

## Tax Deductions for Uber Drivers



As an Uber driver, the requirement to pay tax on your Uber income means you'll be looking to maximise your tax deductions too. This article explains the different options for claiming your vehicle expenses, how to keep a logbook, as well as a range of other potential tax deductions for Uber drivers.

### Motor Vehicle Expenses

There are two\* different methods available for claiming motor vehicle expenses. You may choose to apply whichever one gets you the greatest tax deduction.

\*Edit: from the 2015-16 financial year onwards, the ATO have scrapped two methods, the 12% Method and the One Third Method. This leaves us with just the Cents per Kilometre method (which they've reduced the rate for) and the Logbook Method.

Let's take a look at each in detail

### Cents per Km Method

You now can claim 66 cents per km driven for Uber (regardless of your engine size), up to a maximum of 5,000 km. You don't have to have specific records; instead you can make a reasonable estimate based on your patterns of work, diary notes, Uber records etc. On the statements you receive from Uber you'll see 'kilometres travelled', but these are only the kilometres while you had riders in your car. For tax purposes, you can also claim the kilometres between rides, kilometres from home to your first fare, and kilometres from your last fare back home. One simple approach is, for example, if you think roughly half of your Uber 'time' is on trips, and your Uber report says you did 500km, then you've done roughly 1,000 tax deductible kilometres in total.

### Logbook Method

If you have kept a logbook, you'll be eligible to claim a percentage of your vehicle running expenses, including:

- fuel
- registration
- insurance
- servicing, repairs, tyres and other maintenance costs
- interest on your car loan (if applicable)
- depreciation on the purchase price of your car

The records you'll need to keep for these are:

**Fuel** – keeping fuel receipts isn't essential, but since you'll need them to claim GST, you'll already have them when it comes time to do your tax return. (Try keeping an envelope in your glove box to make collecting receipts easy). However if you didn't have receipts, your odometer readings at the start and end of the year (or the period you drive for Uber) could be used to reasonably estimate your fuel costs.

**Other Running Costs** – registration, insurance, servicing, repairs, tyres, maintenance, cleaning and other costs

**Depreciation** – tax invoice or purchase details of your car, so that depreciation can be calculated

**Interest** – if you have a loan or finance, you'll need the interest or lease payments made for the financial year

**Logbook** – to claim all of these, you must have a valid logbook. Otherwise your car expenses are irrelevant and you'll be limited to the cents per kilometre method.

A valid logbook must meet the following requirements:

It must go for 12 continuous weeks. If you start driving for Uber less than 12 weeks before the end of the financial year you can continue the logbook into the next financial year as long as you start before 30 June.

You must record the date and the odometer reading at the start and end of the 12 weeks. For every Uber session, you must record the date, and you're beginning and ending odometer readings. This may be when you leave home and arrive back home (when you're self-employed the journey home is tax deductible), or when you log on and log off the Uber app (if, for example, you log on as soon as you leave work, or log off and drive to somewhere other than home).

You can keep your 12 week logbook anytime you like (provided you've started by the 30th of June of your first year of driving), so feel free to keep it over your busiest driving period (for example if you'll be driving extra while you're on Christmas holidays). This way you can legitimately maximise your Uber percentage, and therefore your tax deductions.

It's important to note that the kilometre records that Uber sends you are not enough to meet the ATO's requirements of a logbook, because they don't record your car's odometer readings.

You can buy ATO compliant logbooks from Officeworks, or from most newsagents.

## **Other Expenses**

Other costs that will be deductible include:

Costs of becoming an Uber driver, but only once you start the official application process, such as medical and police checks, application fees etc. Costs of attending information nights and other pre-application costs **are not deductible**, because you have not yet commenced actively becoming an Uber driver

**Rider Amenities** – water, mints etc.

**Tolls** – you'll need to print your toll account and highlight the relevant trips. Uber will give you a toll figure which you can use instead, but it won't include any tolls between trips, only while on trips.

**Parking** – if you don't get a receipt, and the amount is under \$10, you may write a diary note instead, maximum of \$200 per year.

**Cleaning Costs** – for specific passenger incidents you can claim the whole amount, but general cleaning costs, such as car washes, must have your logbook percentage applied.

**Safety Equipment** – hi-visibility clothing, sunglasses (though if you use them when not driving as well you must specify a percentage of Uber use).

**Mobile Phone** – you can claim a percentage of your phone expenses

**Internet** – a percentage of your home internet can be claimed for managing your Uber driving

**Police and Medical Checks** – only during renewal of Uber licence

**Stationery**

**Bookkeeping Costs**

**Accountant's Fees**

**Bank Fees** – but only if you have a separate bank account just for Uber

## **Costs that are not deductible include:**

**Clothing** – other than safety clothing, such as steel cap boots, hi-visibility clothing etc.

**Meals**

**Personal Costs** – deodorant, personal hygiene etc. Even though Uber set standards of personal presentation, the ATO considers these to be private expenses

**Fines** – even if directly related to Uber, fines are never deductible

**Driver's Licence**

If you've incurred expenses that you're not sure are deductible, keep the receipts anyway, and let your accountant advise you at year end whether they can be claimed.