



Car claims for electric vehicles

Working out the cost of electricity used to run your electric vehicle (EV) where you use the vehicle for business purposes and you use the logbook method for making your claim for car expenses is a little more complex than monitoring the cost of fuel used to run an all petrol vehicle. You need to keep certain records and make some choices along the way.

But first, a quick look at some of the basic rules around tax claims for the business use of cars, including EVs.

What trips are eligible?

Costs incurred in running your car for business purposes can be deducted using one of several methods. The term “business purposes” includes:

- » Attending meetings or conferences away from your usual place of work
- » Collecting supplies or delivering items
- » Travel between two separate places of work (eg, for a second job)
- » Travel from your home or your usual place of work to an alternative worksite (eg, a client’s office or worksite), and
- » Itinerant work, where the job requires you to work at more than one location each day before going home.

Travel between your home and your usual place of work is only deductible in quite limited circumstances – eg, when transporting bulky equipment to and from a worksite.

Cents per kilometre up to 5,000 business kilometres per year

For many taxpayers, the statutory safe harbour rate of 88 cents per kilometre for the 2025-26 income year for up to 5,000 business kilometres can be the best way of claiming their car expenses. It gets you a deduction of up to \$4,400 without having to keep any receipts.

The cents per kilometre method covers all car expenses, including depreciation, registration and insurance, repairs and maintenance, and fuel costs. If you use this method, you can’t add any of these costs on top of the cents per kilometre amount. The cents per kilometre method applies to EVs (including plug-in hybrids – PHEVs) as well as petrol-only cars.

If you use this method, you will need to keep records that show how you have worked out your business-related kilometres. That can be done by way of a travel diary that covers the entire income year. You also need to show that you own or lease the car.

continued overleaf ➡

This information has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation or needs.

Car claims for electric vehicles .. cont

Logbook method

The cents per kilometre method will not always be optimal for everyone. If you have a high percentage of business use of the car, the logbook method may well give you a better result. But you will need to keep receipts or other evidence of all your car expenses, as well as completing a logbook for a representative and continuous 12-week period. The logbook needs to show the destination and purpose of each business trip, as well as the total kilometres travelled. It also needs to show the opening and closing odometer readings for the logbook period. The percentage of business use is worked out using the logbook and is applied to the total costs attributable to running the car.

The logbook can be relied upon for five years, unless your pattern of use changes significantly (eg, if you move house or the nature of your job changes). If that happens, you will have to complete a new 12-week logbook.

Having completed the logbook, and for a non-electric car, you then need to keep receipts for fuel and oil expenses, or make a reasonable estimate of those expenses based on opening and closing odometer readings, standard fuel use by your car (per the manufacturer) and average petrol prices for the income year (per the Australian Institute of Petroleum website). You should also keep receipts or other evidence of what you've spent on registration and insurance, repairs and maintenance, lease payments and interest charges. You should also have a record of the cost of the car and show how you have worked out your depreciation claim.

You then apply your business use percentage to the total running costs and there's your claim for car expenses.

Electric vehicles

EVs are typically charged at both commercial charging stations and using home chargers. You need to keep a record of the cost of using commercial charging stations, which should be straight-forward enough.

For home charging, however, the electricity usage for charging EVs is combined with the total electrical consumption of the household, and cannot generally be separately identified.

Travel between your home and your usual place of work is only deductible in quite limited circumstances – eg, when transporting bulky equipment to and from a worksite.

Unless your EV is capable of reporting the percentage of home charging, the best basis for claiming electricity costs is to use the Commissioner's home charging rate of 4.2 cents per kilometre to the total distance travelled by the EV during the year of income. The 4.2 cents per kilometre home charging rate covers all electricity costs for the EV, so if you use this method, you cannot also claim the cost of using commercial charging stations.

Where you are able to determine the home charging vs commercial charging station percentage, you can work out the total number of kilometres attributable to your home charging, multiplying those kilometres by the 4.2 cents EV home charging rate and then adding any commercial charging station costs.

You must still keep receipts substantiating your commercial charging station costs, keep an electricity bill and record your opening and closing odometer readings. Having calculated your electricity costs you add it to all the other car running costs (including depreciation) and claim the business proportion as per your logbook.

Plug-in Hybrids (PHEV)

PHEVs are trickier than EVs since they use petrol as well as electricity. The ATO has come up with a seven-step method statement for calculating the combined petrol and electricity costs applicable to a PHEV which we won't bore you with here.

What you need to keep for our lodgement meeting are:

- » Your PHEV's actual petrol and oil costs for the period
- » Opening and closing odometer readings, and
- » Your PHEV's Condition B test cycle fuel economy figure (per the manufacturer).

We will do the rest and ensure you are claiming your legitimate entitlement. 💰

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