7

CRUCIAL TIPS FOR A $10,000 BIGGER TAX DEDUCTION

If you ever use your vehicle for anything work related this cheatsheet is for you

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LET'S GET THE BASICS OUT OF THE WAY

Most People UNDER CLAIM!

Yes you read that right, when it comes to claiming tax deductions for vehicle usage, most people claim less than they should, not more!

This problem is so huge that, according to Channel 9 News, based on research from the Australian Tax Office and the Australian Bureau of Statistics, when it comes to using cars for work, **$16 Billion** worth of tax refunds get "left in the hands of the tax man". **Your share could be worth $1,000s per year!**

For example, my friend Paul **increased his tax deductions by $13,518 this year**, more on that later.

Check out the full news story about Australia's unclaimed billions here: https://vimeo.com/524777735



Can I Claim My Vehicle Expenses?

Yes, if you use your vehicle for work related trips, other than to and from the office, you can claim vehicle expenses as tax deductions.

You can claim:

- Visiting a site that's not your usual workplace
- Visiting a client, meeting potential customers or doing sales calls
- Buying supplies from Officeworks or moving samples
- Buying work tools or materials from Bunnings
- Driving to your job site or visiting your accountant
- Moving tools, equipment, cameras, drones etc for work
- Showing a colleague around town or taking a prospect out to dinner
- Visiting new suppliers or scouting out a new work location
- And many more!

Don't miss out!

How Can I Claim?

The ATO gives us two ways to claim car costs as tax deductions.

"Cents per km method"

You can claim 78 cents per km (FY23) for work related car travel **BUT** there is a big downside! You can only claim a maximum of 5000km each year this way and you **WILL NOT** be able to claim separately for fuel, depreciation, servicing and other car expenses etc.

Maximum deduction this way is $3,900. We think that the ATO deliberately makes this way easy so you claim less!

"Logbook Method" (The Big Daddy of tax deductions!)

This is the way to claim the big costs, like depreciation, fuel, servicing, lease payments, insurance etc etc. Keeping a logbook of your business and personal trips allows you to claim the business proportion off ALL your vehicle expenses. **Deductions can be MASSIVE.** It's not unusual to get **deductions of $15,000 to $30,000 this way!**

One other thing to be aware of:

"Employer Pays"

Finally, if you work for someone else, check with your employer. Sometimes employers may offer you their own "cents per km rate". You will usually need to provide your employer with a record of each of the trips you did for work. Keep in mind that if you claim reimbursement from your employer you generally **won't be able to claim those trips as tax deductions.**

NOW FOR THE $10,000 TIPS!

Get BIGGER tax deductions with a logbook

Will a logbook get you a bigger tax deduction? We've crunched the numbers on this so you don't have to....

Here are the 2 easy golden rules.

If you said yes to EITHER of these then go for the 'Logbook Method'

1. **The BIG 5,000km Rule**
   If you do more than 5,000km per year for work related trips then Logbook is for you.

2. **The BIGGER $15k Rule**
   If your vehicle value is greater than $15,000, then the Logbook Method is for you.

HOW MUCH difference will it make?

Let's take my mate Paul as an example.

He is an Electrician and drives a Toyota Hilux SR5 he paid $68k for, he does about 15,000km per year most of which (about 75%) is for work.

Previously, Paul just let his accountant claim the maximum he could (that's 5000 km). **His tax deduction for vehicle use was $3900.**

Paul switched to logbook last year and his **tax deduction increased to $17,768.**

That was an increase of $13,518 this year!

But that's not all, over the **next 5 years** it will increase Paul's tax deductions by **$44,500** !!

What's the EASIEST way to do my Logbook?

Basically there are two ways to do it - **the hard way** and **the easy way**

The Hard Way

This is the old way to do it.
You need to keep a written list of all the trips you drive, not just the work trips, but all trips.
It will take you about 10 to 20 hours to complete the minimum required logbook over 12 weeks.

I'm sure the ATO makes it hard so you claim less!

For **each trip you drive,** you must write down the:

- Reason for the trip (the business reason or if it was for private use)
- Odometer readings at the start and end of the trip
- Kilometres travelled
- Start and end date of the trip

Also, your logbook must contain:

- When the logbook period begins and ends
- The car's odometer readings at the start and end of the logbook period
- The total number of kilometres the car travelled during the logbook period
- The number of kilometres travelled for each trip
- The odometer readings at the start and end of each income year your logbook is used for
- Calculate the business-use percentage for the logbook period
- The make, model, engine capacity and registration number of the vehicle

Most people read this and say **hell no!**

That reaction is understandable, fortunately there is an easier way!

If you do want to do it this way we are happy to help you. Click to get a **FREE printable logbook** and other tips: https://www.gofar.co/blog/working-ato-logbook-method-cheat-sheet/

The Easy Way

You can use a product like 'GOFAR'. Simple, easy and cheap, it uses a small device and App and tracks your trips and odometer and **gets your logbook done automatically.** Expect it to take about 15 minutes of your time to do your logbook this way.

Find out more about this option here: www.gofar.co

CLAIM ALL The Trips You're Entitled To!

Make sure you claim everything that you're entitled to.

Normally, you can't claim trips to and from your place of work (like the office) BUT if your vehicle is set up to carry tools or equipment, you may actually be able to claim these trips too. Just check with your accountant.

DON'T JUST CLAIM 5000KM

Letting your accountant just claim the 5000km instead of a logbook leaves money on the table.

It's like making a voluntary donation to the ATO! You'd have to be mad to do it!

DON'T FAKE IT. THE ATO IS CRACKING DOWN!

Faking it opens you up to **risk.**

The ATO are getting smarter and more aggressive, multi year audits and their new Artificial Intelligen+ ce algorithms means you can get very screwed.

Also, people that fake it often end up UNDER CLAIMING, even if they don't realise it. So you end up paying more tax.

Faking it usually means less money and more risk!

ATO focussing on it this year They check with RMS to bust people

As Kerry Packer famously said:

"If anybody in this country doesn't minimise their tax they want their head read. As a government I can tell you you're not spending it that well that we should be paying extra".

THE FINAL TIP... THIS ONE IS BIG

People that keep a continuous logbook get **much bigger tax deductions** on average.

At a minimum, you need to give the ATO a logbook for a 12 week period.
But sometimes you may do **more** business km than others, what if you picked a bad 12 weeks?
or things change?

If you only have a 12 week logbook, your tax refund will be limited to that fixed 12 week period.



Here's the game-changer:
Keep a continuous logbook and cherry-pick **ANY 12 weeks** that you find best represents your annual business usage. No more limits tied to fixed periods!

Consider this:
If you double your reportable % business usage, **you double your tax deduction**, it's that simple!

Keeping a continuous logbook used to be very time consuming but now using a product like 'GOFAR' you can get it done automatically. You can find out more here: www.gofar.co

Thank you for reading the "7 Crucial Tips for a $10,000 Bigger Tax Deduction" cheat sheet. Please note that the information provided here is for general knowledge purposes only and is not intended as financial advice. Tax situations vary, and the content of this cheat sheet may or may not be suitable for your specific circumstances.

We strongly advise you to consult your accountant or a qualified financial professional before making any financial decisions based on the information in this cheat sheet. Their expertise can ensure that you receive accurate advice tailored to your individual needs and the most current tax regulations.

Remember, while this cheat sheet offers valuable insights, personalised guidance is crucial when dealing with financial matters. Your financial well-being is best served by seeking advice from professionals who understand your unique situation.

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