

User Guide

Car Allowance

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CAR ALLOWANCE

A car allowance is what an employer gives employees for the business use of their personal vehicle to cover the cost of fuel and general wear-and-tear. A car allowance in Australia can be paid either as a set amount over a given time period or as a reimbursement cost calculated per Km recorded during work-related travel. More information available on the [ATO Website](#).

CAR ALLOWANCE AS A SET AMOUNT

Car allowance can be paid to employees who use their personal vehicles as a periodical salary amount. This allowance is defined by the ATO as an 'Allowance by way of unconditional extra payment' and therefore is subject to both PAYG and Superannuation. Some Fair Work awards may outline different conditions for car allowance. Please refer to your Industry standard award for more information. This allowance is reported on the Payment Summaries under the Allowances section.

CAR ALLOWANCE AS KM REIMBURSEMENT

This is where a set amount per KM is paid to the employee for use of their own vehicle. The employee must keep a log book for all work-related trips for the employer to pay. From the 1st July 2015, the ATO has set a specific rate per km which applies to all types of car. The current rate per KM is 68c, for a maximum of 5,000 business kilometres per vehicle. This allowance is not subject to PAYG or Super and it is reported on the Payment Summaries under the Allowances section.

Some Fair Work Awards still pay a higher allowance per KM driven, in this case the difference between the standard ATO rate and the Fairwork rate is taxed (however Superannuation is not calculated). For example, if a specific Fair Work award pays a Car Allowance at 78c per KM, 68c are not taxed and the remaining 10c are taxed.

More information available on the [ATO Website](#).



Important Information – Work-related trips

- Carry tools or equipment
- Attending meetings or conferences
- Travelling between two separate workplaces (Eg. First and second job)
- Delivering items or collecting supplies



Security Policies

- Administrator or Bookkeeper/Accountant User Roles
- Access to the Payroll Command Centre

Frequently Asked Questions



I receive a per km allowance from my employer do I need to keep petrol receipts?

No, but you need to provide evidence of the km travelled for work such as a log book.

My car was at the shop so I leased one, can I still claim the cost per KM as part of my allowance?

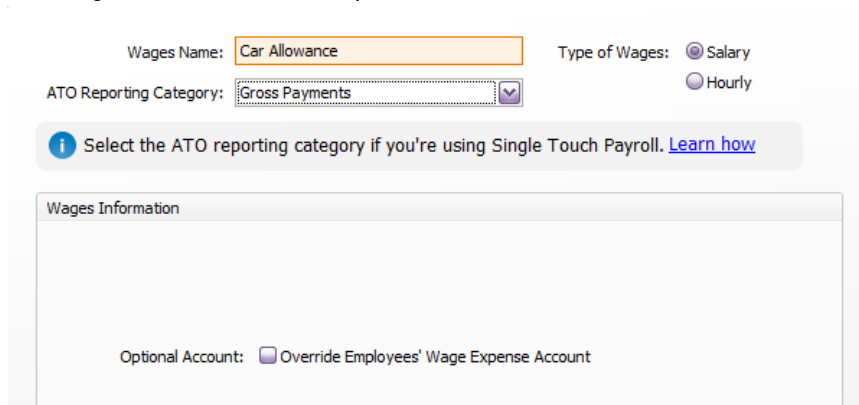
Yes, you can claim a deduction for using a car that you owned, leased or hired under a hire-purchase agreement

Can I claim my trip from home to work?

No this is considered a private trip

How to set up a car allowance (set amount)

1. Go to Payroll → Payroll Categories
2. Select the **[Wage]** Tab
3. Click on **[New]**
 - *The Wages Information screen opens*



Wages Name: Type of Wages: Salary
 Hourly
 ATO Reporting Category:
 ⓘ Select the ATO reporting category if you're using Single Touch Payroll. [Learn how](#)
 Wages Information
 Optional Account: Override Employees' Wage Expense Account

4. Select/Enter the following details:
 - Wages Name → Enter: **Car Allowance**
 - ATO Reporting Category → Select: **Gross Payments**
 - Type of Wages → Select: **Salary**
5. Click on **[Employees]**
6. Select the employees entitled to receive the car allowance
7. Click on **[OK]** → **[OK]**

SPECIFY THE EMPLOYEE ALLOWANCE AMOUNT

8. Go to Card File → Cards List
9. Select the **[Employee]** and open the employee card
10. Select the **[Payroll Details]** → **[Standard Pay]** Tab
11. In the Amount column specify the car allowance amount per pay period
 - *The Employee Standard Pay*

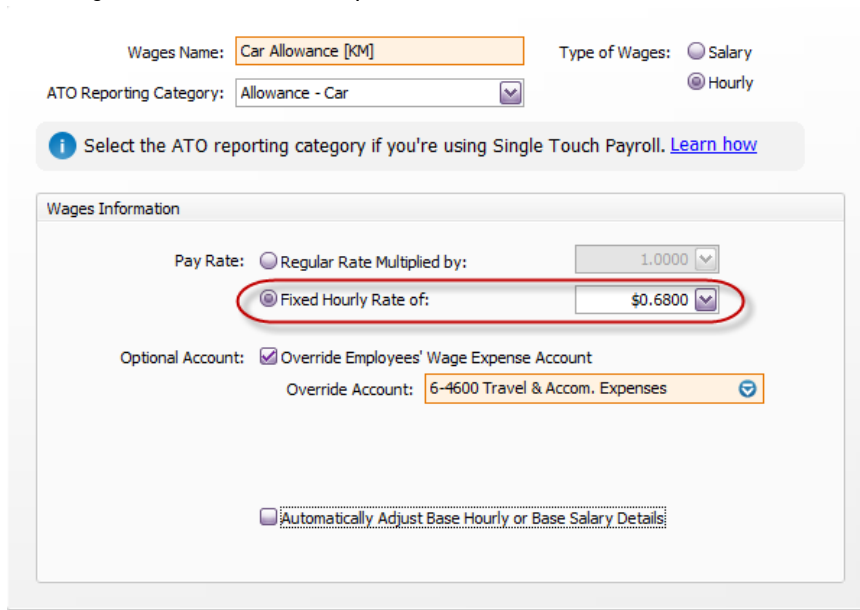
Payroll Category	Hours	Amount	Job
Wages, Deductions and Taxes			
Annual Leave Pay	0.00		
Base Salary			
Car Allowance		\$250.00	<input type="button" value="v"/>
PAYG Withholding		<Calculated>	
Personal Leave Pay	0.00		

12. Click on **[OK]**

How to set up a car allowance (km reimbursement)

1. Go to Payroll → Payroll Categories
2. Select the **[Wage]** Tab
3. Click on **[New]**

→ The Wages Information screen opens



Wages Name: Type of Wages: Salary Hourly

ATO Reporting Category:

i Select the ATO reporting category if you're using Single Touch Payroll. [Learn how](#)

Wages Information

Pay Rate: Regular Rate Multiplied by: Fixed Hourly Rate of:

Optional Account: Override Employees' Wage Expense Account
 Override Account:

Automatically Adjust Base Hourly or Base Salary Details

4. Select/Enter the following details:
 - Wages Name → Enter: **Car Allowance [KM]**
 - ATO Reporting Category → Select: **Allowance Car**
 - Type of Wages → Select: **Hourly**
 - Pay Rate → Select: **Fixed Hourly Rate of 0.66**
5. Select the option: Override Employee's Wage Expense Account
6. Select a Travel Related Expense Account (Eg, 6-XXXX – Travel – Employees Car Expenses)
7. Click on **[Exempt]**

→ The Wages Exemption screen opens

<input type="checkbox"/> Tax & Deductions	△ Type	
<input type="checkbox"/> Advance Repayment	Deduction	
<input type="checkbox"/> Employee Purchase	Deduction	
<input type="checkbox"/> One-Time Deduction	Deduction	
<input checked="" type="checkbox"/> PAYG Withholding	Tax	
<input type="checkbox"/> Union Fee	Deduction	

8. Select **PAYG Withholding** from the list and click on **[OK]**
9. Click on **[Employees]**
10. Select the employees entitled to receive the car allowance
11. Click on **[OK]** → **[OK]**
12. Select the **[Superannuation]** Tab
13. Open the Superannuation Guarantee Category
14. Click on **[Exempt]**

→ The Superannuation Exemption screen opens

<input type="checkbox"/> Wage Categories	△ Type	
<input checked="" type="checkbox"/> Advance	Wages	
<input checked="" type="checkbox"/> Annual Leave Loading	Wages	
<input type="checkbox"/> Annual Leave Pay	Wages	
<input type="checkbox"/> Back Pay	Wages	
<input type="checkbox"/> Base Hourly	Wages	
<input type="checkbox"/> Base Salary	Wages	
<input checked="" type="checkbox"/> Bonus	Wages	
<input type="checkbox"/> Car Allowance	Wages	
<input checked="" type="checkbox"/> Car Allowance [KM]	Wages	
<input type="checkbox"/> CDEP Payments	Wages	
<input type="checkbox"/> Commission	Wages	
<input type="checkbox"/> Entitlm. - RDO Earned	Wages	

15. Select: **Car Allowance KM** from the list and click on **[OK]**
16. Click on **[OK]**

RECORD THE NUMBER OF KM TRAVELLED ON THE EMPLOYEE PAY

1. Go to Payroll → Process Payroll
→ The Process Payroll screen opens
2. Set the Payment and Pay Period Dates and click on [Next >]
3. Open the employee pay
→ The Pay Employee screen opens

Pay from Account: 1-1110 FirstBank Business Account Balance: \$66,945.00
 Payment Method: Cheque

Employee: Roberts, Sharon Cheque No.: Auto #
 Payee: 144 Clay Street Moorabbin VIC 3189 Australia Payment Date: 26/01/2018
 Memo: Pay Employee Pay Period Start: 20/01/2018
 Net Pay: \$1,015.50

Payroll Category	Hours	Account	Amount	Job
Wages, Deductions and Taxes				
Annual Leave Loading	0.00	6-4100	Wages & Salaries Expenses	\$0.00
Annual Leave Pay	0.00	6-4100	Wages & Salaries Expenses	\$0.00
Base Hourly	38.00	6-4100	Wages & Salaries Expenses	\$1,254.00
Car Allowance [KM]	75.00	6-4600	Travel & Accom. Expenses	\$49.50
Overtime (1.5x)	0.00	6-4100	Wages & Salaries Expenses	\$0.00
Overtime (2x)	0.00	6-4100	Wages & Salaries Expenses	\$0.00
Personal Leave Pay	0.00	6-4100	Wages & Salaries Expenses	\$0.00
Commission		6-4100	Wages & Salaries Expenses	\$0.00
PAYG Withholding		2-1410	PAYG Withholding Payable	-\$288.00
Entitlements				
Annual Leave Accrual	8.692	6-4100	Wages & Salaries Expenses	\$0.00
Personal Leave Accrual	4.346	6-4100	Wages & Salaries Expenses	\$0.00

4. In the **Car Allowance [KM]** field enter the number of KM driven over the last payroll period
5. Click on [OK]
6. Complete the payroll process

RECORD THE NUMBER OF KM TRAVELLED ON THE EMPLOYEE TIMESHEET

1. Go to Payroll → Enter Timesheet
→ The Enter Timesheet screen opens

Employee: Roberts, Sharon Week of 22 Jan - 28 Jan, 2018

Payroll Category	Job	Notes	M 22	T 23	W 24	T 25	F 26	S 27	S 28	Total Hours
Base Hourly			7.60	7.60		7.60	7.60			30.40
Personal Leave Pay					7.60					7.60
Car Allowance [KM]			15.00	26.00		16.00	18.00			75.00

2. Select the Employee and the pay week
3. From the Payroll Category list select: **Car Allowance [KM]**
4. Enter the number of KM driven each day
5. Click on [OK]