



Sales representatives - claiming work-related expenses

Making a claim

When you can make a claim

In most situations, you can claim deductions for work-related expenses as long as:

- you incurred the expense in doing your job
- the expense is not private (for example, travel to and from work, and most meals)
- you can show you incurred the expense by producing receipts or other written evidence unless an exception applies.

However, there are some instances where you have to meet other conditions, some of which are mentioned below.

Claim the correct amount for the year

- You must have incurred the expense in the year you are claiming the deduction, unless the expense relates to the decline in value (depreciation) of tools or equipment you purchased.
- When claiming the decline in value of your tools or equipment, you must have used them or had them available for use in the year you are making the claim.
- You can only claim that part of an expense that relates to your work.



Remember

- When you complete the declaration on 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.

Reimbursements and allowances

- If your employer or any other person reimburses you for expenses you have actually incurred, the payment is called a reimbursement. An allowance is not considered to be a reimbursement.
- 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.
- If you claim your motor vehicle expenses from your employer using the cents per kilometre method, the amount you receive is considered to be an allowance.
- Regardless of the amount of an allowance you receive, you can claim a deduction only for the expenses you paid. That is, if you paid \$80 in work-related expenses and you received a \$100 allowance for those expenses, you can still claim only \$80.



If you received a car allowance or an [award transport payment](#) from your employer, you must record the amount you received as income at item 2 on your tax return.

Evidence to support 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 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.

Work-related daily travel expenses

When you can make a claim

Transporting bulky tools and equipment

You can claim a deduction for the cost of transporting bulky tools and equipment between home and work if:

- you need to use them at work
- there is no secure area for storing them at your workplace.

Travelling between workplaces

You can claim a deduction for the cost of travelling between workplaces on the same day. This includes travelling between:

- different workplaces for the same employer, or
- separate places of employment.

Shifting places of employment

You can claim the cost of trips between home and work if you regularly work at many places each day before returning home.

Example 1

Nadeem is a sales representative who travels from his normal workplace to his employer's head office to attend a meeting. After the meeting he travels directly back to his normal workplace and then home. Nadeem can claim the cost of each journey between his workplace and head office as a deduction as the trips are for work purposes.

Example 2

Patricia is a sales representative who looks after a large number of clients. Patricia has a regular weekly pattern of travelling directly from home to many clients before going into the office to finalise her paperwork. Patricia can claim a deduction for travel as she has shifting places of employment.

Example 3

Sue is a sales representative who uses a laptop computer in the office and when she visits clients. She carries the computer to and from work in her car. As the computer is not considered bulky equipment, she cannot claim a deduction for her travel costs to and from work.



For more information about claiming car expenses, refer to [Work-related car expenses](#).

Daily travel expenses you cannot claim

You cannot claim a deduction for the cost of normal trips between home and work, even if:

- you did minor tasks – for example, picking up the mail on the way to work or home
- you were on call
- there was no public transport near where you worked so you used a car
- you worked outside normal business hours - for example, shift work or overtime
- you used your own vehicle to travel from home to work to collect a work vehicle.


Keeping records of your daily travel expenses

Car expenses

The records you need to keep and how you work out your claim will depend on whether the vehicle you use is considered to be a car and whether you own or lease it. Your vehicle is considered not to be a car if it is:

- a utility, truck or panel van with a carrying capacity of one tonne or more
- a vehicle with a carrying capacity of nine or more passengers, or


- a motorcycle.

 If your vehicle is not a car, see [Vehicles other than cars](#).

Methods of working out your car expenses

The deduction you can claim must be worked out using one of four methods. The records you must keep will depend on:

- the estimated amount of business kilometres you travelled for the income year
- which method you use for claiming car expenses.

 For more information on methods of working out deductions for your car expenses, refer to [Work-related car expenses](#).

The following two methods are those most commonly used by sales representatives.

The logbook method


To work out your deduction using the logbook method, you must keep:


- a logbook
- odometer records, and
- receipts and other written evidence for all your car expenses. You can use your odometer readings to estimate your fuel and oil costs instead of keeping receipts.

The cents per kilometre method

When working out your deduction using the cents per kilometre method:

- you don't need receipts or written evidence but we may ask you to show how you worked out your estimate of business kilometres. For example
 - by using a diary of work-related travel
 - by basing your costs on a regular pattern of travel
- you can claim only up to the first 5,000 business kilometres you travel.

 Car expenses are claimed at item D1 [Work-related car expenses](#) on your tax return.

 To help you calculate deductions for your work-related car expense, use our [Work-related car expenses calculator](#).

Vehicles other than cars

If your vehicle is not a car – for example, a van or ute with a carrying capacity of more than one tonne – you must keep records for all expenses you incurred. Those records may include receipts for:

- fuel and oil
- repairs and servicing
- interest on a car loan
- lease payments
- registration.

If you use your vehicle for work and private use, you can use a diary to show how much of those expenses relate to business and personal use of the vehicle.


 You claim these expenses at item D2 [Work-related travel expenses](#) on your tax return.

 For more information, refer to [Work-related travel expenses](#).

Other daily travel expenses

You will also need to keep records for other daily travel expenses such as:

- car parking
- bridge and road tolls
- taxi and bus fares.

 You claim these expenses at item D2 Work-related travel expenses on your tax return.

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.

You may be undertaking a course related to your current job in order to obtain a formal qualification from a school, college, university, or other place of education. For the course to sufficiently connect to your current work activities:

- it must maintain or improve the specific skills or knowledge you need in your current work activities, or
- it will result in, or is likely to result in an increase in your income from your current employment.

Example 4

Kieran is a computer sales representative who takes six months leave without pay to undertake a business administration course. His employer has agreed that if he completes the course successfully, he will be promoted to the position of Assistant Manager. As the course is likely to lead to an increase in Kieran's income, he can claim a deduction for the costs he incurs to do the course.

Example 5

Kostas is a computer sales assistant who attends a trade fair organised by a number of the major computer companies at a venue away from his normal place of work. The trade fair is designed to keep him abreast of developments in the field of computers and accessories. The cost of attending the trade fair is \$500, which includes entrance fees, travel to and from the trade fair, accommodation and meals while at the trade fair location.

Although the trade fair is not an education course, Kostas can claim a deduction for the expenses he incurs that relate to the trade fair. As Kostas paid a single amount that covered all his costs he claims that amount at item D5 Other work-related expenses on his tax return.


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.

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. This reduction does not apply to all self-education expenses.

 When claiming your self-education expenses, claim your:

- course costs at item D4 Work-related self-education expenses
- conference and seminar costs at item D5 Other work-related expenses.

 To help you work out your claim, use our [Self-education expenses calculator](#).

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.

Example 6

Brianna, a sales representative, was having difficulty coping with work due to stress brought about by difficulties with her family situation. She decided to attend a four-week course in stress management to help her deal with the situation. Brianna attended the course after hours and paid for it herself.

Brianna cannot claim a deduction for the cost of the course because it was not designed to maintain or increase the skill or specific knowledge required in her current position. This means the course is not sufficiently connected with her work activities.

Example 7


Jackie is in her fourth year of her marketing degree when she takes a job as a part-time sales assistant in a local pharmacy. The course and the job are generally related but the high level professional skills Jackie obtains from her course are well beyond the skills required in her current job.

Jackie cannot claim a deduction for the cost of her course because it is not sufficiently connected to the work she does as a sales assistant.

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
- diary entries you make to record your small expenses (\$10 or less) totalling no more than \$200, or expenses you cannot get any kind of evidence for, regardless of the amount
- a diary you have created to work out how much you used your equipment, home office, phone and internet for self-education purposes over a representative four-week period.

 For more information about claiming self-education expenses, refer to [Deductions essentials - Self-education expenses](#).

Work-related home office expenses

When you can make a claim

Running expenses

If you perform some of your work from a home office, you may be eligible to claim a deduction for the costs you incur in running your home office, including:

- the decline in value (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 mobiles) and phone rental if you can show 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
- heating, cooling and lighting
- the costs of repairs to your home office furniture and fittings
- cleaning expenses.



For information about home office expenses, refer to [Other work-related expenses](#).

Occupancy expenses

Occupancy expenses include rent or mortgage interest, council rates and house insurance premiums. As an employee, you are generally not able to claim a deduction for occupancy expenses.

Example 8

John, a textile sales representative, contacts his clients from home a week in advance to arrange sales meetings. He also has to contact his employer regularly to report issues as they arise. John is entitled to claim the cost of his work-related phone calls and phone rental.



To help you work out if you are entitled to claim occupancy expenses, use our [Home office expenses calculator](#).

Keeping records of your home office expenses

You must keep records and these can be the following:

- 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, or expenses you cannot get any kind of evidence for, regardless of the amount
- itemised phone accounts on which work-related calls can be identified
- a diary you have created to work out how much you used your equipment, home office and phone for business purposes over a representative four-week period.

Example 9

Ingrid is a sales representative. She uses a computer and combined printer and fax located in her home office for both work and private purposes. She maintains a diary for a four-week period to show the dates, time and purpose of use of these items.

Based on this diary, she works out that 78% of her use is for work purposes. Ingrid can claim 78% of the depreciation on these items as a deduction.



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

Work-related clothing, laundry and dry-cleaning expenses

When you can make a claim

You can claim a deduction for the costs you incur when you buy, rent, repair or clean your work clothing. Work clothing includes:

- compulsory uniforms and corporate wardrobes
- single items of distinctive clothing such as a jumper, shirt or tie with the employer's logo
- 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 work clothing as laundry expenses. This also includes laundromat expenses and the actual cost of dry cleaning.



You claim the cost of buying, renting, repairing and cleaning occupation-specific clothing, protective clothing and certain work uniforms at item D3 Work-related uniform, occupation specific or protective clothing, laundry and dry-cleaning expenses on your tax return.



For more information about claiming work-related clothing, laundry and dry-cleaning expenses, refer to [Work-related clothing, laundry and dry-cleaning expenses](#).

Clothing, laundry and dry-cleaning expenses you cannot claim

You cannot claim a deduction for the cost of purchasing or cleaning a plain uniform or conventional clothing you wear to work, even if your employer tells you to wear them. This includes:

- clothing you wear for medical reasons, such as support stockings
- conventional clothing that is damaged at work
- everyday footwear such as dress, casual or running shoes.

Example 10

Mike is a sales representative. At work, Mike has to wear shirts his employer provides. Each shirt has his employer's company logo embroidered on it. As part of his uniform, he also has to wear black pants and black shoes.

Mike can claim a deduction for the cost of laundering the shirts as it is a distinctive item with the employer's logo. However, he cannot claim the cost of purchasing or cleaning his black pants or shoes as they are items of a conventional nature.

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 less than \$150 and your total claim for work-related expenses is less than \$300. However, you must be able to show how you worked out your claim.

If your claim for laundry expenses is \$150 or more, or your total claim for work-related expenses is \$300 or more (not including car, meal allowance, award transport payments 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
 - expenses that you cannot get any kind of evidence for regardless of the amount, for example, a diary record of your laundry costs.



To help you work out your clothing, laundry and dry cleaning expenses claim, use our [Work-related uniform expenses calculator](#).

What to read/do next

For information about particular types of work-related expenses, refer to:

- [Claiming deductions](#)
- [Work-related car expenses](#)
- [Work-related travel expenses](#)
- [Work-related clothing, laundry and dry-cleaning expenses](#)
- [Other work-related expenses](#)
- [Keeping your tax records](#)
- [Work-related expenses – decline in value](#)
- [Home office expenses calculator](#)
- [Work-related car expenses calculator](#)
- [Work related uniform expenses calculator](#)

- [Self-education expenses calculator](#).

If you need help applying this information to your own situation, phone us on 13 28 61.

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