



DRAKE & MURPHY
CHARTERED ACCOUNTANTS

PRINCIPAL: DAVID DRAKE FCA

claiming deductions for motor vehicles

Business travel less than 5,000 kilometres p.a.

1. Cents per kilometre
2. Logbook method

Business travel more than 5,000 kilometres p.a.

3. 12% of original value
4. One-third of actual expenses

RECORD-KEEPING FOR DIFFERENT METHODS

1. Cents per kilometre

- you need to track business trip distances up to the end of each financial year, or be able to demonstrate that your total business distance (in klm's) is a reasonable estimate, if queried by the Tax Office
- maximum of 5,000 business kilometres able to be claimed under this method
- standard rate per kilometre (based on vehicle's engine capacity) applied to year's total of business kilometres

Engine capacity		Cents per kilometre	
Ordinary car	Rotary engine car	2007-08 income year	2008-09 income year
1600cc (1.6 litre) or less	800cc (0.8 litre) or less	58 cents	63 cents
1601cc - 2600cc (1.601 litre - 2.6 litre)	801cc - 1300cc (0.801 litre - 1.3 litre)	69 cents	74 cents
2601cc (2.601 litre) and over	1301cc (1.301 litre) and over	70 cents	75 cents

2. Logbook method

- Logbook required for 12 continuous weeks to establish business use %
- Odometer readings required for the start and end of the period
- Fuel and oil costs can be estimated using odometer records
- Written evidence required for all other car expenses
- Claim is based on business use %

3. 12% of original value

- Written evidence not required
- Over 5,000 business kilometres p.a. required
- Claim is based on 12% of original cost of car — subject to luxury car limit (\$57,123 in 2007/08, \$57,180 in 2008/09)

4. One-third of actual expenses

- Written evidence or odometer records required for fuel and oil costs
- Written evidence required for all other car expenses
- Over 5,000 business kilometres p.a. required
- Claim is based on 1/3 of car expenses

Liability limited by a scheme approved under Professional Standards Legislation