TD 2004/19 - Income tax: what are the reasonable travel and meal allowance expense amounts for 2004-05?

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This document has changed over time. This is a consolidated version of the ruling which was published on *23 June 2004*

Taxation Determination

Income tax: what are the reasonable travel and meal allowance expense amounts for 2004-05?

Preamble

The number, subject heading, date of effect and paragraphs 1 to 15 of this document are a 'public ruling' for the purposes of Part IVAAA of the ***Taxation Administration Act 1953*** *and are legally binding on the Commissioner.*

1. This Determination sets out the amounts that the Commissioner of Taxation considers are reasonable (***reasonable amounts***) for the 2004-05 income year in relation to claims made for:

(a) overtime meal allowance expenses;

(b) domestic travel allowance expenses;

(c) travel allowance expenses for employee truck drivers; and

(d) overseas travel allowance expenses.

Taxation Ruling TR 2004/6

2. This Determination should be read together with Taxation Ruling TR 2004/6 which explains the substantiation exception and the way in which these expenses are able to be claimed. Key points about claiming travel allowance expenses and meal allowance expenses are:

- *Claim must be allowable* – A deduction claim cannot exceed the amount actually incurred for work-related purposes. The payment of an allowance does not of itself allow a deduction to be claimed.
- *Expenses covered* – The expenses that the substantiation exception apply to are:
  - domestic travel allowance expenses – accommodation, food and drink, and incidentals that are covered by the allowance (but the accommodation rates do not apply to employee truck divers);
  - overseas travel allowance expenses – food and drink, and incidentals that are covered by the allowance (the exception does not apply to accommodation); and

  - Meal allowance expenses – for food and drink in connection with overtime worked.

- *For travel allowance expenses* – the employee must sleep away from home.
- *Substantiation exception for reasonable amounts* – Where the amount claimed is no more than the applicable reasonable amount, substantiation of the claim with written evidence is not required.
- *Allowance must be paid* – The substantiation exception only applies if the employee is paid a meal allowance under an industrial instrument or a travel allowance. The allowance must have an identifiable connection with the nature of the expense covered.
- *Claims in excess of reasonable amounts* – If the amount claimed is more than the reasonable amount, the whole claim must be substantiated, not just the excess.
- *Verification of reasonable claims* – In appropriate cases, where the substantiation exception is relied on, the employee may still be required to show an entitlement to the substantiation exception, the reasonable rate used, and entitlement to a deduction, for example that work-related travel was undertaken, a bona fide travel allowance was paid, the claim is below the reasonable amount for the destination, and commercial accommodation was used. The nature and degree of evidence will depend on the circumstances, for example the circumstances under which the employer pays allowances, the occupation of the employee, the total amount of allowances received and claimed during the year by the employee.
- *Tax return treatment* – Both allowance and expense do not need to be shown in the employee's tax return if the allowance does not exceed the reasonable amounts and it has been fully spent on deductible expenses. If an amount less than the allowance has been spent, then the income tax return must include the allowance and the expenses claimed. Where a deduction claim is made, the allowance paid must also be included in the tax return.

Reasonable amount for overtime meal allowance expenses

3. For overtime meal expenses to be considered under the exception from substantiation, the meal allowance must be a bona fide meal allowance (see paragraph 87 of Taxation Ruling TR 2004/6) paid or payable under a law of the Commonwealth or of a State or Territory, or an award, order, determination or industrial agreement in force under such a law (section 900-60 of the ITAA 1997).

4. For the 2004-2005 income year the reasonable amount for overtime meal allowance expenses is **$20.55**.

Reasonable amounts for domestic travel allowance expenses

Types of expenses

5. This Determination shows reasonable amounts for travel allowance expenses. The reasonable amounts are given for:

- accommodation at daily rates (for domestic travel only);

- meals (showing breakfast, lunch and dinner); and
- deductible expenses incidental to travel.

Travel destinations

6. These amounts are shown for the following travel destination:

- Each Australian State and Territory capital city;
- Certain specified high cost regional and country centres (at individual rates);
- Other specified regional and country centres (at a common rate);
- All other regional and country centres (at a common rate); and
- Specified overseas locations (selected countries or regions in a country).

Type of accommodation

7. The accommodation rates shown for domestic travel apply only for stays in commercial establishments like hotels, motels and serviced apartments. If a different type of accommodation is used the rates do not apply.

Meal expenses

8. The reasonable amount for meals depends on the period and time of travel. That is, the rates only apply to meals (that is breakfast, lunch, dinner) that fall within the time of day from the commencement of travel to the end of travel covered by the allowance.

Incidental expenses

9. The reasonable amount applies in full to each day of travel covered by the allowance, without the need to apportion for any part-day travel on the first and last day.

Reasonable amount for 2004-05

10. The reasonable amounts for daily travel allowance expenses, according to salary levels and destinations, for the 2004-2005 income year are shown in Tables 1-6 as follows.

Table 1: Employee's annual salary – $78,750 or below				
Place	**Accomm.** $	**Food and drink** $ B'fast 18.40 Lunch 20.55 Dinner 35.40	**Incidentals** $	**Total** $
Adelaide	131	74.35	14.20	219.55
Brisbane	126	74.35	14.20	214.55
Canberra	103	74.35	14.20	191.55
Darwin	122	74.35	14.20	210.55
Hobart	104	74.35	14.20	192.55
Melbourne	150	74.35	14.20	238.55
Perth	117	74.35	14.20	205.55
Sydney	157	74.35	14.20	245.55
High cost country centres	See Table 4	74.35	14.20	Variable – see Table 4
Tier 2 country centres (see Table 5)	85	B'fast 16.40 Lunch 18.75 Dinner 32.40 67.55	14.20	166.75
Other country centres	70	67.55	14.20	151.75

Table 2: Employee's annual salary – $78,751 – $140,000				
Place	**Accomm.** $	**Food and drink** $ B'fast 19.95 Lunch 28.25 Dinner 39.60	**Incidentals** $	**Total** $
Adelaide	152	87.80	20.20	260.00
Brisbane	147	87.80	20.20	255.00
Canberra	129	87.80	20.20	237.00
Darwin	140	87.80	20.20	248.00
Hobart	120	87.80	20.20	228.00
Melbourne	169	87.80	20.20	277.00
Perth	140	87.80	20.20	248.00
Sydney	192	87.80	20.20	300.00
High cost country centres	See Table 4	87.80	20.20	Variable – see Table 4
Tier 2 country centres (see Table 5)	102	B'fast 18.40 Lunch 18.75 Dinner 36.55 73.70	20.20	195.90
Other country centres	84	73.70	20.20	177.90

Table 3: Employee's annual salary – $140,001 and above				
Place	**Accomm.**	**Food and drink**	**Incidentals**	**Total**
Sydney Melbourne	$265	$109 B'fast $22 Lunch $34 Dinner $53	$20.20	$394.20
Brisbane Perth Adelaide Darwin Hobart Canberra	$195	$109 B'fast $22 Lunch $34 Dinner $53	$20.20	$324.20
Other than Capital City	$105 or the relevant amount at Table 4	$85 B'fast $20 Lunch $29 Dinner $36	$20.20	$210.20

Table 4: High cost country centres – accommodation expenses			
Country centre	$	**Country centre**	$
Ballarat (Vic)	95.00	Karratha (WA)	135.00
Broome (WA)	116.00	Kununurra (WA)	104.00
Burnie (Tas)	93.50	Newcastle (NSW)	108.00
Carnarvon (WA)	92.00	Newman (WA)	115.00
Christmas Island (WA)	100.00	Northam (WA)	100.00
Cocos (Keeling) Islands	90.00	Pt Hedland (WA)	117.00
Dampier (WA)	95.00	Pt Lincoln (SA)	99.00
Devonport (Tas)	92.00	Thursday Island (QLD)	130.00
Gold Coast (QLD)	104.00	Tom Price (WA)	92.00
Horn Island (QLD)	108.00	Weipa (QLD)	115.00
Jabiru (NT)	170.00	Wollongong (NSW)	100.00

Table 5: Tier 2 country centres	
Country centre	**Country centre**
Albany (WA)	Katherine (NT)
Alice Springs (NT)	Launceston (Tas)
Ararat (VIC)	Halls Creek (WA)
Bathurst (NSW)	Maitland (NSW)
Bendigo (VIC)	Maitland (NSW)
Bunbury (WA)	Wagga Wagga (NSW)
Cairns (QLD)	Warrnambool (VIC)
Kalgoorlie (WA)	

Reasonable travel allowance expense claims for employee truck drivers

11. Amounts claimed up to the food and drink component **only** of the reasonable domestic daily travel allowance amounts for 'other country centres' are considered to be reasonable for meal expenses of ***employee*** truck drivers who have received a travel allowance and who are required to ***sleep away from home***. For the 2004-2005 income year, the relevant amounts are:

Table 6: Employee truck drivers	
Salary range	**Food and drink**
$78,750 and below	B'fast Lunch Dinner $16.40 $18.75 $32.40 $67.55 per day
$78,751 and above	B'fast Lunch Dinner $18.40 $18.75 $36.55 $73.70 per day

(For further information on truck drivers see the Explanations part of TR 2004/6 at paragraphs 72 to 75 and Taxation Ruling TR 95/18.)

Office holders covered by the Remuneration Tribunal

12. Daily domestic travel allowance expense claims made by office holders covered by the Remuneration Tribunal are considered to be reasonable amounts if they do not exceed the rate of allowances set by the Remuneration Tribunal for that office holder.

Federal Members of Parliament

13. The travel allowances paid to Federal Members of Parliament and Federal Parliamentary Secretaries, under the arrangements that commenced on 14 April 1998, are considered reasonable amounts for the recipients of those allowances. This includes the Capital City and Canberra travel allowance rates for domestic travel, having regard to the circumstances under which those allowances are paid.

Reasonable amounts for overseas travel allowance expenses

14. The reasonable amounts for overseas travel expenses are shown in Schedule 1 to this Determination. Table 1 of Schedule 1 sets out the cost group to which a country (or part of a country) has been allocated. Table 2 of Schedule 1 sets out the reasonable amount for meal expenses and incidental travel expenses for each cost group for specified employee salary ranges.

15. If the ***employee*** travels to a country that is not shown in Table 1 of Schedule 1 the employee can use the reasonable amount for Cost Group 1 in Table 2 for the relevant salary range.

Examples – calculation of reasonable daily overseas travel expense amounts

Allowance includes a separate meals and incidentals component

16. An employee travels to Brazil on business for two weeks and is paid a travel allowance of $300 per day ($100 for meals and incidentals and $200 for accommodation). The employee's annual salary is $82,000. The reasonable daily overseas travel allowance expense claim is calculated as follows.

17. Schedule 1 Table 1 lists Brazil as Cost Group 1. Using Table 2, at a salary of $82,000 per year, the reasonable overseas travel allowance amount for meals and incidental expenses for Cost Group 1 (which covers Brazil) is $115 ($90 for three meals and $25 for incidentals).

18. The employee claims a deduction for meals and incidental expenses actually incurred of $110 per day. As the employee is claiming a deduction that is less than the reasonable amount of $115 per day, the employee does not need to keep written evidence to substantiate expenditure on meals and incidental expenses. The employee is required, however, to maintain a travel record and to keep receipts or other documentary evidence to substantiate accommodation expenses.

Allowance without an identified component for meals and incidentals

19. An employee travels overseas on business for four days and is paid a travel allowance of $300 per day for meals, incidentals and accommodation. The employee's annual salary is $33,000. The employee travels to a country in Europe that is not listed in Table 1 of Schedule 1. Cost Group 1 is used for the reasonable overseas travel allowance amount for a country not listed in Table 1 and the reasonable amount is as follows.

20. At a salary of $33,000 per annum the reasonable overseas travel allowance amount for Cost Group 1 is $65 for three meals and $25 for incidental expenses (See Table 2).

21. The travel allowance paid to the employee does not specify an amount for each of the components of the allowance, but it covers meals and incidental expenses. The employee is entitled to claim up to $90 per day for expenses incurred on three meals (that is, food and drink) and incidentals without substantiation provided he has incurred deductible meals and incidental expenses at least equal to $90. Written evidence is required to substantiate any accommodation costs claimed.

Date of Effect

22. This Determination applies to the 2004-05 income year only. However, the Determination will not apply to taxpayers to the extent that it conflicts with the terms of settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

Commissioner of Taxation
23 June 2004

Previous draft:
Not previously issued in draft form

Related Rulings/Determinations:
TR 92/20; TR 95/18; TR 2004/6

Legislative references:
- TAA 1953 Pt IVAAA
- ITAA 1997 900-60

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SCHEDULE 1

Table 1: Table of Countries

If a country is not listed in Table 1 use the reasonable amount in Table 2 for Cost Group 1.

For an explanation of Cost Groups see Table 2 below.

Country	Cost Group	Country	Cost Group	Country	Cost Group	Country	Cost Group
Albania	1	Canada	3	Ethiopia	1	Ireland	4
Algeria	2	Cayman Islands	5	Falkland Islands	3	Israel	3
Angola	5	Chile	1	Fiji	1	Italy	2
Argentina	1	China	3	Finland	4	Jamaica	2
Austria	3	Colombia	1	France	3	Japan	4
Azerbaijan	1	Congo Dem Rep	4	French Guiana	6	Jerusalem	2
Bahamas	5	Cook Islands	2	Gambia	1	Jordan	2
Bahrain	3	Costa Rica	1	Georgia	1	Kazakhstan	1
Bangladesh	1	Cote D'ivoire	3	Germany	3	Kenya	1
Barbados	4	Croatia	1	Ghana	1	Korea	4
Belgium	3	Cuba	4	Greece	3	Kuwait	3
Benin	3	Cyprus	1	Grenada	3	Laos	1
Bermuda	5	Czech Republic	1	Guatemala	2	Latvia	2
Bolivia	1	Denmark	4	Guyana	1	Lebanon	3
Botswana	1	Dominican Rep.	1	Honduras	1	Lesotho	1
Brazil	1	East Timor	1	Hong Kong	4	Libya	2
Brunei	1	Ecuador	1	Hungary	1	Lithuania	2
Bulgaria	1	Egypt	1	Iceland	4	Luxembourg	3
Burkina Faso	2	El Salvador	2	India	2	Macau	2
Cambodia	3	Eritrea	1	Indonesia	2	Macedonia	1
Cameroon	3	Estonia	2	Iran	1	Madagascar	1

Table 1 (*continued*)

Country	Cost Group	Country	Cost Group	Country	Cost Group	Country	Cost Group
Malawi	1	Nicaragua	1	Rwanda	1	Tanzania	1
Malaysia	1	Nigeria	3	Samoa	1	Thailand	1
Mali	1	Niue	1	Saudi Arabia	2	Tonga	1
Malta	2	Norway	5	Senegal	3	Tunisia	2
Marshall Islands	1	Oman	3	Serbia	1	Turkey	2
Martinique	4	Pakistan	1	Singapore	2	Turkmenistan	4
Mauritius	1	Palau	4	Slovakia	1	Uganda	1
Mexico	2	Panama	2	Slovenia	1	Ukraine	3
Micronesia	2	PNG	1	Solomon Is	1	United Arab Emirates	3
Monaco	4	Paraguay	1	South Africa	1	United Kingdom	4
Montserrat	3	Peru	2	Spain	2	USA	4
Morocco	2	Philippines	1	Sri Lanka	1	Uruguay	1
Mozambique	1	Poland	2	St Lucia	4	Uzbekistan	2
Myanmar	3	Portugal	1	Sudan	3	Vanuatu	3
Namibia	1	Puerto Rico	3	Swaziland	1	Venezuela	1
Nepal	1	Qatar	2	Sweden	2	Vietnam	1
Neth. Antilles	3	Reunion	3	Switzerland - Geneva	4	Zambia	1
Netherlands	2	Romania	1	Switzerland - elsewhere	3	Zimbabwe	1
New Caledonia	4	Russia – Moscow	5	Syria	2		
New Zealand	2	Russia - elsewhere	3	Taiwan	2		

Table 2: Reasonable amounts by cost groups

Cost Group	Salary $78,750 and below			Salary $78,751 – $140,000			Salary $140,001 and above		
	Meals	Incidentals	Total	Meals	Incidentals	Total	Meals	Incidentals	Total
1	$65	$25	$90	$90	$25	$115	$115	$30	$145
2	$80	$30	$110	$110	$35	$145	$140	$40	$180
3	$105	$35	$140	$130	$40	$170	$160	$45	$205
4	$130	$35	$165	$160	$45	$205	$190	$50	$240
5	$170	$40	$210	$210	$50	$260	$250	$60	$310
6	$205	$45	$250	$260	$50	$310	$300	$60	$360

Note: These amounts are determined by the Commissioner solely as the amounts that will be accepted for the exception from the requirement to obtain written evidence for substantiation purposes (see paragraph 33 of TR 2004/6)