



Deduction questions D1–D10

How to complete deduction questions D1 to D10 in your paper tax return.

Claiming deductions 2022



You may be able to claim deductions for work-related expenses you incurred while performing your job as an employee.

Car and travel expenses 2022



You may be able to claim deductions for work-related car expenses and work-related travel expenses.

D1 Work-related car expenses 2022



Complete question D1 if you incurred car expenses for a car you owned, leased or hired.

D2 Work-related travel expenses 2022



Complete question D2 if you incurred travel expenses in the course of performing your work as an employee.

D3 Work-related clothing, laundry and dry-cleaning expenses 2022



Complete question D3 if you incurred as an employee work-

D4 Work-related self-education expenses 2022



Complete question D4 to claim self-education expenses that relate to your work as an employee.

D5 Other work-related expenses 2022



Complete question D5 to claim any other work-related expenses you incurred as an employee and have not already claimed.

D6 Low-value pool deduction 2022



Complete question D6 to claiming a deduction for the decline in value of low-cost and low-value assets.

D7 Interest deductions 2022



Complete question D7 to claim expenses incurred from interest income you have declared at question 10.

D8 Dividend deductions 2022



Complete question D8 to claim expenses you incurred from dividend and distribution income you declared at question 11.

D9 Gifts or donations 2022



Complete question D9 to claim a deduction for gifts or donations you made.

D10 Cost of managing tax affairs 2022



Complete question D10 if you incurred expenses in managing your tax affairs.

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Claiming deductions 2022

You may be able to claim deductions for work-related expenses you incurred while performing your job as an employee.

26 May 2022

You may be able to claim deductions for **work-related expenses** you incurred while performing your job as an employee. You **incurred** an expense in 2021–22 if:

- you received a bill or invoice for an expense that you were liable for (even if you paid it after 30 June 2022), or
- you did not receive a bill or invoice but you were charged and you paid for the expense.

These expenses include:

- car expenses, including fuel costs and maintenance
- travel costs
- clothing expenses
- education expenses
- union fees
- home computer and phone expenses
- tools and equipment expenses
- journals and trade magazines.

You may also be able to claim some deductions which are not work related. They are:

- interest and dividend deductions for investments
- deductions for gifts and donations

- a deduction for the cost of managing your tax affairs.

See also

- Taxation Ruling TR 97/7 *Income tax: section 8-1 – meaning of 'incurred' – timing of deductions*
- Taxation Ruling TR 2020/1 *Income tax: employees: deductions for work expenses under section 8-1 of the Income Tax Assessment Act 1997*
- Employees guide for work expenses

Goods and services tax

If your expense includes an amount of goods and services tax (GST), the GST is part of the total expense and is therefore part of any deduction. For example, if you incurred union fees of \$440 which included \$40 GST, you claim a deduction for \$440.

Foreign employment

If you received a *PAYG payment summary – foreign employment*, or have foreign employment payment information shown on an income statement, then you claim deductions that you are entitled to claim in respect of that income at items **D1** to **D6**, as relevant.

All foreign deductions must be converted to Australian dollars before you complete this item. For more information on how to convert your foreign deductions, see **Foreign exchange gains and losses** or you can phone **13 28 61** to get information about the exchange rates.

Basic rules

You must have incurred the expense in 2021–22.

To claim a deduction for a work-related expense:

- you must have spent the money yourself and were not reimbursed
- the expense must be directly related to earning your income
- you must have a record to prove the expense.

The expense must not be private, domestic or capital in nature. For example, the costs of normal travel to and from work, and buying lunch each day are private expenses.

- If you incurred an expense that was both work-related and private or domestic in nature, you can claim a deduction only for the work-related portion of the expense.
- If you incurred an expense that was capital in nature, you may be able to claim a deduction for the decline in value of the depreciating assets you acquired. See [Decline in value of a depreciating asset](#).
- If you incurred an expense for services paid in advance, see [Advance expenditure](#) to decide what part of the expense is deductible in 2021–22.

You cannot claim a deduction for an expense if:

- someone else paid the expense, or
- you were, or will be, reimbursed for the expense, or
- the payment or reimbursement is a fringe benefit (including an exempt benefit).

If you were partially reimbursed for the expense, you can only claim the part that was not reimbursed.

Record keeping for work-related expenses

You must be able to substantiate your claims for deductions with written evidence if the total amount of deductions you are claiming is greater than \$300.

The records you keep must prove the total amount, not just the amount over \$300. The \$300 does not include car and meal allowance, award transport payments allowance and travel allowance expenses.

There are special written evidence rules for these claims which are explained at the relevant items.

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

See also

- Keeping tax records for specific expenses

Advance expenditure

If you have prepaid an amount for a service costing \$1,000 or more, and the service extends for a period of more than 12 months or beyond 30 June 2023 (such as a subscription to a journal relating to your profession), then you can claim only the portion that relates to 2021–22. You can also claim the proportion of your pre-paid expenses from a previous income year that relate to 2021–22.

See also

- Deductions for prepaid expenses 2022

Allowances

If you received an allowance that you showed at item **2** on your tax return, you can claim a deduction for your expenses covered by the allowance but only if:

- you actually incurred those expenses in producing your employment income, and
- the basic rules discussed on the previous page are satisfied.

For example, if you received a tools allowance of \$500 and your tool expenses were \$300:

- you include the whole allowance of \$500 at item **2** on your tax return, and
- you claim a deduction of \$300 at item **D5**.

Decline in value of a depreciating asset

You may be able to claim a deduction for the decline in value of a depreciating asset which you held during 2021–22 if you used it to produce income that you show on your tax return.

A depreciating asset is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is used. Depreciating assets include items such as tools, reference books, computers and office furniture.

The decline in value of a depreciating asset is worked out on the basis of its effective life. You can either make your own estimate of its effective life or use the Commissioner's effective life determinations (see *Taxation Ruling TR 2021/3 Income tax: effective life of depreciating assets (applicable from 1 July 2021)* for assistance with both).

You may be able to claim an immediate deduction for the full cost of depreciating assets costing \$300 or less provided certain conditions are met.

See also

- [Guide to depreciating assets 2022](#)

Where to go next

- [Go to Car and travel expenses 2022.](#)
- [Return to main menu Individual tax return instructions 2022.](#)
- [Go back to Total income or loss 2022.](#)

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Car and travel expenses 2022

You may be able to claim deductions for work-related car expenses and work-related travel expenses.

26 May 2022

'Work-related car expenses' and 'work-related travel expenses' are expenses you incur in the course of performing your job as an employee. You claim deductions for them at items **D1** and **D2**.

Complete item **D1 Work-related car expenses 2022** for work-related expenses for a car you owned, leased or hired under a hire purchase agreement (and the expense is not a travel expense which you show at item **D2 Work-related travel expenses 2022**).

Complete item **D2** for the following work-related car and travel expenses:

- expenses for vehicles with a carrying capacity of one tonne or more, or nine or more passengers (for example, utility trucks and panel vans)
- expenses for motorcycles
- short-term car hire
- public transport fares
- bridge and road tolls
- parking fees
- taxi fares
- petrol, oil and repair costs relating to work-related travel you did in a car owned or leased by someone else
- meal, accommodation, and incidental expenses you incurred while away overnight for work.

The deductions include the cost of trips you undertake in the course of performing your work duties, which may also include trips between your home and your workplace if:

- you used your car because you had to carry bulky tools or equipment that you used for work and could not leave at your workplace (for example, an extension ladder or cello)
- your home was a base of employment (that is, you were required to start your work at home and travel to a workplace to continue your work for the same employer)
- you had shifting places of employment (that is, you regularly worked at more than one site each day before returning home).

Work-related car and travel expenses also include the cost of trips:

- between two separate places of employment when you have a second job, providing one of those places is not your home
- from your normal workplace or your home to an alternative workplace that is not a regular workplace (for example, a client's premises) while you are on duty
- from an alternative workplace that is not a regular workplace back to your normal workplace or directly home.

If the travel was partly private, you can claim only the work-related part.

You cannot claim normal trips between your home and your workplace, even if:

- you did minor work-related tasks at home or between home and your workplace
- you travelled between your home and workplace more than once a day
- you were on call
- there was no public transport near work
- you worked outside normal business hours
- your home was a place where you ran your own business and you travelled directly to a place of employment where you worked for somebody else.

See also

- Transport and travel expenses

Award transport payments

If you received an award transport payment that was paid under an industrial law or award in force on 29 October 1986, see **Award transport payments**.

Where to go next

- Go to question D1 Work-related car expenses 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to Claiming deductions 2022.

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D1 Work-related car expenses 2022

Complete question D1 if you incurred car expenses for a car you owned, leased or hired.

26 May 2022

See **Car and travel expenses 2022** for information about:

- what expenses you claim as car expenses (**D1**)
- what expenses you claim as travel expenses (**D2**)
- some examples of trips you can and cannot claim.

This question is about work-related expenses you incurred as an employee for a car you:

- owned (even if it is not registered in your name)
- leased (even if it is not registered in your name), or
- hired under a hire-purchase agreement.

Owned or leased cars

You can claim at this item your work-related expenses for using a car that you owned, leased or hired (under a hire-purchase agreement).

You cannot claim at this item any expenses relating to motorcycles and vehicles with a carrying capacity of one tonne or more, or nine or more passengers, such as utility trucks and panel vans. See **D2 Work-related travel expenses 2022**.

You cannot claim at this item any expenses relating to a car owned or leased by someone else, including your employer or another member of your family. However, we consider you to be the owner or lessee of a car and eligible to claim expenses where a family or private arrangement made you the owner or lessee even though you were not the registered owner. For example, you can claim for a car that was given to you by another member of your family and which, although it was not registered in your name, you used as your own and for which you paid all expenses.

If you owned or leased a car or hired one under a hire-purchase agreement, you can use either of the methods explained in this question to claim your work-related car expenses.

You will need to know or estimate your business kilometres. Business kilometres are the kilometres you travelled in the car in the course of using it for work-related purposes.

Did you have any of these work-related car expenses?

| | |
|------------|--|
| No | Go to question D2 Work-related travel expenses 2022, or return to main menu Individual tax return instructions 2022. |
| Yes | Read on. |

Answering this question

You may need:

- written evidence for your car expenses (receipts, invoices or diary entries)
- your car logbook and odometer records.

You can choose which method to work out your car expenses. You can use the one that gives you the largest deduction or is most convenient. The two methods are:

- cents per kilometre
- logbook.

Both methods require you to know or estimate your business kilometres. Business kilometres are the kilometres you travelled in the car in the course of earning assessable income (includes work-related activities). For some examples of trips you can and cannot claim, see *Car and travel expenses 2022*.

If you want to use an online calculator for this question, go to **Work-related car expenses calculator**.

Expenses relating to foreign employment income

If you received assessable income from your work as an employee outside Australia that is shown on a *PAYG payment summary – foreign employment*, you must claim any work-related car expenses you incurred in earning that income at this item.

If you received assessable foreign employment income that is not shown on a *PAYG payment summary – foreign employment*, you claim your deductions against that income at item **20 Foreign source income and foreign assets or property**.

Deductions for decline in value (depreciation)

You can claim a deduction for the decline in value of the car only if:

- you use the logbook method
- you owned the car or hired it under a hire-purchase agreement.

If you leased a luxury car, see **Special circumstances and glossary 2022** for more information.

Remember:

- The car starts to decline in value from the day you first use it, even if you don't begin using it for work until a later time.
- You can claim a deduction only for a year in which you used the car for work.
- If you owned your car for only part of the year, you will need to apportion your deduction accordingly.

If you are claiming a deduction for the decline in value of a car, see **Guide to depreciating assets 2022**.

Was your car sold, disposed of, stolen or destroyed?

If you have been claiming deductions for your car and, during 2021–22, you sold or disposed of it, or it was stolen or destroyed, you might need to make a balancing adjustment. You do not need to make a balancing adjustment if you used only the 'cents per kilometre' method for calculating expenses for your car. You will need to make a balancing adjustment if you have used the '12% of original value' method to claim your car expenses in a previous income year.

To work out the balancing adjustment, see **Guide to depreciating assets 2022**.

If you had a loss after making the adjustment, include your deduction for it at item **D5**. If you had a profit after making your adjustment, include it at item **24** on your tax return.

You also make a balancing adjustment if you switched between methods to claim your car expenses.

To work out the amount of the balancing adjustment in this situation, **contact us** or your recognised tax adviser.

If you received an award transport payment, see **Award transport payments**.

Record keeping

Keep written evidence of your car expenses, where required. If you are using the logbook method, you must record your odometer readings for the start and end of the period being claimed. Keep this evidence for five years from the due date for lodging your tax return. If you lodge your tax return after the due date, the five years start from the date you actually lodge it. If at the end of this period you are in a dispute with us that relates to this work expense, you must keep your records until the dispute is resolved.

Completing your tax return

If you have more than one car and you are claiming expenses under both methods, add the amounts you work out under each method and write the total at item **D1** on your tax return. Print the code letter for the method that gave you the largest amount in the **Claim type** box beside the amount.

Method 1: Cents per kilometre

- Your claim is based on a set rate for each business kilometre.
- You can claim a maximum of 5,000 business kilometres per car, per year.
- You do not need written evidence, but you need to be able to show how you worked out your business kilometres. There is more information on record keeping and written evidence in **Keeping tax records for specific expenses**.

Step 1

Multiply the total business kilometres travelled (maximum of 5,000km per car) by 72 cents, which is the rate for all cars.

Step 2

Divide your answer by 100 to work out the dollar amount you can claim.

Step 3

If you are claiming for more than one car using this method, repeat the steps above and add up all the amounts.

Step 4

Write the total at **A** item **D1**. Print the code letter **S** in the **Claim type** box beside the amount.

Example

Joanne had a car which she used to travel 300km in performing her job during 2021–22. She claims a deduction of \$216.

Method 2: Logbook

- Your claim is based on the business use percentage of the expenses for the car.

Expenses include running costs and decline in value but not capital costs, such as the purchase price of your car, the principal on any money borrowed to buy it and any improvement costs. If you need to work out the decline in value of your car, see [Deductions for decline in value \(depreciation\)](#).

- To work out your business use percentage, you need a logbook and the odometer readings for the [logbook period](#).
- You can claim fuel and oil costs based on either your actual receipts or you can estimate the expenses based on odometer records that show readings from the start and the end of the period you had the car during the year.
- You need written evidence for all other expenses for the car.

Your business use percentage is the percentage of kilometres you travelled in the car for work during the year divided by the total kilometres travelled by the car during the year.

If the pattern of your car use changed during the year, make a reasonable estimate of your business use percentage for the whole of 2021–22. Take into account your logbook, odometer and other records, any variations in the pattern of use of your car and any changes in the number of cars you used in the course of earning your income.

Logbook period

Your logbook is valid for five years. If this is the first year you are using this method, you must have kept a logbook during 2021–22. It must cover at least 12 continuous weeks. If you started using your car for work-related purposes less than 12 weeks before the end of the year, you can extend the 12-week period into 2022–23. (If you are using the logbook method for two or more cars, the logbook for each car must cover the same period).

If you established your business use percentage using a logbook from an earlier year, you need to keep that logbook and maintain odometer records. You also need to keep a logbook if we told you in writing to keep one.

Your logbook must show:

- when the logbook period starts and ends, and the odometer readings at these times
- the total number of kilometres the car travelled during the logbook period
- the number of kilometres travelled for work during the logbook period based on the journeys recorded for the period
- the business use percentage for the 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 (this should be sufficiently descriptive to characterise it as a business journey).

Your records must also show:

- the make, model, engine capacity and registration number of the car
- the odometer readings at the start and end of each subsequent income year your logbook is valid for.

Step 1

Work out the total kilometres travelled during the logbook period and how many of these were business kilometres. Divide the business kilometres by the total kilometres travelled. This is your business use percentage.

Step 2

Add up your total expenses. To work out the amount to include for decline in value, see [Deductions for decline in value \(depreciation\)](#).

Step 3

Multiply the amount at step 2 by your business use percentage from step 1 (or if the pattern of use of the car has changed then use the reasonable estimate you made).

Step 4

Write the amount at **A** item **D1**. Print the code letter **B** in the **Claim type** box beside the amount.

See also

- Car expenses
- Taxation Ruling TR 95/34 *Income tax: employees carrying out itinerant work - deductions, allowances and reimbursements for transport expenses*
- Transport expenses – trips between home and work and between workplaces
- Guide to depreciating assets 2022 for decline in value of a car
- Law Administration Practice Statement PS LA 1999/2 *Calculating joint car expense deductions*

Where to go next

- Go to question **D2 Work-related travel expenses 2022**.
- Return to main menu **Individual tax return instructions 2022**.
- Go back to **Car and travel expenses 2022**.

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D2 Work-related travel expenses 2022

Complete question D2 if you incurred travel expenses in the course of performing your work as an employee.

26 May 2022

For information about what expenses you claim as car expenses (item **D1**) and what expenses you claim as travel expenses (item **D2**), and some examples of trips you can and cannot claim, see **Car and travel expenses 2022**.

This question is about travel expenses you incur in performing your work as an employee. They include:

- public transport, air travel and taxi fares
- bridge and road tolls, parking fees and short-term car hire
- meal, accommodation and incidental expenses you incur while away overnight for work
- expenses for motorcycles and vehicles with a carrying capacity of one tonne or more, or nine or more passengers, such as utility trucks and panel vans
- actual expenses, such as petrol, repair and maintenance costs, that you incur to travel in a car that is owned or leased by someone else.

If your employer provided a car for your or your relatives' exclusive use (including under a salary sacrifice arrangement) and you or your relatives were entitled to use it for non-work purposes, you cannot claim a deduction for work-related expenses for operating the car, such as petrol, repairs and other maintenance. This is the case even if

the expenses relate directly to your work. However, you can claim expenses such as parking, bridge and road tolls for a work-related use of the car. Parking at or travelling to a regular workplace is not ordinarily considered to be a work-related use of the car.

Reasonable allowance amounts

If your travel allowance was not shown on your income statement or payment summary and was equal to or less than the reasonable allowance amount for your circumstances, you do not have to include the allowance at item **2** provided that you have fully spent it on deductible work-related travel expenses and you do not claim a deduction for these expenses.

Did you have any work-related travel expenses?

| | |
|------------|---|
| No | Go to question D3 Work-related clothing, laundry and dry cleaning expenses, or return to main menu Individual tax return instructions 2022. |
| Yes | Read on. |

Answering this question

You must have written evidence for the whole of your claim.

To claim meal, accommodation and incidental expenses you incurred when you travelled away overnight for work:

- you must have been required to travel as part of performing your work duties
- you must only be working away from home for a relatively short period or periods of time (not living away from home)
- you must not have incurred the expenses because of a choice you made about where to live
- you must have a permanent home at a location away from the work location to which you are travelling
- you must have paid the expenses yourself and not have been reimbursed for them.

If you wish to claim meal, accommodation and incidental expenses you incurred when you travelled away overnight for work, then to determine what evidence you need, use **tables 4** and **5** in *Special circumstances and glossary 2022*.

If you received assessable income from your work as an employee outside of Australia that is shown on an income statement or a *PAYG payment summary – foreign employment*, you must claim any work-related travel expenses you incurred in earning that income at this item.

If you received assessable foreign employment income that is not shown on an income statement or a *PAYG payment summary – foreign employment* you must claim your deductions against that income at item 20 Foreign source income and foreign assets or property 2022.

See also

- Travel expenses
- Keeping tax records for specific expenses

Completing your tax return

Step 1

Add up all your deductible travel expenses.

Step 2

Write the total amount at **B** item **D2**.

Tax tips

Make sure you keep accurate records of travel to make future claims.

For information on:

- travel deductions for employees, see *Taxation Ruling TR 2021/1 Income tax: when are deductions allowed for employees' transport expenses?* and *Taxation Ruling TR 2021/4 Income tax and fringe benefits tax: employees: accommodation and food and drink expenses, travel allowances, and living-away-from-home allowances*

- shifting places of employment, see **Taxation Ruling TR 95/34**
Income tax: employees carrying out itinerant work – deductions, allowances and reimbursements for transport expenses
- reasonable allowance amounts, see **Taxation Determination TD 2021/6** *Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2021–22 income year?* together with **Taxation Ruling TR 2004/6** *Income tax: substantiation exception for reasonable travel and overtime meal allowance expenses*
- award transport allowance payments, see **Award transport payments**.

Where to go next

- Go to question D3 Work-related clothing, laundry and dry cleaning expenses 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question D1 Work-related car expenses 2022.

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D3 Work-related clothing, laundry and dry-cleaning expenses 2022

Complete question D3 if you incurred as an employee work-related clothing, laundry and dry-cleaning.

26 May 2022

This question is about expenses you incurred as an employee for work-related:

- protective clothing
- uniforms
- occupation-specific clothing

- laundering and dry-cleaning of clothing listed above.

You can claim the cost of a work uniform that is distinctive (such as one that has your employer's logo permanently attached to it) and it must be either:

- a non-compulsory uniform that your employer has registered with AusIndustry (check with your employer if you are not sure), or
- a compulsory uniform that can be a set of clothing or a single item that identifies you as an employee of an organisation. There must be a strictly enforced policy making it compulsory to wear that clothing at work. Items may include shoes, stockings, socks and jumpers where they are an essential part of a distinctive compulsory uniform and the colour, style and type are specified in your employer's policy.

You can also claim the cost of:

- occupation-specific clothing which allows people to easily recognise that occupation (such as the checked pants a chef wears when working) and which are not for everyday use
- protective clothing and footwear to protect you from the risk of illness or injury, or to prevent damage to your ordinary clothes, caused by your work or work environment. Items may include fire-resistant clothing, sun protection clothing, safety-coloured vests, non-slip nurse's shoes, steel-capped boots, gloves, overalls, aprons, and heavy duty shirts and trousers (but not jeans). You can claim the cost of protective equipment such as hard hats and safety glasses at item **D5**.

You can also claim the cost of renting, repairing and cleaning any of the above work-related clothing only.

You cannot claim the cost of purchasing or cleaning plain uniforms or clothes, such as black trousers, white shirts, suits or stockings, even if your employer requires you to wear them.

Did you have any work-related clothing, laundry or dry-cleaning expenses?

| | |
|------------------|---|
| <p>No</p> | <p>Go to question D4 Work-related self-education expenses 2022, or return to main menu Individual tax return instructions 2022.</p> |
|------------------|---|

| | |
|-----|----------|
| Yes | Read on. |
|-----|----------|

Answering this question

If you need written evidence, then you will need:

- receipts
- invoices, or
- other written evidence (such as diary records).

For details on the types of records you may need to keep to verify all your work-related claims, see **Keeping tax records for specific expenses**.

You must have written evidence for your laundry and dry-cleaning expenses if:

- in the case of laundry expenses, the amount of your claim is greater than \$150, and
- your total claim for work-related expenses exceeds \$300. The \$300 does not include car and meal allowance, award transport payments allowance and travel allowance expenses.

If you did washing, drying or ironing yourself, you can use a reasonable basis to calculate the amount, such as \$1 per load for work-related clothing, or 50 cents per load if other laundry items were included.

If you received assessable income from your work as an employee outside of Australia that is shown on an income statement or a *PAYG payment summary – foreign employment*, you must claim any deductible work-related clothing, laundry or dry-cleaning expenses you incurred in earning that income at this item.

If you received assessable foreign employment income that is not shown on an income statement or a *PAYG payment summary – foreign employment* you must claim your deductions against that income at item 20 Foreign source income and foreign assets or property 2022.

Completing your tax return

Step 1

Add up all your deductible work-related clothing, laundry and dry-cleaning expenses.

You can add up your claim and then go to step 2.

Step 2

Write the total at **C** item **D3**.

Step 3

Select the code letter that describes the main type of clothing you are claiming for.

| | |
|----------|------------------------------|
| C | compulsory work uniform |
| N | non-compulsory work uniform |
| S | occupation-specific clothing |
| P | protective clothing |

Print the letter in the **Claim type** box at the right of **C** item **D3**.

See also

- Taxation Ruling TR 98/5 *Income tax: calculating and claiming a deduction for laundry expenses*
- Taxation Ruling TR 97/12 *Income tax and fringe benefits tax: work-related expenses: deductibility of expenses on clothing, uniform and footwear*
- Taxation Ruling TR 2003/16 *Income tax: deductibility of protective items*
- Taxation Ruling TR 94/22 *Income tax: implications of the Edwards case for the deductibility of expenditure on conventional clothing by employees*
- Taxation Determination TD 1999/62 *Income tax: what are the criteria to be considered in deciding whether clothing items constitute a compulsory corporate uniform/wardrobe for the purposes of paragraph 30 of Taxation Ruling TR 97/12?*

Where to go next

- Go to question D4 Work-related self-education expenses 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question D2 Work-related travel expenses 2022.

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D4 Work-related self-education expenses 2022

Complete question D4 to claim self-education expenses that relate to your work as an employee.

26 May 2022

This question is about self-education expenses that are related to your work as an employee, and that you incur when you do a course to get a formal qualification from a school, college, university or other place of education.

To claim a deduction for self-education expenses, you must be able to show that there is a close connection between the course and your work activities at that time.

You can claim a deduction if:

- the course maintained or improved a skill or specific knowledge required for your then current work activities, or
- you could show that the course was leading to, or was likely to lead to, increased income from your then current work activities.

You cannot claim a deduction for self-education for a course that:

- relates only in a general way to your current employment or profession, or
- will enable you to get new employment.

You cannot claim any deductions against government assistance payments, including Austudy, ABSTUDY and youth allowance.

Example

Louis is a computer science student. His studies are focused on system analysis, software design and programming. Louis also works at the university laboratory installing computers. His course and job are only very generally related. The work only requires a low level of computer knowledge which Louis already had before starting his employment.

The high-level professional skills Louis acquires from the course are well beyond the skills required for his current employment. Consequently, Louis cannot claim a deduction for his course because it:

- does not maintain or improve his specific knowledge or skills in his current job
- relates in only a general way to his current employment
- will enable him to get new employment.

If, when you incurred your expenses you satisfied the conditions necessary to claim a deduction, you can claim the following:

- your tuition fees payable under FEE-HELP – FEE-HELP provides assistance to eligible fee-paying students, who are not supported by the Commonwealth, to pay tuition fees
- your tuition fees payable under VET FEE-HELP – VET FEE-HELP provides assistance to eligible full-fee paying students doing vocational education and training (VET) accredited courses with an approved VET provider
- your tuition fees payable under VET Student Loans – VET Student Loans provide assistance to eligible full-fee paying students doing vocational education and training (VET) accredited courses with an approved VET provider
- self-education expenses you paid with your OS-HELP loan – OS-HELP is a loan to cover expenses for eligible Commonwealth supported students who wish to study overseas towards their Australian higher education award
- the cost of your meals and accommodation during temporary overnight absences from home to participate in self-education

- your other expenses such as textbooks, stationery, student union fees, student services and amenities fees, course fees, and the decline in value of your computer (apportioned depending on private use and use for self-education)
- expenses for your travel in either direction between
 - your home and your place of education
 - your workplace and place of education.

Only the first leg of the trip is deductible if you went from home to your place of education and then to work, or the other way around.

You cannot claim contributions you, or the Australian Government, make under HECS-HELP or repayments you make under the Higher Education Loan Program (HELP), the Student Financial Supplement Scheme (SFSS), the Student Startup Loan (SSL), the Trade Support Loans Program (TSL) or the Vocational Education and Training Student Loan (VSL).

Do not include at this item deductions for the cost of:

- formal education courses provided by professional associations
- seminars, education workshops or conferences connected to work.

Include them at item D5 Other work-related expenses 2022.

Did you have any work-related self-education expenses?

| | |
|------------|---|
| No | Go to question D5 Other work-related expenses 2022, or return to main menu Individual tax return instructions 2022. |
| Yes | Read on. |

Answering this question

To complete this item you will need written evidence. For more information about what is written evidence, see **Keeping tax records for specific expenses**.

You can use the [Self-education expenses calculator](#) to work out your claim, then go to [step 4](#) under **Completing your tax return**. Otherwise, follow the instructions below.

To work out the deduction you can claim at this item for car and travel expenses, see question D1 **Work-related car expenses 2022** and question D2 **Work-related travel expenses 2022**.

If you received assessable income from your work as an employee outside of Australia that is shown on an income statement or a *PAYG payment summary – foreign employment*, you must claim any work-related self-education expenses you incurred in earning that income at this item.

If you received assessable foreign income that is not shown on an income statement or a *PAYG payment summary – foreign employment* you must claim your deductions against that income at item 20 **Foreign source income and foreign assets or property 2022**.

Completing your tax return

To complete this item, you must add up your self-education expenses under the following categories because, in working out what you can claim, certain costs are reduced by \$250.

Worksheet

| Category | Explanation | Amount |
|----------|--|--------|
| A | General expenses that are deductible, including textbooks, stationery, student union fees, student services and amenities fees, course fees and public transport fares. Also include car expenses (other than the decline in value of a car) worked out under the 'logbook' method. For more information, see question D1 Work-related car expenses 2022 . | \$ |
| B | Deductions for the decline in value of depreciating assets used for self-education, including computers and cars for which you are claiming | \$ |

| | | |
|----------|--|----|
| | deductions under the 'logbook' method. | |
| C | Expenses for repairs to items of equipment used for self-education. | \$ |
| D | Car expenses related to your self-education for which you are claiming deductions under the 'cents per kilometre' method. (If you have included deductions for the decline in value of or repairs to your car under category B or C, you cannot claim car expenses under this category.) | \$ |
| E | <p>Self-education expenses that are not deductible, which are:</p> <ul style="list-style-type: none"> • private costs, including non-deductible travel and childcare costs • capital costs, like the purchase price of a desk or computer. <p>Do not include contributions you made under HECS-HELP or repayments under HELP, SFSS, SSL, TSL or VSL.</p> | \$ |

Use the amounts you have written in the worksheet above to complete the steps that follow.

Step 1

If you had any category A expenses, go to [step 2](#). Otherwise, read on.

Step 1 worksheet

| Row | Calculation | Amount |
|-----|-----------------|--------|
| f | Add B, C and D. | \$ |

Transfer the amount at row **f** to **D** item **D4**. Go to [step 4](#).

Step 2

Step 2 worksheet

| Row | Calculation | Amount |
|-----|-----------------|--------|
| g | Add C, D and E. | \$ |

If the amount at row **g** is less than \$250, go to [step 3](#). Otherwise, read on.

Step 2 worksheet

| Row | Calculation | Amount |
|-----|--------------------|--------|
| h | Add A, B, C and D. | \$ |

Transfer the amount at row **h** to **D** item **D4**. Go to [step 4](#).

Step 3

Step 3 worksheet

| Row | Calculation | Amount |
|-----|---|--------|
| i | Take the amount at row g away from \$250. | \$ |
| j | Take the amount at row i away from your category A amount. If the result is zero or less, write 0 . | \$ |
| k | Add B, C and D. | \$ |
| l | Add rows k and j . | \$ |

Transfer the amount at row **l** to **D** item **D4**.

Step 4

Select the code letter from the list below that best describes your self-education.

| | |
|----------|--|
| K | At the time you incurred the expense the self-education maintained or improved a skill or specific knowledge required for your work activities as an employee. |
| I | At the time you incurred the expense you could show that the self-education was leading to, or was likely to lead to, increased income from your work activities as an employee. |

Step 5

Print your code letter (**K** or **I**) from step 4 in the **CLAIM TYPE** box at the right of **D** item **D4**.

See also

- **Guide to depreciating assets 2022** (NAT 1996) about deductions for decline in value, balancing adjustments and immediate deductions for certain depreciating assets
- **Taxation Ruling TR 98/9** *Income tax: deductibility of self-education expenses incurred by an employee or a person in business*

Tax tip

To make working out your deductions easier next year, start keeping your records now.

See also

- **Keeping tax records for specific expenses**

Where to go next

- Go to question **D5 Other work-related expenses 2022**.
- Return to main menu **Individual tax return instructions 2022**.
- Go back to question **D3 Work-related clothing, laundry and dry cleaning expenses 2022**.

D5 Other work-related expenses 2022

Complete question D5 to claim any other work-related expenses you incurred as an employee and have not already claimed.

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This question is about any other work-related expenses you incurred as an employee and have not already claimed, including:

- union fees and subscriptions to trade, business or professional associations
- 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 purchased and consumed a meal during your overtime
 - you have included the amount of the meal allowance as income at item **2**, and
 - if your claim was more than \$32.50 per meal, you have written evidence, such as receipts, that shows the cost of the meals (An amount for overtime meals that has been included as part of your normal salary and wages – for example, under a workplace agreement, is not an overtime meal allowance).
- professional seminars, courses, conferences and workshops
- reference books, technical journals and trade magazines
- the work-related portion of tools and equipment and professional libraries; you may be able to claim an immediate deduction for an item that cost \$300 or less, otherwise, you claim a deduction for the decline in value of an item over its effective life; for more information, see **Guide to depreciating assets 2022**
- the work-related portion of items that protect you from the risk of injury or illness posed by your work or your work environment, such as

- hard hats, safety glasses and sunscreens
- other protective items you buy and use at work where your employment duties require you to have physical contact or be in close proximity to customers or clients
- face masks where you are required to wear a mask at work because of COVID-19
(for more information, see **Protective items, equipment and products**)
but not
- protective clothing and footwear, which you claim at item **D3**
- the work-related portion of the following costs
 - interest on money borrowed to buy a computer
 - repair costs for the computer
 - the decline in value of the computer (you may need to make a balancing adjustment if you no longer own or use the computer and you previously claimed a deduction for its decline in value; for more information, see **Guide to depreciating assets 2022**)
 - internet access charges
 - phone calls
 - phone rental if you can show you were on call or were regularly required to phone your employer or clients while away from your workplace
 - the decline in value of your home office furniture and fittings
 - heating, cooling, lighting and cleaning costs incurred as a result of working from home
 - COVID-19 test expenses.

Did you have any other work-related expenses?

| | |
|-----------|--|
| No | Go to question D6 Low-value pool deduction 2022, or return to main menu Individual tax return instructions 2022 . |
|-----------|--|

| | |
|-----|----------|
| Yes | Read on. |
|-----|----------|

Answering this question

You may need some of the following:

- your income statement or *PAYG payment summary – individual non-business*
- your income statement or *PAYG payment summary – foreign employment*
- statements from your bank, building society or credit union
- receipts, invoices or written evidence from your supplier or association
- other written evidence.

If your total claim for all work-related expenses exceeds \$300, you must have written evidence. For more information about what is written evidence, see **Keeping tax records for specific expenses**.

If you received assessable income from your work as an employee outside Australia that is shown on an income statement or a *PAYG payment summary – foreign employment*, you must claim any work-related expenses you incurred in earning that income at this item provided you have not already claimed the expense at another item.


If you received assessable foreign employment income that is not shown on an income statement or a *PAYG payment summary – foreign employment* you must claim your deductions against that income at item 20 Foreign source income and foreign assets or property 2022.

Working from home expenses

For your working from home expenses, you can choose to use one of the three methods below as long as you meet the working criteria and record keeping requirements:

- [shortcut method](#) – 80 cents per hour worked from home (temporary due to COVID-19) – this rate covers **all** running expenses that you incur as a result of working from home including phone, internet and the decline in value of office furniture and fittings and equipment.

- [fixed rate method](#) – 52 cents per hour worked from home - this rate covers running expenses that you incur as a result of working from home for electricity and gas for heating, cooling and lighting, cleaning of your home office or other work area and the decline in value of office furniture and fittings. You must have a dedicated work area to use this method. The fixed rate method does not cover work-related phone and internet expenses and the decline in value of other equipment used for work.
- [actual cost method](#).

To work out your deduction, you can use the [Home office expenses calculators](#) .

To work out the method that gives you the best deduction outcome for your situation, see [How to claim work from home expenses](#).

Shortcut method

Claim a rate of 80 cents per hour for each hour you worked from home. Anyone who worked from home can use this shortcut method. The shortcut method can be used by multiple people working from home in the same house.

You can choose to use this rate if you:

- worked from home to fulfil your employment duties and not just carrying out minimal tasks such as occasionally checking emails or taking calls
- incurred deductible running expenses as a result of working from home.

The shortcut method covers all your work from home expenses such as:

- phone expenses
- internet expenses
- the decline in value of equipment and furniture
- electricity and gas for heating, cooling and lighting.

If you use this method, you can't claim any other expenses for working from home during this period.

You don't need to have a dedicated work area to use this method.

You must keep a record of the number of hours you have worked from home. This could be a timesheet, roster, a diary or documents that set out the hours you worked from home.

Fixed rate method

You can claim your working from home expenses using the fixed rate method only if you had a dedicated work area, such as a home office or study, that you used when working from home.

You can claim a rate of 52 cents per work hour for heating, cooling, lighting, cleaning and the decline in value of office furniture and fittings.

You can separately claim:

- the work-related portion of your actual costs of phone and internet expenses, computer consumables, stationery
- the work-related portion of the decline in value of a computer, laptop or similar device.

To learn more, visit [Fixed rate method](#).

Actual cost method

Claim the actual work-related portion of all your running expenses, which you need to calculate on a reasonable basis.

To learn more, visit [Actual cost method](#).

See also

- [Working from home during COVID-19](#)
- [Practical Compliance Guideline PCG 2020/3 *Claiming deductions for additional running expenses incurred whilst working from home due to COVID-19.*](#)

You can't claim

You can't claim a deduction for:

- the cost of entertainment, fines and penalties
- private expenses, such as childcare expenses and fees paid to social clubs

- coffee, tea, milk and other general household items your employer may otherwise have provided you with at work
- costs related to children and their education including setting them up for online learning, teaching them at home or buying equipment such as iPads and desks
- the decline in value of items primarily for use in your employment if the item was provided to you by your employer, or some or all of the cost of the item was paid or reimbursed by your employer, and the benefit was exempt from fringe benefits tax. Items include laptops, portable printers, personal digital assistants, calculators, mobile phones, computer software, protective clothing, briefcases and tools of trade.

Generally, you can't claim a deduction for occupancy expenses such as rent, rates, mortgage interest and insurance.

Completing your tax return

Step 1

Add up all the expenses that you can claim at this item.

To work out the amount you can claim for depreciating assets, see [Guide to depreciating assets 2022](#).

Step 2

Write the total amount at **E** item **D5**.

See also

- [Guide to depreciating assets 2022 \(NAT 1996\)](#) for information on decline in value and balancing adjustments
- [Taxation Ruling TR 93/30 *Income tax: deductions for home office expenses*](#)
- [Taxation Ruling TR 2003/16 *Income tax: deductibility of protective items*](#)
- [Taxation Ruling TR 2004/6 *Income tax: substantiation exception for reasonable travel and overtime meal allowance expenses*](#)

- Law Administration Practice Statement PS LA 2001/6 *Verification approaches for home office running expenses and electronic device expenses*
- Law Administration Practice Statement PS LA 2005/7 *Substantiating an individual's work-related expenses.*

Where to go next

- Go to question D6 Low-value pool deduction 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question D4 Work-related self-education expenses 2022.

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D6 Low-value pool deduction 2022

Complete question D6 to claiming a deduction for the decline in value of low-cost and low-value assets.

26 May 2022

This question is about claiming a deduction for the decline in value of **low-cost** and **low-value** assets you used in the course of producing income you show on your tax return, by allocating them to what is called a **low-value pool**. (Claims for deduction for the decline in value of assets are dealt with at other questions).

Low-cost assets are depreciating assets that cost less than \$1,000.

Low-value assets are depreciating assets that are not low-cost assets but which, on 1 July 2021, had an opening adjustable value of less than \$1,000 under the diminishing value method.

You can have only one low-value pool.

Once you choose to allocate a low-cost asset to the low-value pool, you must allocate to the pool all other low-cost assets you start to

hold in that year and in future years. Once allocated, those assets must remain in the pool.

However, you can decide whether to allocate low-value assets to the low-value pool on an asset-by-asset basis.

Assets you can allocate to a low-value pool include assets you use:

- in your work as an employee (see questions **D1 Work-related car expenses 2022** to **D5 Other work-related expenses 2022**), or
- to gain rental income (see question **21 Rent 2022**).

However, if you claim the deduction at this item, do not claim it at items **D1** to **D5** and **21**.

The following cannot be included in a low-value pool:

- assets you have previously claimed deductions for using the prime cost method
- assets that cost \$300 or less for which you can claim an immediate deduction
- assets for which you deduct amounts under the simplified depreciation rules for small business entities; for more information, see **Business and professional items 2022**
- horticultural plants
- a portable electronic device (such as a laptop, portable printer, personal digital assistant, calculator, mobile phone and portable GPS navigation receiver), computer software, protective clothing, a briefcase or a tool of trade, which is primarily for use in your employment, if your employer provided it, paid for it or reimbursed you for any of its cost, and the benefit was exempt from fringe benefits tax.

If your low-value pool contains only assets used in business, you should lodge your tax return using myTax or a registered tax agent.

If you are unable to use myTax or a registered tax agent, **contact us** and we will mail you a paper tax return and Business and Professional items schedule.

Did you allocate assets to a low-value pool in 2021–22 or in a previous year?

| | |
|------------|---|
| No | Go to question D7 Interest deductions 2022, or return to main menu Individual tax return instructions 2022. |
| Yes | Read on. |

Answering this question

When you allocate an asset to a low-value pool, you must make a reasonable estimate of the percentage you will use the asset to produce your assessable income over its effective life (for a low-cost asset) or remaining effective life (for a low-value asset). This estimate is called your **taxable use percentage** for the asset.

You work out your low-value pool deduction using a diminishing value rate. A rate of 37.5% is generally applied to the pool balance. However, a rate of 18.75% (that is, half the normal pool rate) is applied to the **taxable use percentage** of:

- the cost of each low-cost asset you allocated to the pool in 2021–22
- any additional capital costs (such as improvements) you incurred in 2021–22 for assets you allocated to the pool in an earlier income year and for low-value assets you allocated to the pool in 2021–22.

Read **example 1**, then use [Worksheet 1](#) to work out your deduction.

Example 1

Edward bought a printer for \$600 in 2021–22. His employer did not pay or reimburse any of the cost of the printer. He decided to allocate it to a low-value pool. He estimated that over its effective life the printer would be used 40% of the time to produce his assessable income as an employee.

$\$600 \times 40\%$ is \$240. Therefore, Edward will write **\$240** at row **e** in **worksheet 1**.

This is the first year of Edward's low-value pool.

Edward previously claimed deductions under the diminishing value method for a laptop computer he had purchased for \$1,500. His employer did not pay or reimburse any of the cost of

the computer. The laptop's opening adjustable value on 1 July 2021 was \$900.

Edward estimates that he will use it solely to produce his assessable income for its remaining effective life. Edward allocates the laptop to the pool in 2021–22 as it is now a low-value asset.

Edward's Worksheet 1 would look like this:

Edward's Worksheet 1

| Row | Low-value pool deduction | Amount |
|-----|--|--------|
| a | The closing balance of the pool for 2020–21 | \$0 |
| b | For each low-value asset allocated to the pool in 2021–22, multiply its opening adjustable value (on 1 July 2021) by your taxable use percentage for the asset. | \$900 |
| c | Add rows a and b . | \$900 |
| d | Multiply row c by 0.375. | \$337 |
| e | For each low-cost asset allocated to the pool in 2021–22, multiply its cost (including additional capital costs incurred in 2021–22, such as improvements) by your taxable use percentage for the asset. | \$240 |
| f | For each: <ul style="list-style-type: none">• asset allocated to the pool in a prior income year, and• low-value asset allocated to the pool in 2021–22 for which you incurred additional capital costs (such as improvements) in 2021–22, multiply the costs by your taxable use percentage for the asset. | \$0 |
| g | Add rows e and f . | \$240 |

| | | |
|---|----------------------------------|--------------|
| h | Multiply row g by 0.1875. | \$45 |
| i | Add rows d and h . | \$382 |

The amount at row **i** is the total low-value pool deduction.
Edward shows **\$382** at **K** item **D6** on his tax return.

Worksheet 1

| Row | Low-value pool deduction | Amount |
|-----|---|--------|
| a | The closing balance of the pool for 2020–21. If you did not have a low-value pool in 2020–21, write 0 . | \$ |
| b | For each low-value asset allocated to the pool in 2021–22, multiply its opening adjustable value (on 1 July 2021) by your taxable use percentage for the asset. Add up the amounts and write in the total. | \$ |
| c | Add rows a and b . | \$ |
| d | Multiply row c by 0.375. | \$ |
| e | For each low-cost asset allocated to the pool in 2021–22, multiply its cost (including additional capital costs incurred in 2021–22, such as improvements) by your taxable use percentage for the asset. Add up the amounts and write in the total. | \$ |
| f | For each: <ul style="list-style-type: none"> asset allocated to the pool in a prior income year, and low-value asset allocated to the pool in 2021–22 for which you incurred additional capital costs (such as improvements) in 2021–22, multiply the costs by your taxable use percentage for the asset. | \$ |

| | | |
|---|--|----|
| | Add up the amounts and write in the total. | |
| g | Add rows e and f . | \$ |
| h | Multiply row g by 0.1875. | \$ |
| i | Add rows d and h . | \$ |

The amount at row **i** is the total low-value pool deduction.

Completing your tax return

Step 1

Using **Worksheet 1**, work out your total low-value pool deduction. Transfer the amount you worked out at **i** to **K** item **D6**.

Step 2

You will need the closing pool balance for 2021–22 to calculate your low-value pool deduction for 2022–23. [Worksheet 2](#) will help you work out the closing balance.

Some common events, such as the sale or disposal of an asset in the low-value pool, or the asset's loss or destruction, result in a 'balancing adjustment event'. If there has been a balancing adjustment event for an asset in the pool, you must reduce the closing pool balance. To do this, you multiply the asset's termination value (generally any proceeds, including any insurance payout, from the event) by your taxable use percentage for the asset. Your closing pool balance is reduced by the amount that results from this calculation. There is space for you to include this amount in **Worksheet 2**. If this amount is more than the closing pool balance, you reduce the closing pool balance to nil and include the excess amount at item **24 Other income** on your tax return.

Keep a record of your 2021–22 closing pool balance for next year's tax return.

For more information, see [Guide to depreciating assets 2022](#).

Read **example 2**, then use [Worksheet 2](#) to work out your closing balance.

Example 2

Edward works out his closing balance, using his worksheet 2:

Edward's Worksheet 2

| Row | Closing balance for 2021–22 | Amount |
|-----|---|--------------|
| j | Transfer amount from row a in worksheet 1 . | \$0 |
| k | Transfer amount from row b in worksheet 1 . | \$900 |
| l | Transfer amount from row e in worksheet 1 . | \$240 |
| m | Transfer amount from row f in worksheet 1 . | \$0 |
| n | Add rows j , k , l and m . | \$1140 |
| o | Transfer amount from row i in worksheet 1 . | \$382 |
| p | Take row o away from row n . | \$758 |
| q | For each pool asset subject to a balancing adjustment event in 2021–22, multiply its termination value by your taxable use percentage for the asset (see step 2 above). | \$0 |
| r | Take row q away from row p . This is your closing pool balance for 2021–22. | \$758 |

Worksheet 2

| Row | Closing balance for 2021–22 | Amount |
|-----|---|--------|
| j | Transfer amount from row a in worksheet 1 . | \$ |
| k | Transfer amount from row b in worksheet 1 . | \$ |
| l | Transfer amount from row e in worksheet 1 . | \$ |
| m | Transfer amount from row f in worksheet 1 . | \$ |
| n | Add rows j , k , l and m . | \$ |
| o | Transfer amount from row i in worksheet 1 . | \$ |
| p | Take row o away from row n . | \$ |
| q | For each pool asset subject to a balancing adjustment event in 2021–22, multiply its termination value by your taxable use percentage for the asset (see step 2 above). Add up the amounts and write the total here. | \$ |
| r | Take row q away from row p . | \$ |

The amount at **r** is your closing pool balance for 2021–22. You will need it to calculate your low-value pool deduction for 2022–23.

Where to go next

- Go to question D7 Interest deductions 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question D5 Other work-related expenses 2022.

D7 Interest deductions 2022

Complete question D7 to claim expenses incurred from interest income you have declared at question 10.

26 May 2022

This question is about expenses you incurred in earning any interest you declared at item **10**.

Your expenses may include:

- bank or other financial institution account-keeping fees for accounts held for investment purposes
- management fees and fees for investment advice relating to changes in the mix of your investments
- interest you paid on money you borrowed to purchase income-producing investments.

Show any expenses incurred in earning trust and partnership distributions at **X** and **Y** item **13** on your tax return.

Do not show expenses incurred in earning foreign source interest at this item. They are taken into account at item **20** or **D15** on your tax return.

Did you have any interest deductions?

| | |
|------------|---|
| No | Go to question D8 Dividend deductions 2022, or return to main menu Individual tax return instructions 2022. |
| Yes | Read on. |

Answering this question

You will need your bank or financial institution statements or passbooks.

If you had any joint accounts or other interest-earning investments, show only your share of the joint expenses. This will be half if you held the account or investment equally with one other person. Keep a record of how you worked out your proportion if you and the other investors or account holders did not share the expenses equally.

If you borrowed money to purchase assets for your private use and income-producing investments, you can claim only the portion of the interest expenses relating to the income-producing investments.

You can also claim a proportion of the decline in value of your computer based on the percentage of your total computer use that related to managing your investments. If you used your computer to manage your investment in both interest-earning investments and investments in shares or similar securities, then you can claim only the proportion of the decline in value related to managing those investments once, at either item **D7** or **D8**.

You cannot claim expenses you were charged for drawing up an investment plan unless you were carrying on an investment business, in which case you would claim any expenses at item **P8 Business income and expenses** on the *Business and professional items schedule for individuals 2022*. If this applies to you, then you should lodge your tax return using myTax or a registered tax agent.

If you are unable to use myTax or a registered tax agent, contact us on **13 28 66** and we will mail you a paper tax return and Business and Professional items schedule.

If you incurred particular types of expenses, such as interest on borrowed money, relating to certain overseas investments (or investments in Australia if you were a foreign resident), your claims may be affected by the thin capitalisation rules. These rules may apply if the total of your debt deductions and those of your associates is more than \$2 million for 2021–22.

See also

- Thin capitalisation – how the rules work

Completing your tax return

Step 1

Add up all your deductions for this item.

Step 2

Write the total amount at **I** item **D7**.

See also

- [Guide to depreciating assets 2022](#)

Where to go next

- [Go to question D8 Dividend deductions 2022.](#)
- [Return to main menu Individual tax return instructions 2022.](#)
- [Go back to question D6 Low-value pool deduction 2022.](#)

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D8 Dividend deductions 2022

Complete question D8 to claim expenses you incurred from dividend and distribution income you declared at question 11.

26 May 2022

This question is about expenses you incurred in earning any dividend and similar investment income you declared at item **11**.

You must also complete this item if you had a listed investment company (LIC) capital gain amount in your dividends.

Your expenses may include:

- management fees and fees for investment advice relating to changes in the mix of your investments
- interest charged on money borrowed to purchase shares or similar investments
- costs relating to managing your investments, such as travel and buying specialist investment journals or subscriptions.

Show any expenses incurred in earning trust and partnership distributions at **X** and **Y** item **13** on your tax return.

Do not show expenses incurred in earning foreign source dividends at this item. They are taken into account at item **20** or **D15** on your tax return.

Did you have any dividend deductions?

| | |
|------------|--|
| No | Go to question D9 Gifts or donations 2022, or return to main menu Individual tax return instructions 2022. |
| Yes | Read below. |

Answering this question

You will need your dividend statements showing any LIC capital gain amount. (Show dividends received from a LIC at item **11**.)

If you had any joint share investments or similar investments, show only your share of joint expenses. This will be half if you held the investment equally with one other person. Keep a record of how you worked out your proportion if you and the other investors did not share the expenses equally.

If you borrowed money to purchase assets for your private use and income-producing investments, you can claim only the portion of the interest expenses relating to the income-producing investments.

Interest on investments under a capital protected borrowing may not be fully deductible.

See also

- Capital protected products and borrowings

You can also claim a proportion of the decline in value of your computer based on the percentage of your total computer use that related to managing your investments. If you used your computer to manage your investment in both interest-earning investments and investments in shares or similar securities, then you can claim only the proportion of the decline in value related to managing those investments once, at either item **D7** or **D8**.

You cannot claim expenses you were charged for drawing up an investment plan unless you were carrying on an investment business, in which case you would claim any expenses at item **P8 Business income and expenses** on the *Business and professional items schedule for individuals 2022*. If this applies to you, then you should lodge your tax return using myTax or a registered tax agent.

If you are unable to use myTax or a registered tax agent, contact us on **13 28 66** and we will mail you a paper tax return and Business and Professional items schedule.

If you were an Australian resident when a LIC paid you a dividend and the dividend included a LIC capital gain amount, you can claim a deduction of 50% of the LIC capital gain amount. The LIC capital gain amount will be shown separately on your dividend statement.

If you incurred particular types of expenses, such as interest on borrowed money, relating to certain overseas investments (or investments in Australia if you were a foreign resident) your claims may be affected by the thin capitalisation rules. These rules may apply if the total of your debt deductions and those of your associates is more than \$2 million for 2021–22.

See also

- Thin capitalisation – how the rules work.

Completing your tax return

Step 1

Add up all your deductions for this item.

Step 2

Write the total amount at **H** item **D8**.

See also

- You and your shares 2022
- Guide to depreciating assets 2022 if you are claiming a deduction for the decline in value of your computer.

Where to go next

- Go to question D9 Gifts or donations 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question D7 Interest deductions 2022.

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D9 Gifts or donations 2022

Complete question D9 to claim a deduction for gifts or donations you made.

26 May 2022

This question is about gifts or donations you made. You can claim a deduction for:

- voluntary gifts of \$2 or more made to an approved organisation
- a net contribution of more than \$150 to an approved organisation for a fund-raising event (see **Special circumstances and glossary 2022** for further conditions)
- contributions of \$2 or more to
 - a registered political party
 - an independent candidate in an election for parliament
 - an individual who was an independent member of parliament during 2021–22 or, in limited circumstances, had been an independent member.


Approved organisations include:

- certain funds, organisations or charities which provide help in Australia
- some overseas aid funds
- school building funds
- some environmental or cultural organisations.

You can also claim a deduction for:

- a donation to an approved organisation of shares listed on an approved stock exchange valued at \$5,000 or less
- a donation to a private ancillary fund

- entering into a conservation covenant.

Your receipt will usually indicate whether or not you can claim a deduction for the gift. If you are not sure, you can check with the organisation. If you are still not sure, go to abn.business.gov.au  or phone us to find out whether the organisation is an approved organisation.

Employees who make donations under salary sacrifice arrangements are not entitled to claim an income tax deduction for the donation on their own tax return.

You cannot claim a deduction for a gift or donation if you received something in return (for example, raffle tickets or dinner) except in certain fund-raising events; see **Deductions for contributions relating to fund-raising events** in Special circumstances and glossary 2022.

If you made one or more donations of \$2 or more to bucket collections conducted by an approved organisation for natural disasters such as bushfires, severe storms and flooding, you can claim a tax deduction of up to \$10 for the total of those contributions without a receipt.

If you used the web or phone to make a donation over \$2, your web receipt or credit card statement is sufficient. If you donated through third parties, such as banks and retail outlets, the receipt they gave you is also sufficient. If you contributed through 'workplace-giving' your income statement or payment summary shows the amount you donated.

Did you make a gift or donation?

| | |
|------------|---|
| No | Go to question D10 Cost of managing tax affairs 2022, or return to main menu Individual tax return instructions 2022. |
| Yes | Read on. |

Answering this question

If you made donations during 2021–22 to an approved organisation through your employer's payroll system (known as 'workplace-giving'), you still need to record the total amount of your donations at this item. Your income statement, payment summary, or other written statement

from your employer showing the donated amount, is sufficient evidence to support your claim. You do not need to have a receipt.

If you made donations in a joint name, include only your share.

See **Special circumstances and glossary 2022** for more information about the rules for deductions for:

- gifts of property, such as land and artworks
- contributions to fund-raising events
- gifts of shares valued at \$5,000 or less
- contributions and gifts to registered political parties and independent candidates and members.

See **Claiming tax deductions** for more information about the rules and what records to keep:

- for cultural, environmental and heritage property gifts
- when entering into conservation covenants
- if you choose to spread over five years your deduction for certain types of gifts.

Completing your tax return

Step 1

Add up the amounts of all gifts and donations you are entitled to claim.

Step 2

Write the total at **J** item **D9**.

More information

- Taxation Ruling TR 2005/13 *Income tax: tax deductible gifts – what is a gift*
- Law Administration Practice Statement PS LA 2002/15 *Workplace giving programs: required evidence*

Where to go next

- Go to question D10 Cost of managing tax affairs 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question D8 Dividend deductions 2022.

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D10 Cost of managing tax affairs 2022

Complete question D10 if you incurred expenses in managing your tax affairs.

26 May 2022

This question is about:

- expenses you **incurred** in managing your tax affairs, including fees paid to a recognised tax adviser for doing your tax return
- costs of applications made to the Administrative Appeals Tribunal or appeals to the courts about your tax affairs (litigation costs)
- an interest charge we imposed on you
- amounts we charged you for underestimating a varied goods and services tax (GST) instalment or pay as you go (PAYG) instalment
- expenses for complying with your legal obligations relating to another person's or other entity's tax affairs.

You **incurred** an expense in 2021–22 when:

- you received a bill or invoice for an expense that you were liable for and had to pay (even if you paid it after 30 June 2022)
- you did not receive a bill or invoice but you were charged and you paid for the expense.

Did you incur any expenses in managing your tax affairs?

| | |
|------------|--|
| No | Go to Deductions that you show on the supplementary section of the tax return 2022 or return to main menu Individual tax return instructions 2022. |
| Yes | Read on. |

Answering this question

You can claim a deduction for an interest charge that we imposed on you for:

- the late payment of taxes and penalties
- the amount of any increase in your tax liability as a result of an amendment to your assessment
- the amount of any increase in other tax liabilities, such as GST or PAYG amounts.

You can claim amounts that we imposed on you for underestimating a varied GST or PAYG instalment.

You deduct the expense from your 2021–22 income for an interest charge you incurred in 2021–22.

You cannot claim tax shortfall and other penalties for failing to meet your obligations.

You cannot claim for judgment debt interest that you had to pay as a result of a court case involving your tax affairs.

You can claim a deduction for the litigation costs you incurred in managing your tax affairs. Litigation costs include:

- court fees
- Administrative Appeals Tribunal fees
- solicitor, barrister and other legal costs.


You can claim a deduction for other expenses incurred in managing your tax affairs, such as:

- the preparation and lodgment of your tax return and activity statements
- travel to obtain tax advice from a recognised tax adviser

- obtaining a valuation needed for a deductible donation of property or for a deduction for entering into a conservation covenant; for more information, see **Gifts of property** in **Special circumstances and glossary 2022**.

Expenses for the preparation and lodgment of your tax return and activity statements include costs associated with:

- buying tax reference material
- tax return preparation courses
- lodging your tax return through a registered tax agent
- obtaining tax advice from a recognised tax adviser
- dealing with us about your tax affairs
- purchasing software to allow the completion and lodgment of your tax return. You must apportion the cost of the software if you also used it for other purposes.

Fees paid to a recognised tax adviser are deductible in the year you incurred them. A recognised tax adviser is a registered tax agent, barrister or solicitor. You can see a list of registered tax agents at [Tax Practitioners Board](#)  or call **1300 362 829**.

You cannot claim for the cost of tax advice given by a person who is not a recognised tax adviser.

You can also claim any costs you incurred in complying with your legal obligations relating to another person's or other entity's tax affairs. This includes:

- complying with the PAYG withholding obligations, for example, where you withheld tax from a payment to a supplier because the supplier did not quote an Australian business number
- providing information that we requested about another taxpayer.

Completing your tax return

Step 1

Separate the costs of managing your tax affairs into the following three components:

- interest charged by the ATO
- litigation costs
- other expenses incurred in managing your tax affairs.

Step 2

Add up the costs for each component.

Step 3

Write the total cost for each component at **D10** as follows:

- interest charged by the ATO at **N**
- litigation costs at **L**
- other expenses incurred in managing your tax affairs at **M**.

Where to go next

- Go to Deductions that you show on the supplementary section of the tax return 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question D9 Gifts or donations 2022.

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Deductions that you show on the supplementary section of the tax return 2022

Complete question D if you claimed a deduction in the supplementary section in your tax return.

26 May 2022

You need to use *Individual tax return instructions supplement 2022* if you had any of the following types of deductions:

- the deductible amount of the undeducted purchase price of a foreign pension or annuity
- personal superannuation contributions
- certain capital expenditure directly connected with a project
- forestry managed investment scheme deductions
- election expenses for local, territory, state or federal candidates
- certain deductible capital expenditure you had not claimed in full before ceasing a primary production business
- non-capital losses incurred on the disposal or redemption of a traditional security
- insurance premiums paid for income protection, sickness and accident cover
- deductible foreign exchange losses
- debt deductions you have not claimed elsewhere that you incurred in earning assessable income or in earning certain foreign non-assessable non-exempt income
- amounts deductible for certain business-related capital expenditure under section 40-880 of the *Income Tax Assessment Act 1997*
 - over five income years (sometimes known as the ‘blackhole’ expenditure rule), or
 - immediately as start-up expenses relating to the structure or operation of a business that is proposed to be carried on.
- small business pool deductions for depreciating assets that you allocated to a pool under the simplified depreciation rules, and you no longer carry on any business
- a deduction for the net personal services income loss of a personal services entity that related to your personal services income.

Did you have any of the above deductions?

| | |
|-----------|--|
| No | Go to Total deductions 2022, or return to main menu Individual tax return instructions 2022. |
|-----------|--|

| | |
|-----|----------|
| Yes | Read on. |
|-----|----------|

Completing your tax return

Step 1

Complete the details at the top of page 13 on your *Tax return for individuals (supplementary section) 2022*. Use the *Individual tax return instructions supplement 2022* to complete the **Deductions** section on page 15 of your tax return (supplementary section).

Step 2

Transfer the amount you wrote at **Total supplement deductions** on page 15 of your tax return (supplementary section) to **D** on page 4 of your tax return.

Where to go next

- Go to Total deductions 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question D10 Cost of managing tax affairs 2022.

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Total deductions 2022

Complete the total deductions section of your tax return.

26 May 2022

Completing your tax return

Go to **Total deductions** on page 4 of your tax return.

Step 1

Check that you have shown all your deductions.

Step 2

Add up the deductions you claimed at items **D1** to **D10** and **D** on page 4 of your tax return. If you did not claim any deductions on the *Tax return for individuals (supplementary section) 2022* you will not have an amount at **D**.

Step 3

Write the answer at **TOTAL DEDUCTIONS** on your tax return.

Where to go next

- Go to Subtotal 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to Deductions that you show on the supplementary section of the tax return 2022.

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Subtotal 2022

Complete the subtotal section of your tax return.

26 May 2022

Completing your tax return

If you show income at **Total income or loss** on page 3 of your tax return:

- take away the amount at **Total deductions** from the amount at **Total income or loss**
- write the result at **Subtotal**
- if the amount at **Subtotal** is less than zero, print **L** in the **Loss** box at the right of the amount.

If you show a loss at **Total income or loss** on page 3 of your tax return:

- add the amount at **Total deductions** to the amount at **Total income or loss**
- write the result at **Subtotal**
- print **L** in the **Loss** box at the right of the amount.

Where to go next

- Go to question L1 Tax losses of earlier income years 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to Total deductions 2022.

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