




 [Print whole section](#)

Factory workers – income and work-related deductions

Factory worker's guide to income, allowances and claiming deductions for work-related expenses.

Last updated 3 June 2024

For a summary of common expenses, see [Factory workers \(PDF, 458KB\)](#) .

Income and allowances

Income and allowance amounts you need to include in your tax return and amounts you don't include.

Deductions for work expenses

Deductions you can and can't claim for expenses you incur to earn your income.

Record keeping for work expenses

Records you need to keep as evidence of your expenses and exceptions to keeping some records.

Income and allowances

Income and allowance amounts you need to include in your tax return and amounts you don't include.

Last updated 3 June 2024

On this page

[Amounts you do and don't include](#)

[Allowances](#)

[Reimbursements](#)

Amounts you do and don't include

You must include all the income you receive during the income year as a factory worker in your tax return, this includes:

- salary and wages, including cash or bonus payments
- allowances
- compensation and insurance payments – for example, payments made under an income protection insurance policy to replace salary and wages.

Don't include as income any [reimbursements](#) you receive.

Your income statement or payment summary will show all your salary, wages and allowances for the income year.

Allowances

You must include all **allowances** your employer reports on your income statement or payment summary as income in your tax return.

An allowance is where your employer pays you an amount as an estimate of costs you might incur:

- to help you pay for a work expense – for example, tools and equipment

- as compensation for an aspect of your work such as working conditions or industry peculiarities – for example, handling hazardous materials
- as an amount for having special duties, skills or qualifications – for example, first aid qualifications.

Your employer may not include some allowances on your income statement or payment summary. Find out about declaring income and claiming deductions for [Allowances not on your income statement](#).

Allowances not on your income statement or payment summary

If you receive an allowance from your employer, it does not automatically mean you can claim a deduction.

Your employer may not include some allowances on your income statement or payment summary, you will find these amounts on your payslip. You don't need to declare these allowances as income in your tax return, unless you're claiming a deduction. Examples include travel allowances and overtime meal allowances.

If you spend the allowance amount on work expenses, you:

- don't include it as income in your tax return
- can't claim any deductions for the work expenses the allowance covers.

If you're not claiming a deduction, you don't need to keep any records of the amounts you spend.

If you spend your allowance on a deductible work-related expense, to claim a deduction you:

- include the allowance as income in your tax return
- include a claim for the work expenses you incur in your tax return
- must have records of your expenses.

If you can claim a deduction, the amount of the deduction is not usually the same amount as the allowance you have receive.

Allowances and claiming a deduction

The following table sets out allowances you may receive and when you can claim a deduction.

Allowance types, reason for the allowance and if you can claim a deduction

Reason for allowance	Example of allowance type	Deductible (Yes or No)
Compensation for an aspect of your work that is unpleasant, special or dangerous or for industry peculiarities	Artificial fertilizers and chemicals allowance Cleaner, greaser or oiler allowance	No These allowances don't help you pay for deductible work-related expenses
An amount for certain expenses	Motor vehicle allowance	Yes If you incur deductible expenses
An amount for special skills	A first aid certificate	Yes If you incur deductible expenses

Example: allowance assessable, no deduction

Mario is an employee factory worker. Mario's employer snap freezes fresh fruit and vegetables and packages them. Mario's role requires him to work in a particular section of the factory that must be kept at below 0 degrees Celsius.

Mario's employer pays him a cold places allowance of 66c per hour. The allowance is shown on his income statement at the end of the income year.

Mario must include the cold places allowance as income in his tax return.

The allowance compensates Mario for an aspect of his work that is special. It is not to help him pay for deductible work-related expenses.

Mario can't claim a deduction because he hasn't incurred any expenses.

Example: allowance assessable, deduction allowed

Doris is an employee factory worker. On 5 occasions during the income year, Doris is asked to work overtime. Under the terms of the industrial award, Doris's employer pays her an overtime meal allowance of \$15.24 each time she works overtime.

On her overtime meal break Doris buys and eats a meal at the cafeteria onsite. Doris usually spends \$20 on her meal.

At the end of the income year, Doris's employer shows the total overtime meal allowance paid to Doris on her income statement ($\$15.24 \times 5 = \76.20).

Doris must include the total amount of the allowance (\$76.20) as income in her tax return.

Doris can claim a deduction of \$100 ($\$20 \times 5 = \100) for overtime meals in her tax return.

Reimbursements

If your employer pays you the exact amount for expenses you incur (either before or after you incur them), the payment is a **reimbursement**.

A reimbursement is not an allowance.

If your employer reimburses you for expenses you incur, you:

- you don't include the reimbursement as income in your tax return

- can't claim a deduction for them.

Example: reimbursement for protective eyewear

Beth is an employee at a factory manufacturing items that require certain chemicals. Beth needs to wear protective eyewear to protect her eyes from the risk of damage that may occur if the chemicals splash into her eyes. Beth has the option of wearing the protective eyewear her employer provides or she can buy protective eyewear that meets specific requirements and request a reimbursement.

The protective eyewear Beth's employer provided doesn't fit her face so she buys a pair that fit her better for \$50. Beth's employer reimburses her \$50 for the protective eyewear.

Beth doesn't need to include the reimbursement from her employer as income in her tax return.

Beth can't claim a deduction for the cost of protective eyewear.

Find out about factory workers':


- Deductions for work expenses
- Record keeping for work expenses

QC 51225

Deductions for work expenses

Deductions you can and can't claim for expenses you incur to earn your income.

Last updated 3 June 2024

For a summary of common expenses, see [Factory workers \(PDF, 458KB\)](#) .

To claim a deduction for a work-related expense you must meet the 3 golden rules:

1. You must have spent the money and you weren't reimbursed.
2. The expense must directly relate to earning your income.
3. You must have a record to prove it (usually a receipt).

If the expense was incurred for both work and private purposes, you can only claim a deduction for the work-related use.

You can't claim a deduction if:

- you don't keep records of your work-related expenses
- someone else (such as an employer) pays for the expense or reimburses you for it.

Find out which expenses you can and can't claim as a factory worker:

- [Factory worker expenses A–F](#)
- [Factory worker expenses G–O](#)
- [Factory worker expenses P–S](#)
- [Factory worker expenses T–W](#)

To help you work out if you can or can't claim a deduction for other expenses, and the records you need, see [Employees guide for work expenses](#).

You can use the [myDeductions](#) tool in the ATO app to store records and help keep track of your:

- work-related expenses (such as vehicle trips)
- general expenses (such as gifts and donations).

You can upload these records or share them with a tax agent at tax time to make lodging your tax return easier.

We have information in languages other than English. A summary of common work-related expenses may be available in your language:

1. Select your language from the [other languages' homepage](#).
2. Select the heading **Individuals**.
3. Check the list to see if a summary is available.

Factory worker expenses A–F



Details on claiming factory worker expenses.

Factory worker expenses G–O



Details on claiming factory worker expenses.

Factory worker expenses P–S



Details on claiming factory worker expenses.

Factory worker expenses T–W



Details on claiming factory worker expenses.

QC 51225

Factory worker expenses A–F

Details on claiming factory worker expenses.

Last updated 3 June 2024

On this page

[Car expenses](#)

[Child care](#)

[Clothing and uniform expenses \(including footwear\)](#)

[Drivers licence](#)

[Fines and penalties](#)

Car expenses

You can't claim a car expenses deduction for normal trips between your home and your regular place of work. These are private expenses, even if you:

- live a long way from your usual workplace
- have to work outside normal business hours (for example, weekend or early morning shifts).

In limited circumstances, you can claim the cost of trips between home and work, such as where you carry bulky tools or equipment for work. You can claim a deduction for the cost of these trips if all the following conditions are met:

- the tools or equipment are essential to perform your employment duties.
- the tools or equipment are bulky, meaning that
 - because of the size and weight, they are awkward to transport
 - they can only be transported conveniently using a motor vehicle
- there is no secure storage for such items at the workplace.

It will not be sufficient if you transport the tools or equipment only as a matter of choice. For example, if your employer provides secure storage, your decision to transport items home will be a matter of choice.

You can also claim a deduction for the cost of using a car you own, lease or hire (under a hire-purchase agreement) when you drive:

- directly between separate jobs on the same day – for example, driving from your job as a factory worker to your second job as a bar assistant
- to and from an alternative workplace for the same employer on the same day – for example, driving between a warehouse and another work site
- from home directly to an alternative workplace – for example, travelling from home to your employer's head office to attend a

meeting.

To claim a deduction, you must keep records of your car use. You can choose between the logbook method or the cents per kilometre method to work out your deduction.

If you use the **logbook method**, you need to keep a valid logbook to help you work out the percentage of work-related use along with evidence of your car expenses.

If you use the **cents per kilometre method**, you need be able to show how you work out your work-related kilometres. You must be able to show that the kilometres travelled were work-related.

If you claim your work-related car expenses using one of the above methods, you can't claim any further deductions in the same tax return for the same car. For example, petrol, servicing, and insurance costs.

To claim a deduction in your tax return, include the amount of your claim at **Work-related car expenses**. The **Work-related car expenses calculator** can help you work out the amount you can claim as a deduction.

You can't use the cents per kilometre or logbook methods to work out your claim for a:

- motorcycle
- vehicle with a carrying capacity of one tonne or more (such as a ute)
- vehicle that can transport 9 passengers or more (such as a minibus).

For these vehicles, you can claim the actual expenses you incur for your work-related travel. This includes costs such as fuel, oil, insurance and loan interest along with the decline in value of the vehicle. You must keep receipts for all your expenses and records to show your work-related use of the vehicle. Although you are not required to keep a logbook, it is the easiest way to calculate your work-related use of the vehicle.

To claim a deduction for actual expenses you incur for a vehicle not defined as a car, include the amount at **Work-related travel expenses**.

Example: travel from home to work

Geoffrey uses his car to travel between his home and the factory he works at. He carries his steel-capped boots that he must wear when working and some hand tools which he uses.

Geoffrey can't claim a deduction for the car expenses he incurs for the trips between his home and the factory every day. The tools and equipment Geoffrey carries each day to work are not bulky. The travel is a private expense.

Example: travel between workplaces for different employers

Mick is an employee in a factory manufacturing beds. Mick also works at a bar part-time. On a Thursday and Friday, after his shift at the factory finishes, he travels directly to his shift at the bar.

Mick can claim a deduction for the car expenses he incurs for the trips directly from the factory to the bar on a Thursday and Friday.

Example: travel to an alternative workplace

David is an employee factory worker. Once a month, David drives from the factory he works at to his employer's head office to attend a meeting. After the meeting, David drives home.

David can claim a deduction for the expenses he incurs for the trips from the factory to his employer's head office. David can also claim a deduction for the expenses he incurs for the trips from his employer's head office to his home.

Child care

You can't claim a deduction for child care (including school holidays and before and after school care) when you're working. It's a private

expense, and the expenses have no direct connection to earning your income.

Clothing and uniform expenses (including footwear)

With a few exceptions, clothing can't be deducted as a work-related expense.

You can't claim conventional clothing (including footwear) as a work-related expense, even if your employer requires you to wear it and you only wear these items of clothing at work.

'Conventional clothing' is everyday clothing worn by people regardless of their occupation – for example, jeans and t-shirts worn by factory workers

You can claim a deduction for costs you incur to buy, hire, repair or replace clothing, uniforms and footwear you wear at work if it's in one of the following categories:

- **protective** – clothing with protective features or functions you wear to protect you from specific risks of injury or illness at work. For example, steel-capped boots, fire-resistant clothing, or boiler suits that protect conventional clothing. Conventional clothes you wear at work are not regarded as protective clothing if they lack protective qualities designed for the risks of your work. This includes jeans, drill shirts, shorts, trousers, socks, closed shoes.
- **occupation-specific** – clothing that distinctly identifies you as a person with a particular profession, trade or occupation. For example, a judge's robes or a chef's chequered pants). Items traditionally worn in a profession are not occupation-specific where the clothing is worn by multiple professions.
- **a compulsory uniform** – clothing that your employer strictly and consistently enforces you wear by workplace agreement or policy and distinctly identifies either
 - you as an employee working for a particular employer
 - the products or services your employer provides
- **a non-compulsory uniform** – clothing that your employer registers on the Register of Approved Occupational Clothing and you wear the uniform at work.

You can't claim a deduction if your employer buys, repairs or replaces your clothing.

Example: compulsory uniform with logo

Mike has to buy and wear shirts with his employer company logo embroidered on it. As part of his uniform, he also has to wear black pants and black shoes.

Mike can claim a deduction for the cost of buying and maintaining the shirts as they are:

- distinctive items with the employer's logo
- compulsory for him to wear at work.

However, he can't claim the cost of buying or cleaning his black pants or shoes as they are items of a conventional nature.

Example: employer registered uniform with AusIndustry

Leda is a factory worker, and she also works in the reception area for a number of hours each day. Reception staff wear a polo shirt in the company's colours monogrammed with the company logo. It's not compulsory for a staff member to wear the polo shirt, but the employer encourages staff members to do so. Leda's employer has registered the shirt with the Register of Approved Occupational Clothing and she wears the uniform at work, .

Leda can claim a deduction for the cost of buying and maintaining the polo shirt. The shirt is a non-compulsory uniform that has been registered with the Register of Approved Occupational Clothing and she wears the uniform at work.

Example: protective clothing

Renee is an employee factory worker. At the end of her shift, Renee must use a high-pressure water hose to wash down the equipment in her section of the factory. To protect herself from getting wet and from the dirt that comes off the equipment, Renee wears a waterproof jacket, waterproof pants and gum boots. Renee's employer provide these items.

The waterproof jacket, waterproof pants and gum boots are protective clothing. The items protect her from the risk of illness and injury and they also protect her clothing. However, Renee can't claim a deduction for the protective clothing because she did not buy them.

Drivers licence

You can't claim a deduction to get or renew your **drivers licence**, even if you must have it as a condition of employment. This is a private expense.

You can claim a deduction for additional costs you incur to get a **special licence or condition on your licence** to perform your work duties. For example, the cost you incur to get a heavy vehicle permit.

Fines and penalties

You can't claim a deduction for any **finest or penalties** you get when you travel to work or during work. Fines may include parking and speeding fines or penalties.

Example: speeding fine

Chris works in a factory as a supervisor. He travels from the factory to the warehouse to pick up some parts that are required. On his way to the factory, Chris gets a speeding fine which he pays.

Chris can't claim a deduction for the speeding fine even though he was travelling for work purposes at the time he was fined.

First aid courses

You can claim a deduction for the cost of first aid training courses if you are both:

- a designated first aid person
- need to complete a first aid training course to assist in emergency work situations.

You can't claim a deduction if your employer pays for or reimburses you for the cost of the course.

For more factory worker expenses, see:

- Factory worker expenses G–O
- Factory worker expenses P–S
- Factory worker expenses T–W

QC 51225

Factory worker expenses G–O

Details on claiming factory worker expenses.

Last updated 3 June 2024

On this page

[Glasses, contact lenses and anti-glare glasses](#)

[Laundry and maintenance](#)

[Licences, permits and cards](#)

[Meal and snack expenses](#)

[Music streaming services, CDs, audio books or podcasts](#)

[Newspapers and other news services, magazines and professional publications](#)

[Overtime meal expenses](#)

Glasses, contact lenses and anti-glare glasses

You can't claim a deduction for prescription glasses or contact lenses, even if you need to wear them while working as these are private expenses.

You can claim a deduction for the cost of protective glasses if you wear them to reduce the real and likely risk of illness or injury while working. Protective glasses include anti-glare or photochromatic glasses, sunglasses, safety glasses or goggles.

You only claim a deduction for the work-related use of the item.

Laundry and maintenance

You can claim a deduction for the costs you incur to wash, dry and iron clothing you wear at work, if it's:

- protective (for example, a hi-vis jacket)
- occupation specific and not a conventional, everyday piece of clothing such as jeans
- a uniform either non-compulsory and registered by your employer on the Register of Approved Occupational Clothing or compulsory.

This also includes laundromat and dry-cleaning expenses.

We consider that a reasonable basis for working out your laundry claim is:

- \$1 per load if it only contains clothing you wear at work from one of the categories above
- 50c per load if you mix personal items of clothing with work clothing from one of the categories above.

You can claim the actual costs you incur for repair and dry-cleaning expenses.

If your laundry claim (excluding dry-cleaning expenses) is \$150 or less, you don't need to keep records. However, you will still need to be able to show how you work out your claim. This isn't an automatic deduction.

Example: laundry expenses uniform

Che is an employee factory worker. Che must wear a compulsory uniform whenever she is on duty and is also responsible for washing it. Che washes her compulsory uniforms 3 times a week in a mixed laundry load. During the income year, Che works for 50 weeks.

Che calculates her deduction for laundry expenses as follows:

$$3 \text{ washes per week} \times \$0.50 \text{ per load by } 50 \text{ weeks} = \$75$$

As Che's claim is less than \$150, she isn't required to keep written evidence of her laundry expenses. However, if asked, she will still need explain how she calculates her claim.

Licences, permits and cards

You can't claim the costs to get your initial licence, regulatory permit, cards or certificates in order to get a job.

You can claim a deduction for the additional costs you incur to get or renew these expenses in order to continue to perform your work duties. For example, if you need to have a forklift licence to get your job, you can't claim the initial cost of to get it, however you can claim the cost of renewing it during the period you are working.

Meal and snack expenses

You can't claim a deduction for the cost of **food, drink or snacks** you consume during your normal working hours, even if you receive a meal allowance. These are private expenses.

You can claim:

- [overtime meal expenses](#), but only if you buy and eat the meal while you are performing overtime and you receive an overtime meal allowance under an industrial award
- the cost of meals you incur when you are travelling overnight for the purpose of carrying out your employment duties (**travel expenses**).

Example: meal expenses not deductible

Sylvie works at a pharmaceutical manufacturing factory. The factory runs 24 hours a day and Sylvie does the early morning shift which starts at 4:30 am and finishes at 1:30 pm.

During her meal break, Sylvie buys breakfast and a coffee.

Sylvie can't claim a deduction for the cost of her breakfast and coffee which she buys while working her normal early morning shift. The expenses are private expenses.

Music streaming services, CDs, audio books or podcasts

You can't claim a deduction for the cost of music streaming services, CDs, audio books, podcasts or devices that you use at work. Even if they're used to keep you motivated or occupied at work, these items aren't essential to earning your income. They are private expenses.

Newspapers and other news services, magazines and professional publications

The cost of newspapers, other news services and magazines are generally private expenses and not deductible.

You can claim a deduction for the cost of buying or subscribing to a professional publication, newspaper, news service or magazine if you can show:

- a direct connection between your specific work duties and the content

- the content is specific to your employment and is not general in nature.

If you use the publication for work and private purposes, you can only claim the portion related to your work-related use.

Overtime meal expenses

You can claim a deduction for the cost of a meal you buy and eat when you work overtime, if all of the following apply:

- you receive an overtime meal allowance under an industrial law, award or agreement
- the allowance is on your income statement or payment summary as a separate allowance
- you include the allowance in your tax return as income.

You can't claim a deduction if the allowance is part of your salary and wages and not included as a separate allowance on your income statement or payment summary.

You generally need to get and keep written evidence, such as receipts, when you claim a deduction. However, each year we set an amount you can claim for overtime meal expenses without receipts. We call this the 'reasonable amount'. If you receive an overtime meal allowance, are claiming a deduction and spent:

- up to reasonable amount, you don't have to get and keep receipts
- more than the reasonable amount, you must get and keep receipts for your expenses.

In all cases, you need to be able to show you spent the money and how you work out your claim.

Example: overtime meals

Moana completes her 8 hour shift and is asked to work for an additional 3 hours. She is given a meal break and paid a meal allowance of \$20 under her enterprise bargaining agreement.

Moana buys and eats a meal during her overtime which costs her \$35. The reasonable amount for overtime meals for the relevant

income year is \$32.50.

Moana can claim a deduction for \$35 as she buys and eats the meal while she is working overtime. As Moana's claim for her meal is more than the reasonable amount, she will need to keep written evidence for her overtime meal. Moana gets a receipt and takes a photo of it using the myDeductions tool in the ATO app so she can upload it in myTax when she lodges her tax return.

Moana doesn't need to keep the paper receipt as she has a digital copy stored electronically.

For more information, see *TD 2023/3 Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2023–24 income year?*

For more factory worker expenses, see:

- [Factory worker expenses A–F](#)
- [Factory worker expenses P–S](#)
- [Factory worker expenses T–W](#)

QC 51225

Factory worker expenses P–S

Details on claiming factory worker expenses.

Last updated 3 June 2024

On this page

[Parking fees and tolls](#)

[Phone, data and internet expenses](#)

[Protective items](#)

[Repairs to tools and equipment](#)

[Self-education expenses](#)

[Seminars, conferences and training courses](#)

[Stationery](#)

Parking fees and tolls

You can't claim a deduction for parking at or near a regular place of work. You also can't claim a deduction for tolls you incur for trips between your home and regular place of work. This is a private expense.

You can claim a deduction for parking fees and tolls you incur on work-related trips.

Phone, data and internet expenses

You can claim a deduction for phone, data and internet costs for the work-related use of your own phone or electronic devices.

If your phone, data and internet use for work is incidental and you're not claiming more than \$50 in total, you do not need to keep records.

If you claim more than \$50, you need to keep records to show your work use. For example, an itemised bill where you can identify your work-related phone calls and data use.

You can't claim a deduction if your employer:

- provides you with a phone for work and pays for your usage
- reimburses you for the costs you incur.

You can't claim a deduction for any phone calls to family and friends, even while travelling for work. This is because these are personal phone calls.

For more information, see:

- Mobile phone, mobile internet and other devices
- Home phone and internet expenses

Protective items

You can claim a deduction for the cost of **protective items** if you wear them to protect you from the real and likely risk of injury or illness in your work environment or while performing your work duties.

To be considered protective, the equipment must provide a sufficient degree of protection against the risks of illness or injury you are exposed to in carrying out your work duties. Protective items can include safety glasses, helmets and breathing masks.

You can also claim the costs you incur to repair, replace or clean protective items.

You can't claim a deduction if your employer:

- supplies the protective items
- reimburses you for the cost you incur to buy protective items.

Example: deduction for protective equipment

Wiremu works in a food manufacturing factory. Wiremu buys a pair of safety glasses and good quality ear plugs as he must wear them while his on duty. If Wiremu doesn't wear these items, he is at risk of injuries to his eyes and damaging his hearing.

Wiremu can claim a deduction for the cost of the safety glasses and ear plugs. These items protect him from the risk of injury while he is carrying out his employment duties.

Repairs to tools and equipment

You can claim a deduction for repairs to **tools and equipment** you use for work. If you also use them for private purposes, you can only claim an amount for your work-related use.

Self-education expenses

You can claim a deduction for **self-education expenses** if they directly relate to your employment as a factory worker and at the time the expense was incurred it:

- maintains or improves the skills and knowledge you need for your current duties

- results in or is likely to result in an increase in your income from your current employment.

You can't claim a deduction if the self-education expense if at the time you incurred the expense it either:

- doesn't have a connection with your current employment
- only relates in a general way to your current employment
- enables you to get employment or change employment.

If your self-education and study expenses are deductible, you can claim expenses such as course or tuition fees, student and amenities fees, textbooks, academic journals and stationery expenses. You will also be able to claim a deduction for the decline in value of any depreciating assets which cost more than \$300 that you use for your work-related study.

You can claim a deduction for transport expenses for:

- travel between your home and the place of education and then back home
- the first leg of the trip
 - when you travel from home to the place of education and then on to work
 - when you travel from work to a place of education and then home
- travel between work and the place of education and then back to work.

If you study at home, you may also be able to claim **work from home running expenses**, but not occupancy expenses.

You can't claim a deduction for the repayments you make on your study or training support loan. Study and training support loans include:

- Higher Education Loan Program (HELP) (FEE-HELP and HECS-HELP)
- VET Student Loans (VSL)
- Australian Apprenticeship Support Loan (AASL) (formerly Trade Support Loans (TSL))

- Student Financial Supplement Scheme (SFSS)
- Student Start-up Loan (SSL).

While course or tuition fees may be deductible, fees you incur under the Higher Education Contribution Scheme Higher Education Loan Program (HECS-HELP) scheme are not deductible.

Example: course to improve skills and knowledge

Frank is an apprentice metal machinist. He works in a factory and attends technical college to undertake his apprenticeship course for 2 consecutive days each fortnight.

Frank's employer's pay for his course fees but they don't pay for any of his other expenses. Frank travels from his home to the technical college by public transport and buys the textbooks he needs for his apprenticeship course.

Frank can claim a deduction for the cost of taking public transport to and from his home to the technical college and for the cost of his textbooks. The course Frank is taking improves the skill and knowledge he requires for his current duties. The course will also result in an increase in pay from his current employment.

Frank can't claim a deduction for the course fees because he doesn't incur the cost. His employer pays for the course fees directly.

Example: course doesn't have connection with current duties

Paolo works on a production line in a factory. He has recently arrived from overseas and is doing a language course to improve his English speaking skills. Paolo's enrolls in the course after encouragement from his employer.

Paolo can't claim a deduction for the costs of this course. The course doesn't relate to his current income-earning activities. Even though Paolo's employer encourages him to enrol in the course, the expenses are private. The course is too general.

Seminars, conferences and training courses

You can claim for the cost of **seminars, conferences and training courses** that relate to your work as a factory worker.

The costs you can claim includes fares to attend the venue where the seminar, conference or training course is held and registration costs. If you need to travel and stay away from home overnight to attend such an event, you can also claim the cost of accommodation and meals.

You may not be able to claim all of your expenses if attending a seminar, conference or training course is for both work-related and private purposes. If the private purpose is incidental, such as a catered lunch or a reception for delegates, you can still claim all your expenses. However, if the main purpose is not work-related, such as attending a conference while on a holiday, you can only claim the direct costs. Direct costs include the registration costs.

Where you have a dual purpose for attending the seminar, conference or training course you can only claim the work-related portion. For example, you add a holiday of one week to a training course that runs for one week.

Example: work-related training course

Ethan works as a production manager in a factory producing solar panels. He attends a 5 day training course in Sweden dealing with how to reduce the environmental impact of manufacturing solar panels and the cost efficiencies it creates.

Ethan's employer pays for the training and his flights to Sweden but Ethan pays for his accommodation and meals while he is there.

Ethan arrives the night before the course commences and travels home the day after it finishes.

Ethan can claim a deduction for the cost of his accommodation and meals while he is in Sweden attending the training course. The course relates to his current duties as a production manager in a solar panel factory and his sole purpose for the travel to Sweden is to attend the course.

Ethan can't claim a deduction for the cost of the training or his flights because he did not incur that cost. His employer pays for those expenses directly.

Stationery

You can claim a deduction for the cost of logbooks, diaries, pens and notepads that you buy and use for work-related purposes.

For more factory worker expenses, see:

- [Factory worker expenses A–F](#)
- [Factory worker expenses G–O](#)
- [Factory worker expenses T–W](#)

QC 51225

Factory worker expenses T–W

Details on claiming factory worker expenses.

Last updated 3 June 2024

On this page

[Taxi, ride-share, public transport and car hire](#)

[Tools and equipment](#)

[Travel expenses](#)

[Union and professional association fees](#)

Taxi, ride-share, public transport and car hire

You can't claim a deduction for **transport expenses** (taxi, ride-share, public transport or car hire) between home and work, these are private expenses.

You can claim a deduction for transport costs if you travel in the course of performing your work. For example, taking a taxi from your regular workplace to another work location.

You can't claim a deduction if your employer reimburses you for these expenses.

Tools and equipment

You can claim a deduction for **tools and equipment** if you use them to perform your duties as a factory worker, such as an air compressor, drill or hammer as well as tool insurance.

You can only claim a deduction for the work-related use of the item.

If the tool or equipment cost you \$300 or less, you can claim a deduction for it in the year you buy it, if:

- you use it mainly for work purposes
- it's not part of a set that together cost more than \$300.

You can claim a deduction for the cost over the life of the item (that is, decline in value), if the tool or equipment:

- cost more than \$300
- is part of a set that together cost more than \$300.

If you bought the tool or item of equipment part way through the year, you can only claim a deduction for the decline in value for the period of the income year that you own it. To work out your deduction use the **Depreciation and capital allowances tool**.

You can also claim a deduction for the cost of **repairs to tools and equipment** that you use for work purposes.

You can't claim a deduction for tools and equipment that are supplied by your employer or a third party.

Example: decline in value of tools

Stanley is a wood processing factory worker who owns an electric saw. He uses the saw at work during the week and at home on weekends for his home renovations. He buys the electric saw for \$650 on 1 October 2023.

Stanley can claim a deduction for the decline in value of the electric saw. However, he can only claim a portion of the decline in value that relates to his work use of the electric saw. Stanley can also only claim for the period of the income year that he owns the saw.

Stanley checks the effective life and finds it is 5 years and decides to use the prime cost method. As Stanley uses the saw 5 days per week for work and 2 days for private purposes, he calculates his work-related use as 5 days ÷ 7 days.

Stanley calculates his deduction as:

$$\text{Asset's cost} \times [\text{days held} \div 365] \times [100\% \div \text{Asset's effective life}]$$
$$\$650 \times [273 \text{ days} \div 366 \text{ days}] \times [100\% \div 5 \text{ years}] = \$347.25$$

Stanley claims a deduction of \$347.25 for the decline in value of his electric saw in his income tax return.

Travel expenses

You can claim a deduction for **travel expenses** you incur when your work requires you to both:

- travel for work
- sleep away from your home overnight in the course of performing your employment duties.

Expenses you can claim include your accommodation, meals and expenses which are incidental to the travel (incidentals). For example, when you travel interstate to attend a work-related conference, seminar or training course.

You can't claim a deduction for travel expenses where you don't incur any expenses, because you either:

- you slept in accommodation your employer provides
- you eat meals your employer provides
- your employer or a third party reimburses you for any costs you incur.

You also can't claim a deduction if you are not required to sleep away from your home overnight in the course of performing your employment duties. For example, if you fly interstate for work and return home the same day, or you choose to sleep near your workplace rather than returning home.

Receiving an allowance from your employer doesn't automatically mean you can claim a deduction. In all cases, you must be able to show:

- you were away overnight
- you have spent the money
- the travel directly relates to earning your employment income
- how you work out your claim.

If you receive a travel allowance you must include it as assessable income in your tax return unless all of the following apply:

- the travel allowance is not shown on your income statement or payment summary
- the travel allowance doesn't exceed the Commissioner's reasonable amount
- you spent the whole allowance on deductible accommodation, meal and incidental expenses, if applicable.

The Commissioner's reasonable amount is set each year. The amount is used to determine whether an exception from keeping written evidence applies for the following expenses which are covered by a travel allowance:

- accommodation
- meals
- incidentals.

You don't have to keep written evidence such as receipts if both of the following apply:

- you receive a travel allowance from your employer for the expenses
- your deduction is less than the Commissioner's reasonable amount.

However, you must keep written records for all your overseas accommodation expenses.

If you claim a deduction for more than the Commissioner's reasonable amount you need to keep receipts for all expenses, not just for the amount over the Commissioner's reasonable amount.

Even if you are not required to keep written evidence such as receipts, you must be able to explain your claim and show you spent the amounts. For example, show your work diary, that you received and correctly declared your travel allowance and bank statements.

For more information, see *TD 2023/3 Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2023–24 income year?*

Union and professional association fees

You can claim a deduction for union and professional association fees you pay. You can use your income statement or payment summary as evidence of the amount you pay if it's shown on there.

For more factory worker expenses, see:

- Factory worker expenses A–F
- Factory worker expenses G–O
- Factory worker expenses P–S

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Record keeping for work expenses

Records you need to keep as evidence of your expenses and exceptions to keeping some records.

Last updated 3 June 2024

To claim a deduction, you need to get and keep records to prove you incurred the expense. You will also need to be able to show how the expense relates to earning your employment income.

For a summary of work-related expense records, download [Keeping records for work-related expenses \(PDF, 999KB\)](#) .

Records are usually a receipt but can be another form of written evidence (such as an invoice). There are some **record keeping exceptions** which apply to:

- small expenses (\$10 or less, provided the total claim for the income year doesn't exceed \$200)
- hard to get receipts
- keeping travel allowance expense records
- keeping overtime meal allowance records.

For most expenses you need a receipt or similar document from the supplier that shows all of the following:

- the name or business name of the supplier
- the amount of the expense or cost of the asset
- the nature of the goods or services that you purchase
- the date you purchase the goods or services
- the date the document was produced.

Your records must be in English where you incur the expense in Australia.

If your total claim for work-related expenses is more than \$300, you must have written evidence for all of your claims.

For information about records you need for work-related expenses, see:

- Calculating your car expense deductions and keeping records
- Keeping records of vehicle expenses
- Keeping travel expense records
- Keeping records for transport expenses
- Keeping records for clothing, laundry and dry-cleaning
- Keeping records for self-education expenses
- Record keeping working from home expenses – fixed rate method
- Record keeping working from home expenses – actual cost method
- Keeping overtime meal allowance records
- Keeping records for mobile phone, mobile internet and other devices
- Keeping records for home phone and internet services
- Keeping records for tools and equipment
- Keeping records for computers, laptops and software

You can use the myDeductions tool in the ATO app to help keep track of your:

- work-related expenses (such as vehicle trips)
- general expenses (such as gifts and donations).

You can upload these records when you prepare your tax return, or share them with a tax agent at tax time to make lodging your tax return easier.

Find out about factory workers':

- Income and allowances
- Deductions for work expenses

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If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

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