

Australia Tax Deduction Guide (FY2025-2026)

Personal Income Tax Claims Reference & Compliance Checklist

1. General Deductions & Key Framework

Category	Deductible Items	FY2025-2026 Key Conditions & Rates
Vehicle & Travel	Travel between separate jobs, visiting clients, driving to purchase/collect supplies.	Commuting (Home to Work) Not Deductible . 88c per km (capped at 5,000km) or Logbook Method. Includes Plug-in Hybrid EV home charging rate (4.2c/km).
Work Clothing & Cleaning	Uniforms with registered company logo, safety/protective clothing, protective footwear.	Everyday corporate attire, business suits, and casual clothes Not Deductible .
Working From Home	Electricity/gas (utilities), home & mobile phone usage, internet data, stationery, and computer consumables.	Fixed Rate Method: 70c per hour (No 4-week estimation diary allowed; full continuous log required). Actual Cost Method: Apportioned based on exact work usage.
Tools & Equipment	Laptops, smartphones, office furniture, monitors, calculators, or job-specific professional tools.	≤ \$300: Full immediate deduction in the current year. > \$300: Must be depreciated over time.
Self-Education & Training	Courses, textbooks, academic journals, seminars directly linked to current income-earning role.	Studies undertaken to secure a <i>new</i> job or industry change Not Deductible .
Professional Fees	Union fees, industry regulatory memberships, trade association subscriptions, professional journals.	Must maintain a direct connection to your current employment duties.
Overtime Meals	Meals consumed while working overtime (requires a formal allowance from employer under industrial award).	Claims exceeding \$38.65 per meal require valid written receipts.
Charitable Donations	Monetary gifts to registered organizations with Deductible Gift Recipient (DGR) status.	≥ \$2 required, backed by an official tax receipt.
Tax Management		

Category	Deductible Items	FY2025-2026 Key Conditions & Rates
	Registered tax agent filing fees, professional accounting fees, tax litigation/planning advice.	Claimable in the financial year the payment occurs (e.g., last year's fee is claimed this year).

2. Detailed Expense Breakdowns (ATO Item Codes)

D1 Car Expenses

- Vehicle Registration (Rego), Petrol/Fuel, and standard Servicing/Maintenance.
- Insurance, Car loan interest, and Depreciation/Decline in value (if using Logbook method).
- *Note:* The 88c/km flat-rate method already bundles fuel, rego, depreciation, and repairs; separate tracking is prohibited under this method.

D2 Travel Expenses

- Direct transit between two separate employment locations.
- Work travels directly from your corporate office to client offices or site locations.
- Travel to procure business supplies, pick up inventory, or complete mail runs.
- **Overnight Business Travel:** Airfares, Accommodation, Car Hire, and incidental Meals (strictly when required to sleep away from home for work).
- Tolls, Train/Bus public transport fares, and Ride-share services (e.g., Uber, Taxis).

D3 Clothing & Laundry

- Protective gear: High-visibility clothing, steel-cap boots, safety goggles, hard hats.
- Uniforms with permanent, explicit embroidered business logos (includes associated laundry costs).
- Occupation-specific outfits: Dedicated items not used outside the job (e.g., traditional Chef checks).
- Sun protection: Sunscreen, protective wide-brim sunhats, and safety sunglasses if working outdoors.

D5 Other Work-Related Expenses

- Software subscriptions (e.g., Adobe, Microsoft Office, specialized trade apps).
- Home Office furniture depreciation (desks, ergonomic chairs) if separating from Fixed Rate.
- Mobile phone calls and Home Internet data usage (work-related percentage strictly calculated).
- Professional trade association fees or union contributions.
- Stationery, workspace consumables, printer ink, and device repairs.

Other Key ATO Schedules

- **D7 Interest Deductions:** Interest on investment loans used to purchase shares/income-producing assets.
- **D9 Donations:** Direct monetary gifts to registered DGR entities.
- **D10 Accountancy:** Tax Agent Fees & Tax Planning consultations.
- **D12 Superannuation:** Personal concessional/voluntary super contributions (must submit "Intent to Claim" form to fund before filing).
- **D15 Miscellaneous:** Income Protection Insurance (covers lost wages; basic life or trauma insurance is **not** deductible).

3. Non-Deductible Items & ATO Focus Areas (Avoid Traps!)

Strictly Non-Deductible Items:

- **Standard Daily Commute:** Travel between home and your regular workplace is private, even if you do minor work on the trip or live far away.
- **Personal Grooming & Attire:** Black corporate suits, conventional dresses, haircuts, cosmetic makeup, or gym memberships (unless a rare professional requirement).
- **Reimbursed Costs:** Any out-of-pocket item that was paid back or covered directly by your employer.
- **Infringements & Fines:** Traffic camera speed fines, street parking tickets, or toll penalties.
- **ATO Interest Income Restrictions:** Any interest income from the ATO is **strictly non-deductible** following recent enforcement adjustments.
- **Unapproved Occupancy Expenses:** Private home rent, primary home loan mortgage interest, or standard municipal rates (unless your home functions legally as a designated primary place of business).

4. Compliant Record Keeping & Compliance Measures

- **The 5-Year Mandate:** Taxpayers are legally required to retain all physical or digital receipts, logs, and evidence for a minimum of **5 years** from the date of lodgement.
- **Digital Tracking:** The ATO highly recommends deploying the *myDeductions* tool inside the official ATO application to capture and categorize tax invoices in real-time.
- **The \$300 Receipt Limit:** If total work-related claims stay below or equal to **\$300**, written itemized invoices aren't mandatory. However, you must demonstrate how the figure was calculated. Any individual asset exceeding \$300 must retain an full receipt and undergoes depreciation rules.
- **Work From Home (WFH) Calculation Methods:**
 - **70c Fixed Rate Method:** Requires a comprehensive record tracking 100% of hours worked from home for the entire income year (such as timesheets, continuous diary logs, or rosters). Approximations or 4-week sample diaries are strictly rejected. Taxpayers must also retain at least one statement or invoice for each utility covered (e.g., one electricity bill, one phone bill).
 - **Actual Cost Method:** Demands a continuous 4-week minimum representative logbook detailing phone/internet usage split, calculated room-to-house floor ratios, and exhaustive matching receipts for all running costs claimed.