



Mansfield Accounting & Taxation

(03) 5779 1683

admin@macctax.com.au



Motor Vehicle Expenses

What Can I Claim?

There are a number of different ways whereby you can claim for the use of your Motor Vehicle in your tax preparation.

Set rate per kilometer (SRPK)

Under the SRPK method, you can claim up to 5,000km at a set rate (the top rate for 2015 is 77c per km for a 3L engine or greater) which if you claimed the entire 5,000km would be a tax deduction of \$3,850. From the 2016 tax year onwards, however, all cars will be limited to 66c/km for a maximum of 5000km.

However, in order to be able to claim these kilometers, you need to be able to justify why you are claiming that number of kilometers so it is best to either have a diary record or a log book of the kilometers you are planning to claim.

12% of cost method

Under this method, usually used by business operators, you can claim a tax deduction for 12% of the original cost of the vehicle. This is used where you would have travelled more than 5,000km and do not want to use the SRPK method. This method will not be available for the 2016 year onwards.

One third of costs method

This method allows you to claim 1/3 of each of the costs for the year. Thus, you can claim 1/3 of the cost of your fuel, insurance, registration, repairs, depreciation and interest on finance for your motor vehicle without a log book. Again this should only be used if you have not prepared a log book and you have more than 5,000 km to claim in travel. You will need to keep receipts for all your expenses. This method will also no longer be available after the 2015 tax year.

Log Book Method

This method requires you to have completed a 12 consecutive week log book of all business/work related travel in your car and this log then determines what percentage of all your vehicle costs you can claim. So, if your 12 week log book shows that you have used your vehicle for 80% business use, you will be able to claim 80% of all your fuel, insurance, registration, repairs, depreciation and interest on finance of your motor vehicle. You will need to keep receipts for all these expenses.

