TD 2012/17 - Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2012-13 income year?

Taxation Determination

Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2012-13 income year?

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Ruling

1. This Determination sets out the amounts that the Commissioner considers are reasonable (***reasonable amounts***) for the substantiation exception in Subdivision 900-B of the *Income Tax Assessment Act 1997* (ITAA 1997) for the 2012-13 income year in relation to claims made for:

(a) overtime meal allowance expenses – for food and drink in connection with overtime worked and where a meal allowance has been paid under an industrial instrument;

(b) domestic travel allowance expenses – accommodation, food and drink, and incidentals that are covered by the allowance;

(c) travel allowance expenses for employee truck drivers – food, drink and incidentals that are covered by the allowance; and

(d) overseas travel allowance expenses – food, drink and incidentals that are covered by the allowance.

Taxation Ruling TR 2004/6

2. This Determination should be read together with Taxation Ruling TR 2004/6 *Income tax: substantiation exception for reasonable travel and overtime meal allowance expenses* which explains the substantiation exception and the way in which these expenses are able to be claimed. It is important to remember that when 'setting the reasonable amount ... the Commissioner does **not** determine the amount of allowance an ***employee*** should receive or an employer should pay their employees. The amount of an allowance is a matter to be determined between the payer and the payee'. (Refer to paragraph 33 of TR 2004/6.)

3. Key points from TR 2004/6 about claiming travel allowance expenses and overtime 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.
- *Allowance must be paid* – The substantiation exception only applies if the employee is paid an overtime meal allowance or a travel allowance. The allowance must have an identifiable connection with the nature of the expense covered.
- *For travel allowance expenses* – The employee must sleep away from home.
- *Substantiation exception* – Where the amount claimed is no more than the applicable reasonable amount, substantiation of the claim with written evidence is not required.
- *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:
  - how they worked out their claim;
  - an entitlement to a deduction (for example that work-related travel was undertaken);
  - a bona fide travel allowance was paid; and
  - if accommodation is claimed, that 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, and the total amount of allowances received and claimed during the year by the employee.

- *Tax return treatment* – Where a travel or overtime meal allowance which does not exceed the reasonable amounts is not shown on the payment summary, and it has been fully spent on deductible expenses, neither the allowances nor the expenses need be shown on the employee's tax return. If an amount less than the allowance has been spent, the income tax return must include the allowance and the expense claimed. Whenever a claim is made for overtime meal or travel allowance expenses the allowance must also be included in the tax return.

Reasonable amount for overtime meal allowance expenses

4. For overtime meal expenses to be considered under the exception from substantiation, the meal allowance must be a bona fide meal allowance (refer to paragraph 87 of 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).

5. For the 2012-13 income year the reasonable amount for overtime meal allowance expenses is $27.10.

Reasonable amounts for domestic travel allowance expenses

Types of expenses

6. 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

7. 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).

Type of accommodation

8. 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

9. 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

10. 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 2012-13

11. The reasonable amounts for daily travel allowance expenses, according to salary levels and destinations, for the 2012-13 income year are shown in Tables 1 to 6 as follows.

Table 1: Employee's annual salary – $104,870 or below

Place	**Accomm.** $	**Food and drink** $ B'fast 24.35 Lunch 27.35 Dinner 46.70	**Incidentals** $	**Total** $
Adelaide	157	98.40	17.85	273.25
Brisbane	201	98.40	17.85	317.25
Canberra	165	98.40	17.85	281.25
Darwin	189	98.40	17.85	305.25
Hobart	132	98.40	17.85	248.25
Melbourne	173	98.40	17.85	289.25
Perth	233	98.40	17.85	349.25
Sydney	183	98.40	17.85	299.25
High cost country centres	See Table 4	98.40	17.85	Variable – see Table 4
Tier 2 country centres (see Table 5)	127	B'fast 21.80 Lunch 24.90 Dinner 42.90	17.85	234.45
Other country centres	106	B'fast 21.80 Lunch 24.90 Dinner 42.90	17.85	213.45

Table 2: Employee's annual salary – $104,871 – $186,520				
Place	**Accomm.** $	**Food and drink** $ B'fast 26.50 Lunch 37.50 Dinner 52.55	**Incidentals** $	**Total** $
Adelaide	186	116.55	25.50	328.05
Brisbane	233	116.55	25.50	375.05
Canberra	220	116.55	25.50	362.05
Darwin	264	116.55	25.50	406.05
Hobart	176	116.55	25.50	318.05
Melbourne	228	116.55	25.50	370.05
Perth	239	116.55	25.50	381.05
Sydney	229	116.55	25.50	371.05
High cost country centres	See Table 4	116.55	25.50	Variable – see Table 4
Tier 2 country centres (see Table 5)	152	B'fast 24.35 Lunch 24.90 Dinner 48.50	25.50	275.25
Other country centres	127	B'fast 24.35 Lunch 24.90 Dinner 48.50	25.50	250.25

Table 3: Employee's annual salary – $186,521 and above				
Place	**Accomm.** $	**Food and drink** $ B'fast 31.30 Lunch 44.25 Dinner 62.00	**Incidentals** $	**Total** $
Adelaide	209	137.55	25.50	372.05
Brisbane	236	137.55	25.50	399.05
Canberra	232	137.55	25.50	395.05
Darwin	284	137.55	25.50	447.05
Hobart	195	137.55	25.50	358.05
Melbourne	265	137.55	25.50	428.05
Perth	309	137.55	25.50	472.05
Sydney	265	137.55	25.50	428.05
Country centres	$190, or the relevant amount in Table 4 if higher	137.55	25.50	Variable – see Table 4 if applicable

Table 4: High cost country centres – accommodation expenses			
Country centre	**$**	**Country centre**	**$**
Alice Springs (NT)	150	Horn Island (QLD)	169
Bourke (NSW)	165	Jabiru (NT)	192
Bright (VIC)	136	Kalgoorlie (WA)	159
Broome (WA)	210	Karratha (WA)	347
Bunbury (WA)	155	Katherine (NT)	134
Burnie (TAS)	135	Kununurra (WA)	202
Cairns (QLD)	140	Mackay (QLD)	141
Carnarvon (WA)	151	Mount Isa (QLD)	160
Castlemaine (VIC)	133	Newcastle (NSW)	143
Chinchilla (QLD)	133	Newman (WA)	195
Christmas Island (WA)	150	Norfolk Island	190
Dampier (WA)	175	Port Hedland (WA)	259
Derby (WA)	182	Port Pirie (SA)	140
Echuca (VIC)	123	Thursday Island (QLD)	180
Emerald (QLD)	141	Wagga Wagga (NSW)	134
Exmouth (WA)	255	Weipa (QLD)	138
Geelong (VIC)	136	Wilpena-Pound (SA)	167
Geraldton (WA)	135	Wollongong (NSW)	136
Gladstone (QLD)	187	Whyalla (SA)	145
Gold Coast (QLD)	149	Yulara (NT)	244
Halls Creek (WA)	165		

Table 5: Tier 2 country centres	
Country centre	**Country centre**
Albany (WA)	Launceston (TAS)
Ararat (VIC)	Maitland (NSW)
Armidale (NSW)	Mildura (VIC)
Bairnsdale (VIC)	Mount Gambier (SA)
Ballarat (VIC)	Mudgee (NSW)
Bathurst (NSW)	Muswellbrook (NSW)
Bendigo (VIC)	Naracoorte (SA)
Bordertown (SA)	Orange (NSW)
Broken Hill (NSW)	Port Augusta (SA)
Bundaberg (QLD)	Portland (VIC)
Ceduna (SA)	Port Lincoln (SA)

Table 5: Tier 2 country centres	
Country centre	**Country centre**
Cocos (Keeling) Islands	Port Macquarie (NSW)
Coffs Harbour (NSW)	Queanbeyan (NSW)
Cooma (NSW)	Renmark (SA)
Devonport (TAS)	Rockhampton (QLD)
Dalby (QLD)	Roma (QLD)
Dubbo (NSW)	Seymour (VIC)
Esperance (WA)	Swan Hill (VIC)
Gosford (NSW)	Tamworth (NSW)
Goulburn (NSW)	Tennant Creek (NT)
Hamilton (VIC)	Toowoomba (QLD)
Hervey Bay (QLD)	Townsville (QLD)
Horsham (VIC)	Tumut (NSW)
Innisfail (QLD)	Warrnambool (VIC)
Kadina (SA)	Wonthaggi (VIC)
Kingaroy (QLD)	

Reasonable travel allowance expense claims for employee truck drivers

12. 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 2012-13 income year, the relevant amounts are:

Table 6: Employee truck drivers[1]	
Salary range	**Food and drink**
$104,870 and below	B'fast $21.80 / Lunch $24.90 / Dinner $42.90 $89.60 per day
$104,871 and above	B'fast $24.35 / Lunch $24.90 / Dinner $48.50 $97.75 per day

Office holders covered by the Remuneration Tribunal

13. 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.

[1] For further information on truck drivers refer to paragraphs 72 to 75 of Taxation Ruling TR 2004/6 and Taxation Ruling TR 95/18.

Federal Members of Parliament

14. 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

15. 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 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.

16. 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.

17. Employees travelling to two or more countries in the same day may use the Cost Group of the country that is in the higher cost group in determining their reasonable allowances amount.

Example – calculation of reasonable daily overseas travel expense amounts

18. *An employee travels to Germany on business for two weeks and is paid a travel allowance of $350 per day ($150 for meals and incidentals and $200 for accommodation). The employee's annual salary is $91,000. The reasonable daily overseas travel allowance expense claim is calculated as follows:*

- *Schedule 1 Table 1 lists Germany as Cost Group 5.*
- *Using Table 2, at a salary of $91,000 per year, the reasonable overseas travel allowance amount for meals and incidental expenses for Cost Group 5 (which covers Germany) is $225.*

19. *The employee claims a deduction for meals and incidental expenses actually incurred of $180 per day. As the employee is claiming a deduction that is less than the reasonable amount of $225 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.*

Date of effect

20. This Determination applies to the 2012-13 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 (refer to paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

Commissioner of Taxation
27 June 2012

Appendix 1

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: Reasonable amounts by cost groups.

Country	Cost Group	Country	Cost Group
Albania	1	Estonia	4
Algeria	4	Ethiopia	1
Angola	6	Fiji	2
Antigua and Barbuda	4	Finland	5
Argentina	1	France	5
Austria	5	Gabon	5
Azerbaijan	4	Gambia	2
Bahamas	5	Georgia	2
Bahrain	3	Germany	5
Bangladesh	2	Ghana	3
Barbados	5	Gibraltar	4
Belgium	5	Greece	4
Bermuda	5	Guatemala	2
Bolivia	1	Guyana	2
Bosnia	2	Hungary	3
Brazil	5	Iceland	5
Brunei	2	India	3
Bulgaria	3	Indonesia	3
Burkina Faso	3	Iran	2
Cambodia	1	Irish Republic	5
Cameroon	4	Israel	5
Canada	4	Italy	5
Chile	2	Jamaica	3
China (includes Macau & Hong Kong)	4	Japan	5
Colombia	4	Jordan	4
Congo Democratic Republic	3	Kazakhstan	3
Cook Islands	4	Kenya	3
Costa Rica	1	Korea Republic	5
Cote D'Ivoire	5	Kuwait	4
Croatia	4	Laos	1
Cuba	2	Latvia	4
Cyprus	4	Lebanon	4
Czech Republic	4	Libya	3
Denmark	6	Lithuania	3
Dominican Republic	3	Luxembourg	5
East Timor	2	Macedonia	1
Ecuador	2	Malawi	2
Egypt	2	Malaysia	3
El Salvador	1	Mali	4
Eritrea	1	Malta	4

Country	Cost Group	Country	Cost Group
Mauritius	3	Senegal	3
Mexico	1	Serbia	2
Monaco	6	Sierra Leone	2
Morocco	3	Singapore	5
Mozambique	1	Slovakia	4
Myanmar	3	Slovenia	3
Namibia	3	Solomon Islands	2
Nepal	2	South Africa	2
Netherlands	5	Spain	4
New Caledonia	5	Sri Lanka	1
New Zealand	4	Sudan	2
Nicaragua	1	Surinam	2
Nigeria	4	Sweden	5
Norway	6	Switzerland	6
Oman	5	Syria	3
Pakistan	1	Taiwan	3
Panama	2	Tanzania	2
Papua New Guinea	4	Thailand	3
Paraguay	1	Tonga	3
Peru	3	Trinidad and Tobago	4
Philippines	3	Tunisia	2
Poland	4	Turkey	4
Portugal	4	Uganda	1
Puerto Rico	3	Ukraine	3
Qatar	4	United Arab Emirates	4
Romania	3	United Kingdom	5
Russia	5	United States of America	4
Rwanda	2	Uruguay	2
Saint Lucia	3	Vanuatu	4
Saint Vincent	2	Venezuela	5
Samoa	4	Vietnam	1
Saudi Arabia	2	Zambia	3

Table 2: Reasonable amounts by cost groups

Cost Group	Salary $104,870 and below			Salary $104,871 to $186,520			Salary $186,521 and above		
	Meals	Incidentals	Total	Meals	Incidentals	Total	Meals	Incidentals	Total
1	$55	$25	$80	$75	$25	$100	$95	$30	$125
2	$85	$30	$115	$110	$35	$145	$140	$40	$180
3	$110	$35	$145	$135	$40	$175	$170	$45	$215
4	$130	$35	$165	$170	$45	$215	$205	$50	$255
5	$185	$40	$225	$230	$50	$280	$285	$60	$345
6	$220	$45	$265	$280	$50	$330	$330	$60	$390

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 (refer to paragraph 33 of Taxation Ruling TR 2004/6).

References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

TR 95/18; TR 2004/6; TR 2006/10

Previous Rulings/Determinations:

TD 2004/19; TD 2005/32; TD 2006/43; TD 2007/21; TD 2008/18; TD 2009/15; TD 2010/19; TD 2011/17

Subject references:

- accommodation expenses
- domestic travel expenses
- meal and food expenses
- incidental expenses
- overseas travel expenses
- travel expenses

Legislative references:

- ITAA 1997 Subdiv 900-B
- ITAA 1997 900-60
- TAA 1953

ATO references

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