

2024 Motor Vehicle Log Book Details



Do you use your car a lot for work or business-related travel? If so, you may consider maintaining a car logbook.

A logbook is used to establish your business-related percentage of car use to enable you to claim tax deductions for the business-related portion of your total car expenses.

Currently, there are two methods of calculating tax deductible car expenses:

- 1) cents per km; and
- 2) logbook method.

Under the ***cents per km method***, you can claim car expenses based on kilometres travelled for work or business purposes at the set rate of \$0.85 per km in 2024 Income Year irrespective of engine capacity of your car. Under this method, your claim is limited to the first 5000 km of eligible travel, which effectively limits your car expense deduction to \$4,250 for 2024 year.

Car Logbook Method

Under the ***logbook method***, you may be able to claim significantly more, depending on your actual expenses, cost of the car and portion of business use. Expenses you can claim include running expenses of your car (such as fuel, registration, insurance, maintenance and other running costs), depreciation for decline in value of the car (based on a maximum of \$68,108 depreciation car cost limit 2024 year), finance costs or leasing charges.

The logbook method effectively allows you to claim business percentage of the entire cost of your car (spread out over several years). In addition, if you are registered for GST, you can claim business portion of GST credits on purchase of your car when you lodge your BAS for that period. It could potentially save you thousands of dollars in taxes.

You must keep a logbook for a minimum period of 12 consecutive weeks. Your logbook is valid for 5 years but you may start a new log book at any time if your travel pattern changes. You need to start a new logbook after 5 years, even if your circumstances remain the same.

If you start your logbook less than 12 weeks before the end of the income year, you can continue maintaining it in the following year to meet the 12 weeks requirements. You will be eligible to claim car expenses based on the logbook percentage for the income year in which you started using logbook. For example, if you started a logbook in May 2024 and continue using it for 12 weeks, you can claim car expenses based on the percentage worked out under this logbook for 2024 Income Year, even though the logbook wasn't completed by 30 June 2024. You can't, however, backdate your logbook claim for the income year if you only started logbook after the year has ended.

You can find out more about car logbook requirements on the ATO webpage.

Are there any disadvantages of using Logbook Method?

If you sell your car for which you claimed expenses under the Logbook Method, you need to account for balancing adjustments on sale. In basic scenario, if your car is sold for more than its written down value, you will include business use portion of profit on sale in your Taxable Income. The calculation is more complex if you changed your calculation method or business percentage during the period of use. You need to keep purchase and sale documents as well as history of logbook claims for your accountant to be able to calculate the adjustments.

If you are using your car for business (as opposed to salaried employment) and are GST registered, you need to charge GST on sale of your car. You may be entitled to decreasing GST adjustment for private portion of your car use that reduced GST you need to pay to the Tax Office.

Where to get Car Logbook?

There are many Car Logbook apps currently available for mobile devices, including ATO's own myDeduction app. Alternatively, you can keep your records manually in paper form or purchase a Motor Vehicle log book from Officeworks or similar.

Attached – Key logbook requirements to make sure your log book is complete and usable for tax purposes..

Self Assessment: Please note that Australian Taxpayers are subject to a self-assessment regime. This basically means that **you** are responsible for declaring all of your assessable income, and only claiming deductions and/or rebates to which you are entitled. The ATO is able to review your claims and increase or decrease the amount of tax payable for up to 2-4 years, and longer where tax avoidance is involved, after you lodge your tax return.

Disclaimer: All the information provided here is of general nature and does not constitute tax, legal or financial advice. It does not take into account your personal circumstances and is not intended to replace consultation with a qualified professional.

Re: Key logbook requirements for car expense claims for the 2024 income year

Our records indicate that you may be considering claiming car expense deductions under the logbook method for the 2024 income year.

The Australian Taxation Office ('ATO') has been increasing its audit activities in relation to these claims. In particular, the ATO has been paying closer attention to making sure that individual taxpayers making these claims comply with the strict logbook requirements for these claims.

It is important that you are aware of (and you have checked that you satisfy) the following requirements before considering a car expense claim for the 2024 income year:

Having a valid logbook – A car expense claim for the 2024 income year must be supported by a valid logbook that was kept for a minimum continuous period of 12 weeks in any of the 2020 to 2023 income years (inclusive) in relation to your car. This will suffice as long as your travel has stayed similar to when you logged – if it has changed - you should relog your kms.

In addition to this, for a logbook to be accepted as a valid logbook, it needs to record the following information:

- (a) The date the logbook period (e.g., the 12-week period) begins and ends.
- (b) Odometer readings at the start and end of the logbook period.

(MUST MAKE NOTE OF ODOMETER READING AT 30/06 EVERY YEAR)

- (c) The total kilometres your car travelled during the logbook period, including the total number of kilometres travelled for income-earning purposes.

- (d) Your car's business use percentage for the logbook period.

- (e) The following details of each business journey travelled during the logbook period (note that these must be recorded at the end of the journey or as soon as possible afterwards):

- The day the journey began and the day it ended.
- Your car's odometer readings at the start and end of the journey.
- How many kilometres the car travelled on the journey.
- An appropriate description of the purpose of each journey (note descriptions such as "Client visit", "Customer visit" and "Business trip" will not be accepted by the ATO).

Making a reasonable estimate of a car's business kilometres – Your claim for the 2024 income year must be based on a reasonable estimate of your car's business kilometres. This must take into account a valid logbook (noted above) and any changes in the way your car was used for both work/business and private purposes during the year.

Having odometer records – You must also keep odometer records for the period during the 2024 income year that you held your car. These records must include your car's odometer readings at the start and end of the period and your car's make, model and registration number.

If you have any questions about the above and/or wish to discuss these claims further, you can contact our office on (08) 8326 0022