

## Substantiation and ATO Audit Focus Guide

The ATO have named their 2022 focus areas, they are:

- **Work related expenses**
- **Rental property income and deductions**
- **Capital gains from crypto assets, property, and shares.**
- **Record keeping and substantiation**

Work related expenses include:

- Motor vehicle travel including travelling between work sites and carrying tools
- Working from home claims including home office (80c under the Covid-19 concession), furniture purchases, home internet, mobile phones etc
- The work use % of assets purchased such as laptops
- Protective equipment, clothing and laundry expenses

Evidence could ordinarily include a purchase receipt however where a private use component is incurred, sufficient records are needed to allow an accurate calculation of that private use so it can be excluded.

In order to calculate the amount of the claims above, the ATO requires keeping a type of diary or log. This is the only way to generate the required evidence and substantiate the claim.

**CrossCorp is no longer able to estimate your work related expenses for you or simply claim the same amount as you have done in the past. As your tax agent, we have the responsibility to ensure your claims are correct and are capable of being substantiated.**

Below are our recommendations of the types of logs/diaries to be kept to make claims going forward. If they have not been kept previously, please commence now and provide a copy to us with your annual information.

Please contact us if you would like excel copies of the below logs.

If you have worked from home, we need to know the actual dates and hours worked as this affects the rate used and whether or not other work related expenses can be claimed.

## Motor Vehicle Travel

If claiming under the *log book method*, a valid log book will remain for 5 years or until your work use changes.

If claiming under the *cents per klm method*, a reasonable estimate of the travel undertaken for work must be made. This is done via the diary below and it needs to be kept throughout the year.

### Motor Vehicle Diary

Taxpayer: \_\_\_\_\_

Year Ended: \_\_\_\_\_

Type or vehicle and regn #: \_\_\_\_\_

### Irregular Trips

Date	Purpose of trip requiring you to undertake a dedicated business journey	Driver	Odometer at start	Odometer at end	Distance travelled

### Regular Trips

Period over which regular trips undertaken (dates)	Purpose and nature of regular trips	Total number of trips undertaken	Number of work klms the car travelled

*Solutions for business growth*

## Home Office

When working from home, we recommend keeping the diary below.

---

### Home Office Usage Diary

Taxpayer: \_\_\_\_\_

Year Ended: \_\_\_\_\_

Date	Time work commenced	Time work finished	Total hours worked	Work performed
Total				

## Home Internet

If claiming a portion of home internet, a separate diary is required for each taxpayer and is to be kept for a period of 4 weeks. It needs to record the use of all persons in the house, not just the taxpayer. Again, the ATO requires a record to be kept in order to determine the work use % and a diary is the most suitable method. An example is below.

---

### Internet (Time Based) Usage Diary

Taxpayer: \_\_\_\_\_

Year Ended: \_\_\_\_\_

Date	Time commenced	Time finished	Description	Work use time	Private use time
Total					

\*\*\* A diary recording data usage as opposed to time can be used if more suitable.

*Solutions for  
business growth*

## Mobile Phone

Where a mobile phone is used for both work and private purposes, a log is to be kept for 4 weeks which records all work and private calls. The method used to calculate the deductible % depends on your circumstances. It could be based on:

- number of work calls made as a percentage of total calls
- amount of time spent on work calls as a percentage of your total calls
- amount of data downloaded for work purposes as a percentage of your total downloads

## Work Use of Other Assets

When private assets are used for work purposes, a log is also required to ascertain the % of the expense or decline in value which can be claimed.

A diary similar to the below would need to be kept for a suggested 4 weeks. It will need to record all work and private use to correctly substantiate the work use %.

---

### Asset – Time Usage Diary

Taxpayer: \_\_\_\_\_

Year Ended: \_\_\_\_\_

Asset description: \_\_\_\_\_

Purchase details: \_\_\_\_\_

Description of work use: \_\_\_\_\_

Date	Time commenced	Time finished	Total time	Business use	Private use	Work task undertaken
Total						

© CrossCorp 2022

*Solutions for  
business growth*

Level 3, Suite 18/23 Railway Rd, Subiaco WA 6008 | PO BOX 2032, SUBIACO WA 6904  
(08) 9226 1660 | admin@crosscorp.com | ABN 55 088 925 080 | [crosscorp.com](http://crosscorp.com)