

Motor Vehicle Deductions

From 1 July 2015 – two methods

The government has simplified the car expense deductions for 2015–16 and future income years. From 1 July 2015, the one-third of actual expenses method and 12% of original value method have been abolished.

The two methods available from 1 July 2015 are:

- cents per kilometre method
- logbook method

Cents Per Kilometre Method

Separate rates based on the size of the engine are no longer available from 1 July 2015. Under the revised method, individuals use 66 cents per kilometre for all motor vehicles for the 2015–16 income year.

The Commissioner of Taxation will determine the rate for future income years.

- Your claim is based on 66 cents per kilometre for 2015–16 income year
- You can claim a maximum of 5,000 business kilometres per car
- 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).

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

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. The logbook period is a minimum continuous period of 12 weeks.
- 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.