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# Simplify the car expense substantiation methods

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In the 2015-16 Federal Budget, the government announced that it will simplify the car expense deductions for individuals. Under current arrangements, there are four methods for claiming car expenses:

- Cents per kilometre - capped at 5,000kms
- Logbook - unlimited kms
- 12% of original value
- One-third of actual expenses

To simplify the rules, from 1 July 2015 the government will abolish the one-third of actual expenses method and 12% of original value method. The cents per kilometre method (with the existing 5,000km cap) and the logbook method (with unlimited kms) will remain.

The cents per kilometre method will be simplified to use a standard rate of 66 cents per km rather than a rate based on the engine size of the car.

## Legislation and supporting material

[Tax and Superannuation Laws Amendment \(2015 Measures No. 5\) Bill 2015](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;page=0;query=BillId%3Ar5536%20Reconstruct%3Abillhome) (<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;page=0;query=BillId%3Ar5536%20Reconstruct%3Abillhome>) was introduced into Parliament on 15 October 2015.

See also:

- Budget 2015-16 Budget paper No. 2 - [Revenue Measures](http://budget.gov.au/2015-16/content/bp2/html/bp2_revenue-07.htm)  
([http://budget.gov.au/2015-16/content/bp2/html/bp2\\_revenue-07.htm](http://budget.gov.au/2015-16/content/bp2/html/bp2_revenue-07.htm))
- [Media release issued on 16 July 2015](http://bfb.ministers.treasury.gov.au/media-release/065-2015/)  
(<http://bfb.ministers.treasury.gov.au/media-release/065-2015/>) by Minister for Small Business
- For the current arrangements for claiming a car expense deduction, see [Car expenses \(/Individuals/Income-and-deductions/Deductions-you-can-claim/Vehicle-and-travel-expenses/Car-expenses/\)](/Individuals/Income-and-deductions/Deductions-you-can-claim/Vehicle-and-travel-expenses/Car-expenses/)

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