Motor VehicleS



The information in this newsletter is of a general nature only and is not intended to be relied upon as, or as a substitute for, specific professional advice.





If you use your car for work you are entitled to claim the expenses that relate to the business costs of using your car to do your job as a tax deduction.

There are a number of methods you can use to claim the car expenses.

**Method 1 – Cents per kilometre**

* Your claim is based on a set rate for each business kilometre you travel and you can claim a maximum of 5,000 kilometres under this method.  If you travel more than 5,000 kilometres the claim must be limited to 5,000 or you need to use an alternative method of claim. Diary records will suffice.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rates for 2011-12 |  |  |
|  | Engine capacity | Rate per km |  |
|  | Non-rotary | Rotary |  |
|  | Up to 1,600cc | Up to 800cc | 63c |
|  | 1,601 to 2,600cc | 801 to 1,300cc | 74c |
|  | Over 2,600cc | Over 1,300cc | 75c |

**Method 2 – 12% of original value**

* Your claim is based on 12% of the original value of your car.  Luxury car limits apply. Your car must have travelled more than 5,000 business kilometres in the income year.

The maximum deduction a taxpayer can claim is 12% of the luxury car limit in the year in which they first used or leased the car. The luxury car limits for the 2010-2011 and 2011-2012 income years is $57,466.

[**Method 3 – One-third of actual expenses**

* You claim one-third of your car’s expenses.
* Your car must have travelled more than 5,000 business kilometres in the income year.
* You need written evidence of fuel and oil costs and for all other expenses for the car.

Under this method the taxpayer can claim one third of the car expenses for that car, including operating expenses and depreciation, provided the expenses can be substantiated. Where only part of an expense would normally be allowed as a deduction, under this method only one third of that part may be claimed.

Claims for car parking or toll fees are not car expenses and should be claimed separately.

**Method 4 – Logbook**

* Your claim is based on the business use percentage of each car expense which is determined by a log book that must have been kept for a minimum 12 week period.  This log book must be updated every 5 years.
* You need odometer readings for the start and end of the period that you owned or leased the car.
* You need to detail all the kilometres you have travelled for the log book period.
* You can claim all expenses that relate to the operation of the car and you will need to keep receipts to justify your claim.

**What you cannot claim** the cost of normal trips between home and work because that travel is private.

The log book must record all business journeys made in the car during the selected 12 week period and record:

* when the log book period starts and ends
* the car's odometer readings at the start and end of the period
* the total kilometres travelled
* the total business kilometres travelled, and
* the business percentage.

For each journey the following must be recorded:

* the day the journey began and ended
* the car's odometer reading at the start and end of the journey
* the total kilometres travelled on the journey
* why the journey was made, and
* the total number of business kilometres travelled.

**RESIDENTS TAX RATES FOR 2013**

**Income Tax Rates**

|  |  |
| --- | --- |
| **0 - $18,200** | **Nil** |
| **$18,201 - $37,000** | **19c for each $1 over $18,200** |
| **$37,001 - $80,000** | **$3,572 plus 32.5c for each $1 over $37,000** |
| **$80,001 - $180,000** | **$17,547 plus 37c for each $1 over $80,000** |
| **$180,001 and over** | **$54,547 plus 45c for each $1 over $180,000** |