

Motor Vehicle Expenses for Business

KS-007

What business owners should record before claiming car or vehicle costs.

TOPIC	PREPARED BY	FORMAT
Small business education	SML Bookkeeping & Tax	Knowledge Sheet

Key message

Motor vehicle expenses often include both business and private use. The business should keep clear records showing how the vehicle is used, what costs were incurred, and which method or treatment is appropriate for the business structure.

Vehicle expenses - record workflow

1

Record use

Track business trips, kilometres or logbook details.

2

Collect costs

Keep fuel, servicing, insurance and registration records.

3

Separate

Identify private use and business use.

4

Review

Confirm the correct claim method and tax treatment.

Why vehicle records matter

Vehicle expenses can be reviewed closely because many vehicles are used for both business and private purposes. Clear records help support the business-use portion and avoid overclaiming.

Records to keep

- Vehicle purchase or finance documents.
- Fuel, servicing, registration and insurance records.
- Logbook or business kilometre records where relevant.
- Notes explaining business trips and work-related use.
- Accounting records showing how expenses were coded.

Issues that need review

- Whether the vehicle is owned personally, by the business or under finance.
- Whether the business operates as a sole trader, company, trust or partnership.
- Private use by owners, employees or associates.
- Whether fringe benefits tax may be relevant.
- Whether the vehicle is a car, ute, van or another type of vehicle.

Common mistakes to avoid

- Claiming 100% of costs without evidence of full business use.
- Missing logbook or kilometre records.
- Treating commuting as business travel without review.
- Ignoring FBT issues for company-provided vehicles.

Example

A tradesperson uses a ute for client jobs during the week and personal errands on weekends. The owner should keep fuel and servicing receipts, record business use, and ask the accountant which claim method is appropriate.

Common Questions

Can I claim all car expenses if the car has my business logo?

Not automatically. Business branding does not by itself prove 100% business use.

Do I need a logbook?

A logbook or similar records may be needed depending on the claim method and circumstances.

Can commuting be claimed?

Home-to-work travel is often private, but some exceptions may apply. This should be reviewed before claiming.

Reference Sources

Source	Used for
Australian Taxation Office	Motor vehicle expense rules, logbooks and business-use evidence.
Business.gov.au	Practical business vehicle and expense record guidance.
CPA Australia	Professional context on vehicle deductions and tax risk.

Important note

This Knowledge Sheet provides general information only. It does not take into account the full circumstances of any business. Speak with SML Bookkeeping & Tax before making tax, payroll or compliance decisions.