

Home to work travel claims? Generally not, but sometimes...



As a general rule, travel from your home to your workplace is not allowed as a deduction because it constitutes a “private expense”. There are however specific situations where this rule does not apply, and there can be circumstances where you may be entitled to claim some of the travel expenses between your home and your regular workplace, or even your alternative workplace.

But it is a minefield that needs to be treaded carefully so as to not end up in hot water with the taxman.

What constitutes a deductible ‘travel expense’?

Individuals are typically able to claim a tax deduction for work-related travel expenses. You can generally claim the cost of travelling:

- directly between two separate workplaces – for example, when you have a second job (providing one of the places isn’t your home)
- from your normal workplace to an alternative workplace (for example, a client’s premises) while still on duty, and back to your normal workplace or directly home
- if your home was a base of employment – you were required to start your work at home and travelled to a workplace to continue your work for the same employer
- if you had shifting places of employment – you regularly work at more than one site each day before returning home
- from your home to an alternative workplace for work purposes, and then to your normal workplace or directly home. This does not apply where the alternative workplace has become a regular workplace
- if you need to carry bulky tools or equipment that you used for work and can’t leave it at your workplace – like an extension ladder if you’re a tradesperson or a cello if you’re a musician.

What you can’t claim

You can’t claim the cost of driving your car between work and home just because:

- you do minor work-related tasks – for example, picking up the mail on the way to work or home
- you have to drive between your home and your workplace more than once a day
- you are on call – for example, you are on stand-by duty and your employer contacts you at home to come into work
- there is no public transport near where you work
- you work outside normal business hours – for example, shift work or overtime
- your home was a place where you ran your own business and you travelled directly to a place of work where
- you worked for somebody else
- you do some work at home.

When can you count your home as a workplace?

You cannot count your home as a workplace unless you carry out “itinerant work”; that is, work that requires you to travel from place to place. If you do itinerant work or have shifting places of work, you can claim the cost of driving between workplaces and your home.



The following factors may indicate that you do itinerant work:

- travel is a fundamental part of your work, as the very nature of your work, not just because it is convenient to you or your employer
- you have a “network” of workplaces you travel to, throughout the day
- you continually travel from one work site to another
- your home is your base of operations – you start work at home and cannot complete it until you attend at your work site
- you are often uncertain of the location of your work site
- your employer provides an allowance in recognition of your need to travel continually between different work sites and you use this allowance to pay for your travel.

Common examples of such workers would include commercial travellers and government inspectors whose homes are the base of their operations from which they travel to one of a number of locations throughout the day over a continuing period.

Typically in these cases, the employee will show up at the employer’s office periodically (like once a week) to complete or file reports, pick up supplies or organise future trips. Travel from home to the office and back made in these limited circumstances will be treated as business travel, and as a result are tax deductible.

Below are three examples below adapted from the ATO to elucidate what can and cannot be claimed when it comes to home to work travel.

Example 1: Travel between jobs

Bhakti is a clerk at a large departmental store. She drives her car from her normal workplace to her second job as a waiter. After finishing work as a waiter, she goes directly home. Yes, Bhakti can claim the car expenses from her normal workplace to her second job. However, she can’t claim the cost of travelling home from her second job.

Example 2: Travel to an alternative workplace

Jana, a dental assistant in the city, is required to attend meetings at her employer’s other clinic in the suburbs. She drives her car to the suburban clinic. As the meetings finish late, she drives straight home. Yes, Jana can claim the cost of each journey.

Example 3: Work from home

Benjamin’s employer has an office in the city but is happy for him to work from home three days a week. On these days, Benjamin sometimes has to drive into the office for a meeting before returning home to work. No, Benjamin cannot claim the expense incurred in driving between his home and work as it is a private expense.

Above are only straightforward examples though. There will be cases where, while the nature of the office or employment is not inherently itinerant, claiming a deduction is less clear. Also remember that there are special rules for claiming expenses incurred while travelling overnight on business. See here for more, and also see here for the rules on substantiating such claims.

[1]“Home to work travel claims? Generally not, but sometimes...”, *Tax and Superannuation Newsroom* | Tax & Super Australia, 2018. [Online]. Available: <https://taxandsupernewsroom.com.au/home-work-travel-claims-generally-not-sometimes/>. [Accessed: 26- Jun- 2018].



Client looking to buy a home? They may need to withhold and remit GST

With the end of the financial year in sight, there is one more thing your clients will need to be aware of regarding changes to the tax landscape — especially those thinking of purchasing a residential property.

From 1 July this year, buyers of new residential premises (or “potential residential land”) will be required to withhold an amount from the contract price for GST and remit this directly to the ATO on or before settlement.



The sorts of property transactions involved are those where a taxable supply is made (for example by sale, or supply by way of a long-term lease) of new residential premises or potential residential land where the contract is entered into on or after 1 July.

Generally the amounts to be withheld will be one-eleventh of the unadjusted GST-inclusive contract price, however this amount can be 7% if a margin scheme applies.

Why the change?

The incumbent GST law requires a buyer to pay GST to the seller (or developer) as part of the purchase price on property transactions where there is a taxable supply. The seller is subsequently required to remit that GST amount to the ATO with their next business activity statement.

The problem that the change is attempting to fix has to do with tax evasion and an erosion of GST revenue from some property transactions. It was found that some developers/sellers, having collected GST on the sale of a property, were not forwarding this GST revenue on to the ATO — either dissolving the business and in some cases creating a new one (a “phoenix” entity) or through insolvency.

These GST law changes were originally announced in the May 2017 Federal Budget. The law companion ruling LCR 2018/D1 describes the application of the new law, and the bill itself, which received royal assent on 29 March 2018, can be found [here](#).

The new rules are prospective and only apply on or after 1 July 2018. They do not apply to contracts entered into before then, as long as the transaction settles before 1 July 2020.

It is important to remind clients as well that the new law does not mean that an additional payment, on top of the contract price, is required. The GST withholding amount is taken from the purchase contract price (the price of supply).



Some exclusions

Some property transactions are excluded from the new measure, such as:

- commercial residential premises (for example hotels and motels)
- new residential premises created by “substantial renovations”
- potential residential land included in a property subdivision plan that contains a building that is currently in use for a commercial purpose – for example, a factory or shop being operated in an area where local zoning permits mixed use
- taxable supplies of potential residential land between GST registered businesses where the purchaser acquires the property for a creditable purpose.

Other types of property transactions are not included in the new measure as the ATO considers these to not be new residential premises or potential residential land. For example:

- sales of commercial premises, for example office units, factories and retail shops where land is zoned commercial use only
- industrial land or farm land where zoning prevents residential development
- hospitals.



[2] “Client looking to buy a home? They may need to withhold and remit GST”, *Tax and Superannuation Newsroom* | Tax & Super Australia, 2018. [Online]. Available: <https://taxand-supernewsroom.com.au/client-looking-buy-home-may-need-withhold-remmit-gst/>. [Accessed: 26- Jun- 2018].