

## General:

# What you can, and can't, claim

Taken directly from the ATO website, here is a small explanation of what business owners can claim on their tax returns. Be careful to keep your bookkeeping clear in these areas:



## Business Tax Deductions

### What you can claim

There are three golden rules for what ATO accept as a valid business deduction:

1. The expense must have been for your business, not for private use.
2. If the expense is for a mix of business and private use, you can only claim the portion that is used for your business.
3. You must have records to prove it.

For example, if you buy a laptop and you only use it for your business, you can claim a deduction for the full purchase price. However, if you use the laptop 50% of the time for your business and 50% of the time for private use, you can only claim 50% of the amount as a deduction.

You can't claim the GST component of a purchase as a deduction if you can claim it as a GST credit on your business activity statement.

### What you can't claim

There are some expenses that are not deductible, such as:

- entertainment expenses
- traffic fines
- private or domestic expenses, such as childcare fees or clothes for your family
- expenses relating to earning income that is not assessable, such as money you earn from a hobby

<https://www.ato.gov.au/Business/Income-and-deductions-for-business/Deductions/#whatyoucanclaim>

## Business Tax Deductions

- the GST component of a purchase if you can claim it as a GST credit on your business activity statement.

Remember, if you earn PSI your deductions may be limited.