

# Building and construction employees – claiming work-related expenses

How to work out which common work-related expenses you can claim



For more information  
visit **[www.ato.gov.au/  
occupations](http://www.ato.gov.au/occupations)**



---

## OUR COMMITMENT TO YOU

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake in trying to follow our information in this publication and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest. If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

If you feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for more recent information on our website at [www.ato.gov.au](http://www.ato.gov.au) or contact us.

This publication was current at **June 2011**.

# CONTENTS

<b>ABOUT THIS GUIDE</b>	<b>2</b>	<b>WORK-RELATED SELF-EDUCATION EXPENSES</b>	<b>11</b>
<b>WHEN YOU CAN MAKE A CLAIM</b>	<b>3</b>	When you can make a claim	11
Reimbursements	3	Self-education expenses you cannot claim	11
Supporting your claims	3	Keeping records of your self-education expenses	11
<b>WORK-RELATED DAILY TRAVEL EXPENSES YOU CAN CLAIM</b>	<b>4</b>	<b>CLAIMING OVERTIME MEAL EXPENSES</b>	<b>12</b>
Transporting bulky tools and equipment	4	Keeping records of your overtime meal expenses	13
Travelling between workplaces	4	<b>CLAIMING PHONE EXPENSES</b>	<b>13</b>
Shifting workplaces	5	Keeping records of phone expenses	13
Parking expenses and tolls	5	<b>UNION AND PROFESSIONAL ASSOCIATION FEES</b>	<b>14</b>
Work-related daily travel expenses you cannot claim	5	<b>PROTECTIVE EQUIPMENT</b>	<b>14</b>
<b>HOW TO CLAIM YOUR WORK-RELATED DAILY TRAVEL EXPENSES</b>	<b>6</b>	Sunglasses, sunhats and sunscreens	14
Working out if your vehicle is a car	6	<b>CLAIMING THE COST OF TOOLS AND EQUIPMENT</b>	<b>15</b>
Claiming car expenses	6	Keeping records of your tool and equipment expenses	15
Claiming expenses for vehicles other than cars	7		
<b>WORK-RELATED OVERNIGHT TRAVEL EXPENSES YOU CAN CLAIM</b>	<b>8</b>	<b>MORE INFORMATION</b>	inside back cover
Overnight travel expenses you cannot claim	8		
Keeping records of your overnight travel expenses	9		
<b>WORK-RELATED CLOTHING, LAUNDRY AND DRY-CLEANING EXPENSES</b>	<b>10</b>		
When you can make a claim	10		
Protective clothing	10		
Keeping records of your clothing, laundry and dry-cleaning expenses	10		

## ABOUT THIS GUIDE

This guide will help you work out what work-related expenses you can claim a tax deduction for and the conditions you must meet before you can claim as an employee in the building and construction industry. For example, if you work as a:

- carpenter and joiner, including apprentices and trainees
- shop fitter
- construction labourer
- builder's labourer
- bricklayer
- builder
- concreter.

This guide looks at work-related expenses, including:

- car
- travel
- uniform, occupation specific or protective clothing, laundry and dry-cleaning
- self-education
- other – such as phone, tools and equipment and overtime meals.

There may be other deductions you can claim that are not included in this publication. Refer to 'More information' at the end of this guide for a list of helpful resources.

### REMEMBER:

- When you sign your tax return, you are declaring that everything you have told us is true and 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.

## WHEN YOU CAN MAKE A CLAIM

In most situations, you can claim deductions for work-related expenses as long as your claim meets the following conditions:

- you incurred the expense in doing your job
- the expense is not private (personal)
- you can show you incurred the expense by producing receipts or other written evidence.

❗ If you are claiming a deduction for an expense that you incurred partly for work and partly for private purposes (such as mobile phone costs), you can only claim that portion of the expense that relates to your work use.

### REIMBURSEMENTS

You cannot claim a deduction for expenses you incur if those expenses are reimbursed to you by your employer – you do not include a reimbursement on your tax return.

### SUPPORTING YOUR CLAIMS

If your total claims add up to more than \$300 (excluding claims for car, meal allowance, award transport payment allowance and travel allowance expenses), you must keep written evidence, such as receipts. Your written evidence must show you have incurred the full amount of your claim, not just the amount over the first \$300.

If the total amount you are claiming is \$300 or less, you do not need to keep receipts but you must be able to show how you worked out your claims.

Written evidence can be:

- a document from the supplier of the goods or services, showing the:
  - supplier's name
  - amount of the expense
  - nature of the goods or services – if this is not shown, you can write this on the document before you lodge your income tax return
  - date you incurred the expense
  - date of the document
- a combination of documents containing this information.

If you use a combination of documents, they:

- do not need to show the date of the document
- must contain the date you incurred the expense.

These documents can include:

- bank and other financial institution statements
- credit card statements
- BPAY® reference numbers, also called receipt or transaction numbers
- email receipts
- your *PAYG payment summary – individual non-business*, which may show amounts you can claim, such as your total union fees
- paper or electronic copies of documents – these must be true and clear reproductions of the originals.

We recommend:

- when you store your written documentary evidence, you photocopy the original (receipts for items such as fuel and oil can fade particularly when exposed to heat and sunlight)
- when you store your records electronically, you make a back-up copy if the original becomes inaccessible or unreadable (for example, where a hard drive is corrupted).

### EXAMPLE 1

Tony claims his car expenses through the logbook method, and does not need to keep receipts for fuel and oil but he does need to keep receipts for repairs and maintenance. He photocopies the thermal paper receipts to protect the information. The receipts contain the required information and are a true and clear reproduction of the original. This copy would be sufficient evidence to support his claims.

❗ You need to keep your written evidence of work-related expenses for five years from the due 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.

## WORK-RELATED DAILY TRAVEL EXPENSES YOU CAN CLAIM

Travel expenses that you claim must directly relate to your work as an employee. These expenses may include:

- work-related car expenses (see page 6)
- expenses for motorcycles and vehicles with a carrying capacity of one tonne or more, or nine or more passengers (see pages 6 and 7)
- actual expenses – such as any petrol, oil and repair costs if you travel in a car that is owned or leased by someone else
- public transport – including taxi fares
- bridge and road tolls
- parking fees (see page 5)
- short-term car hire.

Generally, the cost of normal trips between home and work is a private expense for which you cannot claim an income tax deduction. However, as an employee 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 all of the following apply:

- you have to carry bulky tools and equipment you need to use at work
- it is essential to transport the equipment to and from work and it is not done as a matter of convenience or personal choice
- there is no secure storage area at your workplace.

#### EXAMPLE 2

Andre is a concreter. His employer does not supply a secure storage area at his workplace so Andre is required to transport his bulky tools and equipment to and from work every day.

Andre is entitled to claim a deduction for the expenses he incurs to transport his tools and equipment between his home and work.

#### EXAMPLE 3

Josie works on a large project where secure storage is available for her tools. As Josie chooses to transport her tools to and from work every day, instead of leaving them in the secure storage provided, she cannot claim a deduction for her transportation costs.

### TRAVELLING BETWEEN WORKPLACES

Work-related daily 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 (see example 4)
- 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.

#### EXAMPLE 4

Jack and Bill are carpenters who are employed to construct roof trusses in their employer's factory and also to install the trusses in houses at a housing estate.

The travel between home and the factory or between home and the housing estate is travel to and from their normal work place. It is private and no deduction is allowable. The cost of travel between the factory and the housing estate is an allowable deduction.

## SHIFTING WORKPLACES

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

### EXAMPLE 5

Ramesh is a shop fitter and is required to travel to several worksites each day to provide quotes to clients and work on various jobs.

Ramesh can claim a deduction for his car expenses between his home and work because he works at several worksites each 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 Self-education expenses** on your income tax return.

➤ For more information on self-education expenses, see 'Work-related self-education expenses' on page 11.

## PARKING EXPENSES AND TOLLS

A deduction is allowable for parking fees (but not fines) and tolls if the expenses are incurred while you are travelling:

- between two separate places of work
- to a place of education for work-related self-education purposes (if the self-education expenses are deductible)
- in the normal course of duty and the travelling expenses are allowable deductions – for example, travel between home and work when transporting bulky tools and equipment.

Otherwise, the cost of that travel is a private expense and the parking fees and tolls are not claimable.

❗ If your employer has business or associated premises and you park in the vicinity of those premises for more than four hours a day, your parking expenses may not be allowable.

## WORK-RELATED DAILY TRAVEL EXPENSES YOU CANNOT CLAIM

Unless you meet the conditions outlined in '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 work outside normal business hours – for example, working weekends or overtime
- you are on call
- you do minor tasks, such as picking up a timesheet on the way to work or home
- you live a long distance from work
- there is no public transport available so you use a car.

❗ 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, visit our website at [www.ato.gov.au](http://www.ato.gov.au) and search for 'Car and travel expenses'.

# HOW TO CLAIM YOUR WORK-RELATED DAILY TRAVEL EXPENSES

How you work out your claims and what records you need to keep will depend on whether the motor vehicle you use is considered to be a car and whether you own or lease it.

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

To determine whether your vehicle has a load carrying capacity of one tonne or more you will need to refer to the manufacturer's handbook for your vehicle. The load carrying capacity of your vehicle is the difference between the gross vehicle mass and the kerb weight.

If your vehicle is not a car, see 'Claiming expenses for vehicles other than cars' on page 7.

## EXAMPLE 6

Aaron owns a vehicle with a gross vehicle mass of 2,402 kg and a kerb weight of 1,040 kg, therefore the payload or carrying capacity weight of Aaron's vehicle is:

$$2,402 \text{ kg} - 1,040 \text{ kg} = 1,362 \text{ kg}$$

As the vehicle's payload or carrying capacity is greater than 1,000 kg (or one tonne), Aaron's motor vehicle claim must be made at label **D2 Work-related travel expenses** on his income tax return. Aaron's claim is limited to the actual expenses incurred to the extent that the expenses are for work purposes.

## CLAIMING CAR EXPENSES

If the motor vehicle you drive is a car, and 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:

- cents per kilometre
- logbook
- 12% of original value
- one-third of actual expenses.



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.

The two methods most commonly used by employees in the building and construction industry are:

- cents per kilometre method
- logbook method.

## Cents per kilometre method

You can use this method to claim up to a maximum of 5,000 work kilometres even if you have travelled more than 5,000 work kilometres. For example, if you have travelled 5,085 work kilometres, you cannot claim for the extra 85 kilometres.

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 work kilometres. For example, by:

- using a diary of work-related travel
- basing your costs on a regular pattern of travel.

## EXAMPLE 7

Rudy travels five kilometres each day while carrying out work-related activities. He worked Monday to Friday for 48 weeks during the 2011 income year. It would be reasonable for Rudy to calculate his work kilometres in the following way:

$$5 \text{ (km)} \times 5 \text{ (days)} \times 48 \text{ (weeks)} = 1,200 \text{ work kilometres for the 2011 income year.}$$



### EXAMPLE 8

Henry works on building sites and from his diary notes of appointments during the 2011 income year, he calculates that he has travelled 4,825 kilometres for work-related activities. Although he does not have an established pattern of travel, his diary notes form a reasonable basis for his calculation.

### 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. To work out the percentage of your car use that was for work purposes your logbook must cover a period of 12 continuous weeks and is valid for five years.
- Odometer records. Record your opening and closing odometer readings for each year you use the logbook method.
- Written evidence for all your car expenses. You can use your odometer records to estimate your fuel and oil costs instead of keeping receipts.

### EXAMPLE 9

Marco is employed by a large construction company and uses his car for work purposes. He pays for fuel, oil, repairs and maintenance at the local garage. He pays by credit card, EFTPOS, or occasionally cash.

Marco claims his car expenses via the log book method, and so does not need to keep the receipts for fuel and oil (he relies on his odometer records). However, he needs to keep receipts for the repairs and maintenance.

 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, visit **www.ato.gov.au** and search for 'D1 – Work-related car expenses'.


## CLAIMING EXPENSES FOR VEHICLES OTHER THAN CARS


If you are eligible to claim your vehicle expenses and your vehicle is a motorcycle or has a carrying capacity of one tonne or more, such as some panel vans and utility trucks, 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 – this includes for fuel and oil costs. Bank statements and credit card transaction receipts are not sufficient evidence for fuel and oil purchases, you need to keep your actual receipts.

 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, visit **www.ato.gov.au** and search for 'D2 – Work-related travel expenses'.

# WORK-RELATED OVERNIGHT TRAVEL EXPENSES YOU CAN CLAIM


You can claim a deduction for the full amount of your travel expenses where:


- your employer requires you to travel to a worksite for a short period to perform work, and
- you are required to sleep away from home for one or more nights while you are doing that work.

This is the case unless the place at which you stay becomes your temporary residence, that is, you are living away from home for work purposes – see ‘Overnight travel expenses you cannot claim’.

Travel expenses include:

- meals
- accommodation
- incidental expenses
- travel costs between home and the worksite, such as
  - vehicle expenses
  - airfares
  - bus fares
  - train fares
  - ferry fares
  - taxi fares.

 If you are claiming travel expenses and you received a travel allowance from your employer, you must record the allowance as income at item **2** on your tax return.

 For more information about claiming travel expenses, visit [www.ato.gov.au](http://www.ato.gov.au) and search for ‘D2 – Work-related travel expenses’.

## OVERNIGHT TRAVEL EXPENSES YOU CANNOT CLAIM

You cannot claim a deduction for the travel expenses you incur if:

- your employer reimburses your expenses (this is different to receiving a travel allowance)
- you get a job that results in you having to incur overnight travel expenses because you choose not to relocate
- you live away from your usual home to perform your work.

If you live away from home to perform your work, you may receive a living-away-from-home allowance from your employer.

A living-away-from-home allowance is paid to cover your additional accommodation and meal costs when you are temporarily required to live away from your usual place of residence in order to perform your duties of employment.

Your employer is subject to fringe benefits tax on your living-away-from-home allowance so you cannot claim a deduction for any expenses you incur.

Your employer should not show the allowance on your payment summary. If it appears on your payment summary, check with your employer that it has not been shown by mistake.

### EXAMPLE 10

Joe lives in the city and applied for a job to work on a large construction project near a country town. He is paid an allowance to meet his accommodation and meal costs. As Joe applied for the job in the country town and has chosen not to relocate, he is not entitled to a deduction for his expenses.

Joe’s allowance is a living-away-from-home allowance that his employer must pay fringe benefits tax on. The allowance should not be shown on Joe’s payment summary.

## KEEPING RECORDS OF YOUR OVERNIGHT TRAVEL EXPENSES

### Expenses for which you do not have to keep records

You can claim a deduction for the full amount of your travel expenses without keeping all your records if:


- you received a travel allowance that could reasonably be expected to cover your accommodation, meals or expenses incidental to the travel (a token amount paid as a travel allowance is not accepted as reasonably covering such costs), and
- your travel expenses were equal to or less than the reasonable allowance amount we set (see below).

However, we may ask you to explain how you worked out the amount you claimed.


If the allowance is not shown on your payment summary and was not more than the reasonable allowance amount, you do not have to show it on your tax return as long as you:

- spent the entire allowance on deductible expenses, and
- are not claiming the deduction.

Otherwise, you must show the allowance on your tax return.

 We set the reasonable allowance amount for your circumstances in an annual taxation determination that explains:

- when you do not need evidence of your expenses
- the way in which you can claim expenses.

 For information on the reasonable allowance amounts, visit [www.ato.gov.au](http://www.ato.gov.au) and select legal database, search for *TD 2010/19 – Income tax: what are the reasonable travel and overtime meal allowance expense amounts for 2010–2011 income year?*

### EXAMPLE 11

Antoni travels from Adelaide to Mt Gambier for a job. He is away from home for five nights. His employer pays him a travel allowance of \$110 per night for accommodation, meals and incidentals. The allowance is not shown on his payment summary.

The travel allowance amount paid to Antoni is less than the reasonable allowance amount and Antoni spends all of the travel allowance on his travel expenses.

Antoni chooses not to include his allowance on his tax return because:

- it is less than the reasonable allowance amount
- it is not shown on his payment summary
- he spends it all to cover his travel expenses.


This means Antoni cannot claim a deduction for his expenses on his tax return.

### Expenses for which you must keep records

If you are claiming more than the reasonable allowance amount, you must keep records to show the full amount you spent, not just the amount over the limit. These records include:

- a travel diary if your travel is for six or more nights in a row – that is, a document that shows the dates, places, times and duration of your activities and travel
- invoices, receipts or other documents showing your travel expense details. If it is too difficult to get a receipt for a meal you purchased – for example, if you purchase a meal from a vending machine – you can keep diary entries as your proof of purchase.

If you do not receive a travel allowance, you must keep all of your records.

 If you received a travel allowance that is more than the reasonable allowance amount, you must show the allowance as income at item **2** on your tax return.

# WORK-RELATED CLOTHING, LAUNDRY AND DRY-CLEANING EXPENSES

## WHEN YOU CAN MAKE A CLAIM

You may be able to claim a deduction for the costs you incur when you buy, rent, repair or clean your work clothing. Deductible work clothing includes:

- compulsory uniforms and corporate wardrobes
- a single item of distinctive clothing such as a jumper, shirt or tie with the employer's logo if it is compulsory for you to wear it
- a non-compulsory corporate uniform if your employer has registered the design with AusIndustry
- protective clothing.


You can claim a deduction for the cost of washing, drying and ironing your deductible work clothing as laundry expenses. This also includes laundromat expenses and the actual cost of dry-cleaning.

## PROTECTIVE CLOTHING

Protective clothing and footwear protects you from the risk of illness or injury, or prevents damage to your conventional (everyday) clothes, caused by your work or work environment. Protective clothing may include:

- fire-resistant clothing
- sun-protection clothing
- safety coloured vests
- rubber boots
- items designed to protect the wearer from risk of injury at work, such as
  - steel-capped boots
  - gloves
  - overalls
  - heavy duty shirts and trousers.

Jeans, drill shirts and trousers that are not designed to protect the wearer are not considered to be protective clothing.

 You can claim your expenses for protective clothing items at item **D3 Work-related clothing, laundry and dry-cleaning expenses** on your tax return.


For information on protective equipment go to page 14.

## KEEPING RECORDS OF YOUR CLOTHING, LAUNDRY AND DRY-CLEANING EXPENSES

You do not need to keep receipts or other written evidence of your claim if the total amount of your laundry expenses is \$150 or less, or your total claim for work-related expenses is \$300 or less. However, you must be able to show how you worked out your claim.

If your claim for laundry expenses is more than \$150 and your total claim for work-related expenses is more than \$300 (not including car, meal allowance, award transport payment allowance and travel allowance expenses), the records you must keep include:

- receipts, or other written evidence of your expenses
- diary entries you make to record
  - your small expenses (\$10 or less) totalling no more than \$200 for which you do not have a receipt
  - expenses that you cannot get any kind of evidence for regardless of the amount – for example, a diary record of your laundromat costs.

 To help you work out your clothing, laundry and dry-cleaning expenses, visit [www.ato.gov.au](http://www.ato.gov.au) and use our Work related uniform expenses calculator.

# WORK-RELATED SELF-EDUCATION EXPENSES

## WHEN YOU CAN MAKE A CLAIM

You can claim a deduction for self-education expenses that have a sufficient connection to your current work activities. Self-education could include a formal course or attendance at a seminar.

For a course to be sufficiently connected to your current work activities, it must:

- maintain or improve the specific skills or knowledge you need in your current employment, or
- result in, or be likely to result in, an increase in your income from your current employment.

If your self-education satisfies one of these conditions, you can generally claim study-related items such as:

- textbooks
- course fees
- stationery
- internet access
- student union fees
- travel expenses to and from the place of education
- decline in value (depreciation) of equipment you use in your study, such as a computer.

You can only claim the decline in value based on how much you use the equipment for study purposes. For example, if you use your computer half for private purposes and half for study purposes, you can only claim half the decline in value.

### EXAMPLE 12

Francesco is an apprentice builder who travels a long distance to a technical college to undertake his apprenticeship course for two consecutive days each fortnight. He is allowed a deduction for the cost of travel to and from his place of education, overnight accommodation, meals and incidentals.

If your self-education expenses relate to a course you undertook at a school, college or university, you may have to reduce your allowable self-education expenses by \$250. Whether or not your claim is reduced by \$250 depends on the category of your expenses and does not apply to all self-education expenses.

### EXAMPLE 13

Danh incurs self-education expenses totalling \$1,650 in connection with his apprenticeship course at a technical college. Some of Danh's self-education expenses fall under the category that requires Danh to reduce his claim by \$250. Therefore he reduces his claim by \$250 and is allowed a deduction for \$1,400.

➤ To help you work out your self-education claim, visit [www.ato.gov.au](http://www.ato.gov.au) and use our Self-education expenses calculator.

- ⚠ When claiming your self-education expenses, claim your:
- course costs at item **D4 Self-education expenses**
  - conference and seminar costs connected to work at item **D5 Other work-related expenses**.

## SELF-EDUCATION EXPENSES YOU CANNOT CLAIM

You cannot claim a deduction for your self-education expenses that do not have a sufficient connection to your current employment even though they:

- might be generally related to it
- enable you to get a new job.

⚠ If your employer pays for the course fees outright, or reimburses you upon your completion of your course, you are not entitled to claim a deduction for your course fees.

## KEEPING RECORDS OF YOUR SELF-EDUCATION EXPENSES

You must keep records and these can be:

- receipts or other written evidence of your expenses, including receipts for depreciating assets you have purchased (for example, a laptop)
- diary entries you make to record
  - how much you used your equipment, home office, telephone and internet access for self-education purposes over a representative four-week period
  - your small expenses (\$10 or less) totalling no more than \$200
  - expenses you cannot get any kind of evidence for, regardless of the amount.

➤ For more information about claiming self-education expenses, visit [www.ato.gov.au](http://www.ato.gov.au) and search for 'D4 – Self-education expenses'.

## CLAIMING OVERTIME MEAL EXPENSES

Generally meals, snacks and drinks you buy and consume while on the job are considered to be a private expense for which you cannot claim a deduction.


You can claim a deduction for overtime meal expenses provided that:

- you received a genuine overtime meal allowance from your employer that was paid under an industrial law, award or agreement
- you have included the amount of the meal allowance as income at item **2** on your income tax return, and
- if your claim was more than the reasonable allowance amount, you have written evidence, such as receipts or diary entries, that shows the cost of the meals.

Any amount for overtime meals that has been included as part of your normal salary or wages (for example, under a workplace agreement) is not considered to be an overtime meal allowance.

You must include the allowance you received on your tax return if you:

- have an overtime meal allowance shown on your payment summary
- are claiming a deduction and the allowance is not shown on your payment summary
- received an allowance in excess of the reasonable allowance amount.

 We set the reasonable allowance amount for your circumstances in an annual taxation determination that explains:

- when you do not need evidence of your expenses
- the way in which you can claim your overtime meal expenses.


### EXAMPLE 14

Derek was employed by ABC carpenters for a major job involving a fit-out of a shopping centre. He was required to work overtime for 10 days. Derek was paid a bona fide overtime meal allowance of \$25.80 for each night he worked overtime equivalent to the 2010–11 income year reasonable rate set by us.

Derek was happy to spend \$14.00 each time on a takeaway meal. At the end of the income year his payment summary showed he received \$258.00 in allowances which represented the 10 overtime days × \$25.80.

In his tax return, Derek correctly showed the \$258 in allowance at item 2. At D5 Other work-related expenses he claimed deductions of  $\$14.00 \times 10 = \$140$ . This is the amount he had actually spent on his overtime meals.


The difference of \$118 (\$258 – \$140) will be included as taxable income on Derek's tax assessment.

 The receipt of an overtime meal allowance does not automatically entitle you to a deduction. Only the actual amount incurred on work-related overtime meal allowance expenses can be claimed.

You claim overtime meal expenses at item **D5 Other work-related expenses** on your tax return.

If the overtime meal allowance is not shown on your payment summary and was not more than the reasonable allowance amount, you do not have to show it on your tax return as long as you:

- spent the entire allowance on expenses for which you can claim a deduction, and
- are not claiming a deduction for overtime meals.

 For the 2010–11 reasonable allowance amounts, visit [www.ato.gov.au](http://www.ato.gov.au) and select legal database, search for *TD 2010/19 – Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2010–11 income year?*

## KEEPING RECORDS OF YOUR OVERTIME MEAL EXPENSES

When claiming overtime meals that will require substantiation, you should keep the following records to support your claim:

- receipts, or other written evidence of your expenses
- diary entries you make to record
  - your small expenses (\$10 or less) totalling no more than \$200 for which you do not have a receipt
  - expenses you cannot get any kind of evidence for, regardless of the amount (for example, food from a vending machine)
- evidence of your overtime meal allowance payments, such as:
  - payment summaries
  - pay slips
  - a letter from your employer.

## 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 15).

❗ If you are reimbursed for part or all of your phone expenses, or provided with a pre-paid SIM card by your employer, you can only claim a deduction for the work-related portion you have not been reimbursed for.

## KEEPING RECORDS OF PHONE EXPENSES

You may be able to identify your work-related calls individually on your itemised telephone bill. If you do not receive itemised bills, for instance you use a pre-paid SIM, 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 bills.

### EXAMPLE 15

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

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

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

Out of the 300 calls he has made in a four-week period, Daniel works out that 30 (10%) of the calls are for work and applies that percentage to his cap amount of \$49 a month. The other two months that Daniel reviews are consistent with this.

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

$$10.6 \text{ months} \times \$49 \times 10\% = \$52$$



## UNION AND PROFESSIONAL ASSOCIATION FEES

You can claim a deduction for these fees. If the amount you paid is shown on your payment summary, you can use it to prove your claim. You can claim a deduction for a levy paid in certain circumstances – for example, to protect the interests of members and their jobs.

You cannot claim a deduction for levies or other amounts you paid to assist families of employees suffering financial difficulties as a result of employees being on strike or having been laid off.

## PROTECTIVE EQUIPMENT

You can claim an immediate deduction for personal protective equipment you use on the job that costs \$300 or less. This includes equipment such as:

- safety helmets
- ear muffs
- harnesses
- face masks
- goggles
- safety glasses
- breathing masks.

You cannot claim an immediate deduction for protective equipment costing more than \$300 that you use for more than a year. You can claim a deduction for its decline in value (depreciation).

⚠ A deduction is not allowable for the cost of prescription glasses or contact lenses, as the expense relates to a personal medical condition.

➤ For more information on decline in value, visit [www.ato.gov.au](http://www.ato.gov.au) and search for 'Work related expenses – decline in value'.

## SUNGLASSES, SUNHATS AND SUNSCREENS

You can claim a deduction for these items if the nature of your work requires you to work in the sun for all or part of the day and you use these items to protect yourself from the sun while at work.

⚠ Sunglasses, sunhats and sunscreens are claimed at **D5 Other work-related expenses**.



# CLAIMING THE COST OF TOOLS AND EQUIPMENT

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

- you use for your work as an employee
- costs you \$300 or less
- was not one of a number of identical or substantially identical tools you started to hold in the income year that cost more than \$300
- was not part of a set of tools that you started to hold in the income year that cost more than \$300 (see example 16).

If the tool or piece of equipment costs more than \$300, you cannot claim an immediate 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.

## EXAMPLE 16

Anna needed a new set of 16 high-quality spanners for work. She couldn't afford the \$330 cost, so she bought them all individually during the 2011 year.

Although they only cost \$22 each, Anna cannot claim an immediate deduction for the spanners because they are part of a set that she bought in the 2011 income year that cost more than \$300. Anna can claim a deduction for the decline in value of the set, which in the end cost \$352.

If in a following year, Anna breaks one of the spanners and has to buy a replacement, she will be able to claim an immediate deduction for the replacement because it won't be part of a set that she bought in that year that cost more than \$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 tool 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.

➤ For the effective life of depreciating assets, visit [www.ato.gov.au](http://www.ato.gov.au) and select legal database, search for *TR 2010/2 Income tax: effective life of depreciating assets (applicable from 1 July 2010)*.

## EXAMPLE 17

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

Tal 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.

Tal works out the deduction for the decline in value of his tool set using the prime cost method in this way:

\$1,500 (Asset's cost)	×	299 (Days held from 5 Sep to 30 June)	×	100% (Work use percentage)
		365 days		5 (Effective life of tool)

Tal can therefore claim \$246 for the decline in value of his tool set in the first year. Using the same method, Tal will also be able to claim \$300 per year in the following four years and \$54 in the final (sixth) year.

➤ To help you work out the decline in value of a tool, visit [www.ato.gov.au](http://www.ato.gov.au) and use our Decline in value calculator.

## 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
  - expenses you cannot obtain any kind of evidence for, regardless of the amount.



## MORE INFORMATION

---

For more information, visit **[www.ato.gov.au](http://www.ato.gov.au)** and refer to the following tools and publications:

- Car and travel expenses
- Decline in value calculator
- Self-education expenses calculator
- *TD 2010/19 – Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2010–11 income year?*
- D1 – Work-related car expenses
- Work related car expenses calculator
- Work related expenses – decline in value
- D2 – Work-related travel expenses
- Work related uniform expenses calculator

To obtain copies of our publications:

- visit **[www.ato.gov.au/onlineordering](http://www.ato.gov.au/onlineordering)**
- phone our publications and distribution service on **1300 720 092**.

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 us, phone the Translating and Interpreting Service on **13 14 50**.

If you are deaf, or have a hearing or speech impairment, phone us 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](http://www.relayservice.com.au)** and ask for the ATO number you need.

