Australian Government
Australian Taxation Office

Claiming small business tax deductions

Fast facts

Most of the money you spend in running a business is tax deductible.

There are 3 golden rules for valid business deductions:

1. The expense must have been for business use and not for private use.
2. If the expense is a mix of business and private use, you can only claim the portion that is used for your business.
3. You must have records to prove your expenses.

Expenses can be divided into 3 main groups:

1. Expenses you can never deduct, e.g. private expenses.
2. Expenses you can deduct over time, e.g. prepayments and depreciating assets.
3. Expenses you can deduct immediately, e.g. operating expenses.

There are 3 methods for calculating motor vehicle expenses:

- cents per kilometre method
- logbook method
- actual cost method.

The method you use will depend on your business structure, your vehicle type and whether you also use the vehicle privately.

You must have records to back up your deductions.

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