IT 2469 - Income tax: travel expenses for employee long distance truck drivers in receipt of insufficient or no travel allowance

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TAXATION RULING NO. IT 2469

INCOME TAX : TRAVEL EXPENSES FOR EMPLOYEE LONG DISTANCE TRUCK DRIVERS IN RECEIPT OF INSUFFICIENT OR NO TRAVEL ALLOWANCE

F.O.I. EMBARGO: May be released

REF N.O. REF: 86/6335-1 DATE OF EFFECT: Immediate

B.O. REF: DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1010623	TRAVEL ALLOWANCES	82KU
	SUBSTANTIATION	82KZ
	TRAVEL EXPENSES	

OTHER RULINGS ON TOPIC - IT 2327; 2368

PREAMBLE This Ruling concerns the substantiation requirements for employee long distance truck drivers who receive either no travel allowance or a travel allowance less than $30 per day.

2. Subsection 82KZ(4) of the Income Tax Assessment Act allows the Commissioner to form an opinion that a travel allowance paid to an employee to cover the costs of accommodation, food, drink and incidentals incurred while travelling on duty is reasonable, having regard to the expenditure that the employee could reasonably be expected to incur. Where the Commissioner forms such an opinion, the employee can claim income tax deductions up to the amount of the travel allowance without the need to substantiate the claim.

3. Taxation Ruling IT 2368 advised that the Commissioner has formed an opinion that a travel allowance of not more than $30 per day paid to a long distance truck driver to cover food and drink expenses is reasonable in terms of subsection 82KZ(4). Employee long distance truck drivers who receive an allowance of not more than $30 per day therefore do not have to substantiate their claims for food and drink expenses provided those claims do not exceed the amount of the allowance received.

RULING 4. Subsection 82KZ(4) only gives the Commissioner the authority to form an opinion on the reasonableness of likely expenses in circumstances where a travel allowance is paid. The Commissioner therefore has no power to waive the substantiation requirements where an employee is not paid a travel allowance. This means that any claim made by an employee who does not receive any allowance must be substantiated.

5. As indicated in Taxation Ruling IT 2368, employee long distance truck drivers who receive a travel allowance of less than $30 per day to cover food and drink expenses may claim deductions up to the amount of the allowance received without

the need for substantiation.

6. However, where a claim for food and drink expenses in these cases is greater than the allowance received the total amount of the claim (including that amount covered by the allowance) will be required to be substantiated in full.

7. As indicated in Taxation Ruling No. IT 2368, there will be situations in which it is impracticable for taxpayers to obtain receipts for various small amounts expended on food and drink, it will be sufficient substantiation if particulars of the amounts are evidenced in a diary or similar record and the total expenditure claimed for food and drink, including any amounts covered by receipts, does not exceed $30 per day. Such expenses are deemed undocumentable and the $200 limit which applies to small expenses does not apply to these undocumentable expenses.

COMMISSIONER OF TAXATION
14 April 1988

ADDENDUM

It has come to the attention of this Office that there has been some confusion about the application of Taxation Ruli ng IT 2469. Taxation Ruling IT 2469 deals with the substantiation requirement to be met by employee long distance truck drivers who either do not receive a travel allowance or whose travel allowance is less than $30 a day.

2. Taxation Ruling IT 2469 states that in accordance with Taxation Ruling IT 2368 employee long distance truck drivers will have met the relevant substantiation provisions if the particulars of amounts expended on food or drink are evidenced in a diary entry or, similar record, and the total amount claimed for food or drink, including amounts covered by receipts , does not exceed $30 a day. Subsequent to the issuing of IT 2469, the $30 a day limit was increased in Taxation Rulings IT 2601 and IT 2644. However, no corresponding increases were made to the limit in IT 2469.

3. Accordingly, for amounts expended on food or drink by employee long distance truck drivers in the income years ended 30 June 1990 and 30 June 1991 claims of:

. $41 a day for salaries below $55 999; and

. $45 a day for salaries of more than $55 999.

which are supported by diary entries will be treated as having met the relevant substantiation requirements.

4. For the year ending 30 June 1992 IT 2469 is replaced by IT 2644.

COMMISSIONER OF TAXATION
1 August 1991