

[11.0.2] Cars and Running Expenses

Updated September 2015

Apportionment of business/private use

To be fully deductible, running expenses must meet the 'wholly and exclusively' test. However in most cases a car will have an element of private use. Accordingly where a car is used for both business and private purposes, only the portion of the expenses that are applicable to the business use of the car are allowable. The fraction used for the purposes of determining the business use of the car is normally derived from the proportion that the business mileage¹ bears to the total mileage incurred.

¹ Refer to manual [04.10.01](#) for more details on how to determine whether or not mileage is wholly and exclusively for the purposes of the trade.