public transport available.



You cannot claim a deduction for any fines you receive, such as speeding or parking infringements.



For more information about what trips you can claim, refer to [Car and travel expenses](#).

Working out if your vehicle is a car

Your vehicle is considered not to be a car if it is any of the following:

- a utility, truck or panel van with a carrying capacity of one tonne or more
- a vehicle with a carrying capacity of nine passengers or more
- a motorcycle.



If your vehicle is not a car, see [Claiming expenses for vehicles other than cars](#).

Keeping records of your car expenses

If you are entitled to claim a deduction for your [Work-related car expenses](#), there are four methods you can use to work out the amount you can claim.

The four methods are the:

- [cents per kilometre method](#)
- [logbook method](#)
- 12% of original value method
- one-third of actual expenses method.



You can claim a deduction for the decline in value (depreciation) of your car up to the value of the luxury car limit if you use either the logbook or the one-third of actual expenses method.

Cents per kilometre method

When working out your deduction using the cents per kilometre method, you:

- do not need receipts or other written evidence but we may ask you how you worked out your estimate of business kilometres. For example by
 - using a diary of work-related travel
 - basing your costs on a regular pattern of travel
- can only claim up to the first 5,000 business kilometres you travel.

Logbook method

The logbook method provides a way of working out the percentage of your car use that is for work purposes. You can then claim a deduction

for this percentage of each car expense you incur.

When using the logbook method, you must keep all of the following:

- a logbook
- odometer records
- written evidence for all your car expenses, except your fuel and oil costs (you are allowed to make a reasonable estimate of these based on your odometer records).


Your logbook must contain the following information:

- when the logbook period starts and ends
- the car's odometer readings at the start and end of the logbook period
- the total number of kilometres you travelled in the car during the logbook period
- the number of kilometres you travelled in the car for each work-related journey - if you made two or more journeys in a row on the same day, you can record them as a single journey
- the percentage of your car use that was for business purposes during the logbook period.

Your logbook must cover a period of 12 continuous weeks and is valid for five years. If you work out the percentage you used your car for work purposes using a logbook from an earlier year, you need to keep both of the following:

- that logbook
- records of your opening and closing odometer readings for each year you use the logbook method.

 You claim your car expenses at D1 Work-related car expenses on your income tax return.

 For more information about the four methods of claiming car expenses, refer to [Work-related car expenses](#).

Claiming expenses for vehicles other than cars


If you are eligible to claim your vehicle expenses and your vehicle has a carrying capacity of one tonne or more, such as a van or ute, you can only claim your actual expenses.

Your actual expenses include the cost of:

- fuel and oil
- repairs and servicing
- interest on a car loan
- lease payments
- insurance
- registration.

If you use your vehicle for both work and private purposes, you can use a diary to show how much of your expenses relate to each. Remember to keep receipts for your actual expenses.

 You claim these expenses at D2 Work-related travel expenses on your income tax return.

 For more information about claiming expenses for vehicles other than cars, refer to [Work-related travel expenses](#).

Claiming the cost of tools and equipment


You can claim a deduction for the full purchase price of each tool or piece of equipment:

- you use for your work
- that costs you \$300 or less.

If the tool or piece of equipment costs more than \$300, you cannot claim a deduction for the full purchase price. However, you can claim a deduction for its decline in value (depreciation). Your claim for depreciation applies to the whole amount, not just the amount over \$300.

If you use the tool or piece of equipment partly for private purposes, the amount you can claim depends on the amount of time you use the tools or equipment for work purposes. For example, if you own a power tool which you use half for work purposes and half for private purposes, you can only claim half the decline in value.

You can also claim the work-related cost of repairing and insuring your tools and equipment, and any interest charges you incur on money you borrowed to purchase these items.

 If you are a new apprentice and you received government funded tools through your employer, you cannot claim a deduction for the costs or decline in value of those tools.

Example 3

Rod purchased a tool set on 5 September for \$1,500. Rod only uses the tools for work purposes.

Rod visits our website and looks up our ruling on the [effective life of depreciating assets](#). The ruling says the effective life of loose tools is five years.

Rod works out the deduction for the decline in value of his tool set using the [prime cost method](#) in this way:

Asset's cost	X	<u>Days held</u> 365	X	<u>100%</u> effective life
\$1500	X	<u>299</u> 365	X	<u>100%</u> 5 years

So, Rod claims \$246 for the decline in value of his tool set in the first year.


 For information about:

- the loss or damage of tools or equipment before the end of their expected life, refer to [Guide to depreciating assets](#) (NAT 1996)
- low-value pools, and the decline in value of your tools and equipment, refer to [Work-related expenses - decline in value](#).

Keeping records of your tool and equipment expenses

The records you must keep may include:

- receipts or other written evidence of your expenses, including receipts for depreciating assets you have purchased
- diary entries you make to record your small expenses (\$10 or less) totalling no more than \$200, or expenses you cannot obtain any kind of evidence for, regardless of the amount.

 You need to keep your written evidence of work-related expenses for five years from the date for lodging your tax return. If you lodge your return after the due date, the five years start from this later date.

For depreciating assets, you must keep records for a further five years from the date of your last claim for decline in value.

 For the effective life of depreciating assets, refer to [Taxation Ruling TR 2010/2 Income tax: effective life of depreciating assets](#).

Claiming computer expenses

You can claim a deduction for the decline in value of computers and software for the amount you use them for business purposes. For example, if you used a computer 20% of the time for work purposes and 80% for private purposes, you can only claim 20% of the decline in

value. This also applies to deductions you make for the cost of repairs to your computer and interest on money you borrowed to pay for your computer.

- ▶ To work out an estimate of the deduction you can claim for depreciated items such as computers, refer to our [Decline in value calculator](#).

Claiming phone expenses

You can claim a deduction for the cost of work-related phone calls you make, including calls from mobile phones. You can also claim a deduction for your phone rental if you can show you were on call or you had to call your employer or clients regularly while you were away from your workplace. If you also used your phone for private purposes, you can only claim that portion of your phone rental costs and calls that relate to your work-related use of the phone – see [example 4](#).

- ! If you are reimbursed for part or all of your phone expenses, you cannot claim a deduction for that portion.

Keeping records of phone expenses

You may be able to identify your work-related calls individually on your itemised telephone account. If you do not receive itemised accounts, you can make a reasonable estimate of your call costs based on diary records you have kept over a four-week period, together with your relevant telephone accounts.

Example 4

Phil uses his mobile phone for work purposes. He is on a set plan of \$49 a month and rarely exceeds the plan cap.

Phil receives an itemised account from his phone provider each month by email, which includes details of the individual calls he has made.

At least once a year, Phil prints out his account and highlights the work-related calls he made. He makes notes on his account for the first month about who he is calling for work – for example, his manager and his clients.

He works out that 10% of the individual call expenses billed to him are for work and applies that percentage to his cap amount of \$49 a month. The other two months that Phil reviews are consistent with this.

Since Phil was only at work for 46 weeks of the year (10.6 months), he calculates his work-related mobile phone expense deduction as follows:

$$10.6 \text{ months} \times \$49 \times 0.10 = \$52$$

- ! You claim the cost of your tools and equipment, computer and phone expenses at D5 Other work-related expenses on your income tax return.

Other expenses you may be able to claim

Depending on your circumstances, you may be able to claim a deduction for the following expenses.

- Protective clothing and laundry – this includes uniforms. You claim these at D3 Work-related clothing, laundry and dry cleaning expenses on your income tax return, refer to [Work-related clothing, laundry and dry-cleaning expenses](#).
- Protective equipment - this includes safety equipment and sunglasses. You claim these at D5 Other work-related expenses on your income tax return, refer to [Other work-related expenses](#).
- Self education - this includes self-education costs such as fees, travel, books and equipment if there is a direct connection between the self-education and your current income earning activities. You claim these at D4 Work-related self-education expenses on your income tax return. Refer to [Work-related self-education expenses](#).

- ! When you complete the declaration on your income tax return, you are declaring that:

- everything you have told us is true
- you can support your claims with written evidence.

You are responsible for providing proof of your expenses, even if you use a registered tax agent to prepare your return.

What to read/do next

For more information, refer to the following tools and publications:

- [Work related car expenses calculator](#)
- [Self-education eligibility tool](#)
- [Decline in value calculator](#)
- [Guide to depreciating assets](#) (NAT 1996)
- [TaxPack](#) (NAT 0976).

To obtain copies of our publications:

- Visit our online ordering service at www.ato.gov.au/onlineordering
- phone our publications and distribution service on 1300 720 092.

Phone

For more information, phone us on 13 28 61 from Monday to Friday, between 8.00am and 6.00pm. We can offer you a more personal service if you provide your tax file number.

Other services

If you do not speak English well and need help from the Australian Taxation Office (ATO), phone the Translating and Interpreting Service on 13 14 50.

If you are deaf, or have a hearing or speech impairment, phone the ATO through the National Relay Service (NRS) on the numbers listed below:

- TTY users, phone 13 36 77 and ask for the ATO number you need
- Speak and Listen (speech-to-speech relay) users, phone 1300 555 727 and ask for the ATO number you need
- internet relay users, connect to the NRS on www.relayservice.com.au and ask for the ATO number you need.

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

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

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