



Australian Government  
Australian Taxation Office

## Engineers - claiming work-related expenses

- <http://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Deductions-for-specific-industries-and-occupations/Engineers---claiming-work-related-expenses/>
- Last modified: 30 Jun 2011
- QC 22571

## Engineers - claiming work-related expenses

### About this guide

If you are an employee engineer, this information outlines some of the deductions you may be able to claim.



To navigate through this guide, use the table of contents on the right. General topics lead to more detailed information about your particular situation.

Throughout this guide we highlight:

- key information with the  symbol
- pointers to more information and extra steps you may need to take with the  symbol.

For a print friendly version of this guide, click on the print icon on the right.

### Work-related daily travel expenses you can claim

- <http://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Deductions-for-specific-industries-and-occupations/Engineers---claiming-work-related-expenses/?page=2>
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Generally, the cost of normal trips between your home and work is a private expense you cannot claim an income tax deduction for. However, as an employee engineer, 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 both of the following apply:

- you have to carry bulky tools and equipment you need to use at work
- there is no secure storage area at your workplace.

### Example 1

Mike is a mechanical engineer whose main tasks are assembling and installing mechanical assemblies, components, machine tools and hydraulic power systems. Mike has to carry machinery and tools between his home and workplace each day to carry out his duties.

Mike's employer does not provide secure storage for him to store his tools and machinery at work. This means Mike can claim a deduction for the expenses he incurs to transport his tools and machinery.

## Travelling between workplaces

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Work-related car and 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 2
- from your home to an alternative workplace, and then to your normal workplace or directly home - see example 3.

### Example 2 - travelling from work to an alternative workplace then home

Richard works as a civil engineer for a large company in the city. He has to attend regular meetings at his employer's head office in the suburbs. He uses his own car to travel to the meetings. Richard goes directly home after the meetings as they finish late.

Richard can claim the cost of travelling from his city office to the meeting at head office, and then to his home.

### Example 3 - travelling from home to an alternative workplace then onto work

Jan makes site visits to view projects she is working on as a structural engineer. Sometimes, Jan travels from her home to view a site and then continues on to her workplace.

Jan can claim a deduction for her travel expenses from her home to the site and then onto her workplace.

## Work-related daily travel expenses you cannot claim

- <http://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Deductions-for-specific-industries-and-occupations/Engineers---claiming-work-related-expenses/?page=3>
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The expenses you incur to travel between your home and work are still private expenses where both of the following apply:

- you work partly from your home

- your home is not your place of business.

#### Example 4

Mohammed's employer has an office in the city but is happy for Mohammed to work from home three days each week. On these days, Mohammed sometimes has to travel into the office for a meeting before returning home to work.

In this situation, the expense Mohammed incurs to travel between his home and work is a private expense that he cannot claim a deduction for.

 For more information about what trips you can claim, refer to [Car and travel expenses](#).

## Keeping records of your car expenses

- <http://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Deductions-for-specific-industries-and-occupations/Engineers---claiming-work-related-expenses/?page=4>
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If 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 the:

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

 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.

## Cents per kilometre method

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 business kilometres. For example, by
  - using a diary of work-related travel
  - basing your costs on a regular pattern of travel

- can only claim up to the first 5,000 business kilometres you travel.

## Logbook method

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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.



Remember, your car expenses do not include capital costs such as the purchase price of your car or the cost of improvements you make to it.

When using the logbook method, you must keep all of the following:

- a logbook
- odometer records
- written evidence for all your car expenses, except your fuel and oil costs (you are allowed to make a reasonable estimate of these based on your odometer records).

Your logbook must contain the following information:

- when the logbook period starts and ends
- the car's odometer readings at the start and end of the logbook period
- the total number of kilometres you travelled in the car during the logbook period
- the number of kilometres you travelled in the car for each work-related journey - if you make two or more journeys in a row on the same day, you can record them as a single journey
- the percentage of your car use that was for business purposes during the logbook period.

Entries in the logbook for each business trip must be made at the end of the journey (or as soon as possible afterwards) and show the:

- date the journey began and ended
- odometer readings at the start and end of the journey
- kilometres travelled on the journey
- reason for the journey.

Your records must also show the make, model, engine capacity and registration number of the car.

Your logbook must cover a period of 12 continuous weeks and is valid for five years. If you work out the percentage you used your car for work purposes using a logbook from an earlier year, you need to keep both of the following:

- that logbook
- records of your opening and closing odometer readings for each year you use the logbook method.

 You claim your car expenses at **D1 Work-related car expenses** on your tax return.

If you use a vehicle other than a car, such as a ute or van with a carrying capacity of one tonne or more, you claim your actual expenses at **D2 Work-related travel expenses** on your tax return.

 For more information about the four methods, refer to [D1 - Work-related car expenses](#).

## Claiming home office expenses

- <http://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Deductions-for-specific-industries-and-occupations/Engineers---claiming-work-related-expenses/?page=5>
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## What you can claim

### Running expenses

If you perform some of your work from your home office, you may be able to claim a deduction for the costs you incur in running your home office, even if the room is not set aside solely for work-related purposes. You may be able to claim:

- the depreciation of home office equipment such as computers and telecommunications equipment - if your equipment costs less than \$300, you can claim a full deduction for the work-related portion
- work-related phone calls, including from mobiles
- work-related phone rental if you can show that either of the following apply
  - you are on call
  - you have to phone your employer or clients regularly while you are away from your workplace
- work-related internet access charges
- the cost of heating, cooling and lighting your home office that is over the amount you would ordinarily have to pay if you did not work from home
- the costs of repairs to your home office furniture and fittings.

 A depreciating asset, such as a computer, is an asset that has a limited effective life and can reasonably be expected to decline in value over the time you use it.

If you purchase an item that cost more than \$300, you can only claim a deduction for its decline in value.

## What you cannot claim

### Occupancy expenses

Occupancy expenses include rent or mortgage interest, council rates and house insurance premiums. You can only claim occupancy expenses where your home office is considered to be a place of business. If your only income is paid to you as an employee, you generally cannot claim a deduction for your occupancy expenses.



Use our [Home office expenses calculator](#) to help you work out:

- if you can claim home office expenses
- how much you can claim.

## Keeping records of your home office running expenses

The records you must keep may include:

- receipts or other written evidence of your expenses, including receipts for depreciating assets you have purchased - for example, your computer
- diary entries you make to record your small expenses (\$10 or less) totalling no more than \$200, or expenses you cannot obtain any kind of evidence for, regardless of the amount - for example, stationery
- itemised telephone accounts you can identify work-related calls on - see example 7. If you don't receive itemised accounts, 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 phone accounts.



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.

## Working out your claim

To claim a deduction for the electricity and gas you use and the decline in value of your office furniture, you can claim either of the following:

- a deduction for your actual expenses
- a deduction you work out at a rate of 34 cents per hour.

To use the 34 cents per hour method of claiming, keep a diary to record the amount of time you use your home office for work purposes. The diary must show a representative period of at least four weeks to establish a pattern of use for the whole year.

### **Example 5 - 34 cents per hour method**

George works from home in his dedicated home office. George has the following in his home office:

- a desk
- a chair
- a computer
- a filing cabinet
- internet access.

George has:

- read our [practice statement](http://law.ato.gov.au/atolaw/view.htm?docid=PSR/PS20016/NAT/ATO/00001) [on working out home office running expense deductions](http://law.ato.gov.au/atolaw/view.htm?docid=PSR/PS20016/NAT/ATO/00001)
- decided to use the 34 cents per hour method to work out his heating, cooling and lighting expenses, and the decline in value of his office furniture.

To use this method, he keeps a diary for a representative four-week period and records:

- each date he uses his home office
- the period of time he uses his home office on each occasion
- the nature of his activities on each occasion he uses his home office.

At the end of four weeks, George can show he works an average of 12 hours each week from his home office.

George worked for 46 weeks of the year and works out the deduction he can claim for his home office expenses as follows:

$$46 \text{ weeks} \times 12 \text{ hours} \times 34 \text{ cents} = \$188$$

George works out the depreciation of his computer separately.

### **Example 6 - calculating depreciation of a computer**

George purchased his computer on 5 September for \$3,000. Based on George's diary records, he uses his computer in his home office:

- 40% for work purposes
- 60% for private purposes.

George looks up the effective life of a depreciating asset <<http://law.ato.gov.au/atolaw/view.htm?Docid=TXR/TR20122/NAT/ATO/00001>>, on our website, which says the effective life of a computer is four years. George uses the prime cost method to work out the decline in value of his computer.

Step	Action	Example
1	Calculate the asset's cost	\$3,000
2	Calculate the days held 365	299 days (5 Sep - 30 Jun) 365 = 0.8192
3	Calculate 100% effective life	100% 4 years = 25% (0.25)
4	Calculate the claimable amount  Asset's cost x (days held 365) x (100% effective life)	\$3,000 x 0.8192 x 0.25 = \$614
5	Multiply by the work use percentage	\$614 x 40% = \$246

So, George claims \$246 for the depreciation of his computer in the first year.

### Example 7 - working out mobile phone expenses

George uses his mobile phone for work purposes, mostly for outgoing calls. He is on a set mobile phone plan of \$49 each month and rarely exceeds the plan cap.

George receives an itemised account from his phone provider each month by email, which includes details of the individual calls he has made. George regularly prints his monthly phone accounts and highlights his work-related calls. He also makes notes on the itemised account about who he has called.

At the end of the income year, George works out that 57% of his call costs are work-related. As he worked for 46 weeks of that year, George calculates his work-related mobile phone expense deduction as follows:

$$10.6 \text{ months} \times \$49 \times 0.57 = \$296$$



If you are reimbursed for the use of part or all of your phone expenses you cannot claim a deduction for that portion.



For more information about working out:

- your home office expenses, refer to [PS LA 2001/6 Home Office Expenses: diaries of use and calculation of home office expenses](http://law.ato.gov.au/atolaw/view.htm?docid=PSR/PS20016/NAT/ATO/00001) <<http://law.ato.gov.au/atolaw/view.htm?docid=PSR/PS20016/NAT/ATO/00001>>
- the depreciation of your items, use the [Decline in value calculator](#).



You claim your home office expenses at **D5 Other work-related expenses** on your tax return.

## Other expenses you may be able to claim

- <http://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Deductions-for-specific-industries-and-occupations/Engineers---claiming-work-related-expenses/?page=6>
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Depending on your circumstances, you may be able to claim a deduction for:

- Overnight and overseas travel - this includes fares, accommodation, meals and incidental expenses you incur as an employee engineer when you travel for work purposes. You claim these expenses at **D2 Work-related travel expenses** on your tax return.
- Union fees and subscriptions to associations - this includes union fees and subscriptions to trade, business or professional associations. You claim these expenses at **D5 Other work-related expenses** on your tax return.
- Protective equipment - this includes safety equipment and sunglasses. You claim these expenses at **D5 Other work-related expenses** on your tax return.
- Uniform and laundry - this includes uniforms and protective clothing. You claim these expenses at **D3 Work-related clothing, laundry and dry-cleaning expenses** on your tax return.



When you complete the declaration on your tax return, you are declaring that:

- everything you have told us is true
- 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 to prepare your tax return.

## What to read/do next

- <http://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Deductions-for-specific-industries-and-occupations/Engineers---claiming-work-related-expenses/?page=7>
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For more information, refer to the following tools and publications:

- [Work related car expenses calculator](#)
- [Decline in value calculator](#)
- [Home office expenses calculator](#)
- [Guide to depreciating assets](#)
- [TaxPack](#)
- [TR 2012/2 Income tax: effective life of depreciating assets \(applicable from 1 July 2012\)](#)  
<<http://law.ato.gov.au/atolaw/view.htm?Docid=TXR/TR20122/NAT/ATO/00001>>.

To obtain free copies of our publications:

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

## Phone

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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

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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 Australian Taxation Office (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) <<http://www.relayservice.com.au>> and ask for the ATO number you need.

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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 and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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