Self-education expenses

Self-education expenses relate to a course of education provided by a school, college, university, or other place of education.

Included in these costs are tuition fees, student union fees, textbooks, stationery, interest on loans taken out to fund self-education, motor vehicle and home office running costs and decline in value of office equipment.

Professional education courses provided by professional associations, work-related seminars and conferences are not self-education expenses. Instead, these expenses are claimed as general work-related expenses.

Payments for HELP places, either upfront or through the HELP debt system, are not tax deductible. Interest on loans to make these payments is also not tax deductible. However, course fees and interest on loans relating to non-Commonwealth supported places may be tax deductible.

Claiming self-education expenses

You can claim self-education expenses only where there is a direct connection between your studies and your current work activities, such as:

- The study enables you to maintain or improve the skills and knowledge required to perform your current work activities; or
- The study will lead to increased earning capacity from your current work activities.

Studies for reasons other than those listed above may not be eligible for a tax deduction.

For example, self-improvement, motivation, stress management and personal development courses are generally not tax deductible. Investment seminars are also not tax deductible unless there is a direct connection to your current investment portfolio.

You cannot claim a deduction for self-education expenses incurred to enable you to obtain a new job or commence a new business. For this reason, self-education expenses are not automatically tax deductible simply because you have a part-time job or even a full-time job in the same field as your study. Care must be taken in determining the deductibility of your self-education expenses by assessing the facts of your particular situation.

$250 non-deductible amount
The first $250 of self-education expenses is not tax deductible. However, certain non-deductible expenses can be used to offset this amount.

Travel expenses
For a domestic or overseas study tour, you may be able to claim fares, meals and accommodation expenses whilst away from home. A deduction may also be available if you attend seminars or conferences or attend a place of education away from home and are required to stay overnight.

Motor vehicle expenses
If you travel directly from home to your place of education and return home, or from work to your place of education and back to work, the expenses associated with this travel are tax deductible. If you travel from home to your place of education then to work, or from work to your place of education then home, only the first leg of each trip is tax deductible. However, the costs of the second non-deductible leg of each trip can be offset against the $250 non-deductible amount as discussed above.
Child care
The costs of child care while you are attending your place of education are non-deductible, but can be offset against the $250 non-deductible amount.

Home office expenses
You can claim a tax deduction for running costs (gas and electricity) associated with a home office used for study. This can be calculated by multiplying the number of hours the home office was used for study by the Australian Taxation Office’s approved claim rate, currently 34 cents per hour.

Computers, furniture and other equipment
If you acquire computers, office furniture or other equipment for your study, you can claim a portion of these expenses. If the item costs less than $300, a claim may be made for the portion that relates to study as an outright deduction. Items greater than this amount may be claimed over a number of years instead.

Please note that if you use the 34 cents per hour rate for home office expenses, you cannot claim the cost of office furniture as these costs are included in the hourly rate.

Potential legislative changes
Subject to the passing of legislation, there may be a limit imposed to the amount of self-education expenses that can be claimed as a tax deduction.

There are currently intentions to cap the self-education expenses deduction at $2,000.

Record keeping
You are required to maintain all receipts for five years from the date your income tax return was lodged. To substantiate a claim for home office expenses, you are required to maintain a time diary for one month each financial year.

Required documents
In order to claim self-education expenses, you should provide the following documents to us:

- A summary of your self-education expenses, including any equipment purchased, such as computers or office furniture.
- A reasonable estimate of the number of kilometres travelled in relation to your self-education and the engine size of your car.
- The number of hours per week you used your home office for self study purposes.

Further information
For further information please contact the following staff member:

Simon Dinér  simon.diner@youraccountant.com.au

Call our office on (03) 9894 2500