

# DEDUCTIBLE BUSINESS EXPENSES



## " WHAT QUALIFIES AS A BUSINESS EXPENSE? "



You can claim a wide range of the expenses incurred as a result of operating your business provided you keep sufficient records during the year.

### MILEAGE RATE/ MOTOR VEHICLE



An employee can claim the cost of reimbursing an employee when they use their private vehicle for work. If you are self-employed, you can claim the cost of using your motor vehicle for business purposes. A logbook must be kept for a twelve calendar week term to record business and non business use. This must be done every five years or if you change vehicle or type of business. When a company owns a car, it claims all the expenses without making a private use adjustment. However, there may be a fringe benefit calculation necessary if the vehicle is made available for private use.

If you have an area set aside in the family home for work purposes, you are able to make a claim for that portion of the household expenses.

The area set aside must be used principally for business use such as an office or for storage of stock and vehicles. You must keep records of the expenses to claim and a 4 week diary detailing work undertaken at home..



### USE OF HOME

### HOME TELEPHONE

If your home is the centre of operations for the business, you may claim a deduction of a percentage of the telephone rental. In addition, identify & claim the business related tolls. If you have a separate commercial and domestic line rental, you can claim the full cost of the commercial line, but none of the domestic line. You can also claim a percentage of mobile and internet if they are for business use.

A deduction is allowed for work related travel including:

- Travel between business places
- Travel overseas
- Travel to acquire plant (this may be treated as capital and added to the cost)

A deduction is not allowed for travel between your home and usual place of business, unless your residence is used as a work base

### TRAVEL EXPENSES



### BUSINESS SUPPLIES



Including stock purchases, raw materials, stationary & office supplies, cost of repairs (to business fixed assets or premises), replacement of small asset items.

	50% Claimable	100% claim	FBT payable
Staff Christmas party costs	✓		
Gifts for clients	✓	✓	
Business lunches	✓		✓
Morning tea 'shout' on employees premises		✓	✓
Transport costs provided to employees to attend staff Christmas party		✓	✓
Entertainment consumed overseas		✓	
Subscriptions to sporting clubs - eg. golf clubs		✓	✓
Light meals provided to employees at lunchtime meetings		✓	
Friday night drinks for employees	✓		✓
Sale staff's meal costs while out of town		✓	
Corporate box costs or season passes	✓		✓

### ENTERTAINMENT



The above list does not cover every situation. Please contact us if you have queries on any other types of entertainment.

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# DEDUCTIBLE BUSINESS EXPENSES 2

## " WHAT QUALIFIES AS A BUSINESS EXPENSE? "



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### RENT AND ASSOCIATED COSTS

If you pay rent for your business premises you should also claim power, phone and any other expenses related to the premises.

Business insurance on:

- Building and contents for the business premises
- Business assets
- Business protection
- Workcover
- Keyman Life Insurance

(Life insurance and health insurance are not deductible)



### PREMIUMS & LEVIES



### WAGES PAID TO EMPLOYEES

The wages include wages paid to shareholders where PAYE has been deducted and declared to the IRD.  
**It does not include drawings.**

A subcontractor is an individual or in many cases a business that signs a contract to perform part or all of the obligations of another's contract.



### SUBCONTRACTORS

### FRINGE BENEFIT TAX PAID BY COMPANIES

Find comprehensive instructions and examples in our previous infographic of FBT. The guide includes special instructions on:

- Who needs to pay FBT;
- What is FBT;
- What to do once you are registered;
- Types of Fringe Benefits;



[CLICK TO DOWNLOAD](#)

Items over \$1000 + GST are capitalised and then depreciated. This spreads the cost of the asset over an estimated life of the asset. The depreciation is then claimed on an annual basis. Buildings are no longer depreciable but the chattels in the building are. Please keep a separate list so that the maximum depreciation can be claimed.

There is depreciation allowed on the fit out of a commercial building, we will let you know what further information we may require.

Limit for small businesses is \$20,000 up till 30/6/18

### FIXED ASSETS



### PROFESSIONAL FEES

- Accountancy
- Legal (in most cases) - Income Related
- Consultancy
- Management

- Training
- Seminars
- Protective Clothing
- Uniforms (must be branded)
- Dry cleaning expenses for protective clothing and uniforms
- Laundry

### PERSONNEL COSTS

### MISCELLANEOUS COSTS

- Subscriptions
- Advertising
- Bank Charges
- Finance Charges - Business Loans or Hire Purchases
- Hire of Equipment
- Interest (Bank, Hire Purchase, Loans)

This is not a complete list of all expenses claimable in all circumstances.

There will be some costs, claimable only for some businesses, in some circumstances.

If in doubt, please contact us, particularly if there is some major expenditure planned, to ensure the best possible result.

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