TD 2015/14 - Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2015-16 income year?

Taxation Determination

Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2015-16 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 2015-16 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 and drink that are covered by the allowance, and

(d) overseas travel allowance expenses – food and 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 in '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:

- *Expenses claimed must have been incurred and be an allowable deduction* – The payment of an allowance does not of itself allow a deduction to be claimed. Before a deduction can be claimed:
  - the expenses claimed cannot exceed the amount actually incurred, and
  - the expenses must be incurred for work-related purposes and be deductible under the income tax law.
- *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
  - the expense was actually incurred
  - 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 expenses claimed during the year by the employee.

- *Tax return treatment* – Where a travel or overtime meal allowance is not shown on the payment summary, does not exceed the reasonable amount and has been fully spent on deductible expenses, neither the allowance nor the expenses should 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 deductible expenses 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 2015-16 income year the reasonable amount for overtime meal allowance expenses is $28.80

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
- 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), and
- all other regional and country centres (at a common rate).

Accommodation expenses

8. The accommodation rates shown for domestic travel apply only for short 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 amounts for 2015-16

11. The reasonable amounts for daily travel allowance expenses, according to salary levels and destinations, for the 2015-16 income year are shown in Tables 1 to 6 as follows.

Table 1: Employee's annual salary – $115,450 and below

Place	Accomm. $	Food and drink $ B'fast 25.90 Lunch 29.15 Dinner 49.65	Incidentals $	Total $
Adelaide	157	104.70	18.75	280.45
Brisbane	205	104.70	18.75	328.45
Canberra	168	104.70	18.75	291.45
Darwin	216	104.70	18.75	339.45
Hobart	132	104.70	18.75	255.45
Melbourne	173	104.70	18.75	296.45
Perth	233	104.70	18.75	356.45
Sydney	185	104.70	18.75	308.45
High cost country centres	See Table 4	104.70	18.75	Variable – see Table 4
Tier 2 country centres (see Table 5)	132	B'fast 23.20 Lunch 26.50 Dinner 45.70	18.75	246.15
Other country centres	110	B'fast 23.20 Lunch 26.50 Dinner 45.70	18.75	224.15

Table 2: Employee's annual salary – $115,451 to $205,300				
Place	**Accomm.** $	**Food and drink** $ B'fast 28.20 Lunch 39.90 Dinner 55.90	**Incidentals** $	**Total** $
Adelaide	208	124.00	26.80	358.80
Brisbane	257	124.00	26.80	407.80
Canberra	223	124.00	26.80	373.80
Darwin	287	124.00	26.80	437.80
Hobart	176	124.00	26.80	326.80
Melbourne	228	124.00	26.80	378.80
Perth	260	124.00	26.80	410.80
Sydney	246	124.00	26.80	396.80
High cost country centres	See Table 4	124.00	26.80	Variable – see Table 4
Tier 2 country centres (see Table 5)	152	B'fast 25.90 Lunch 26.50 Dinner 51.60	26.80	282.80
Other country centres	127	B'fast 25.90 Lunch26.50 Dinner 51.60	26.80	257.80

Table 3: Employee's annual salary – $205,301 and above				
Place	**Accomm.** $	**Food and drink** $ B'fast 33.25 Lunch 47.00 Dinner 65.95	**Incidentals** $	**Total** $
Adelaide	209	146.20	26.80	382
Brisbane	257	146.20	26.80	430
Canberra	246	146.20	26.80	419
Darwin	287	146.20	26.80	460
Hobart	195	146.20	26.80	368
Melbourne	265	146.20	26.80	438
Perth	299	146.20	26.80	472
Sydney	265	146.20	26.80	438
Country centres	$195, or the relevant amount in Table 4 if higher	146.20	26.80	Variable – see Table 4 if applicable

Table 4: High cost country centres – accommodation expenses			
Country centre	$	**Country centre**	$
Albany (WA)	179	Jabiru (NT)	192
Alice Springs (NT)	150	Kalgoorlie (WA)	159
Bordertown (SA)	135	Karratha (WA)	347
Bourke (NSW)	165	Katherine (NT)	134
Bright (VIC)	152	Kingaroy (QLD)	134
Broome (WA)	260	Kununurra (WA)	202
Bunbury (WA)	155	Mackay (QLD)	161
Burnie (TAS)	160	Maitland (NSW)	152
Cairns (QLD)	140	Mount Isa (QLD)	160
Carnarvon (WA)	151	Mudgee (NSW)	135
Castlemaine (VIC)	140	Newcastle (NSW)	155
Chinchilla (QLD)	143	Newman (WA)	195
Christmas Island (WA)	180	Norfolk Island (NSW)	329
Cocos (Keeling) Islands (WA)	285	Northam (WA)	163
Colac (VIC)	138	Orange (NSW)	155
Dalby (QLD)	144	Port Hedland (WA)	295
Dampier (WA)	175	Port Lincoln (SA)	170
Derby (WA)	190	Port Macquarie (NSW)	140
Devonport (TAS)	140	Port Pirie (SA)	140
Emerald (QLD)	156	Queanbeyan (NSW)	133
Esperance (WA)	135	Roma (QLD)	139
Exmouth (WA)	255	Thursday Island (QLD)	200
Geraldton (WA)	175	Wagga Wagga (NSW)	141
Gladstone (QLD)	187	Weipa (QLD)	138
Gold Coast (QLD)	149	Whyalla (SA)	156
Gosford (NSW)	140	Wilpena-Pound (SA)	167
Halls Creek (WA)	199	Wollongong (NSW)	136
Hervey Bay (QLD)	157	Wonthaggi (VIC)	138
Horn Island (QLD)	200	Yulara (NT)	280

Table 5: Tier 2 country centres	
Country centre	**Country centre**
Albury (NSW)	Kadina (SA)
Ararat (VIC)	Launceston (TAS)
Armidale (NSW)	Lismore (NSW)
Ayr (QLD)	Mildura (VIC)
Bairnsdale (VIC)	Mount Gambier (SA)
Ballarat (VIC)	Muswellbrook (NSW)
Bathurst (NSW)	Naracoorte (SA)
Bega (NSW)	Nowra (NSW)
Benalla (VIC)	Port Augusta (SA)
Bendigo (VIC)	Portland (VIC)
Broken Hill (NSW)	Queenstown (TAS)
Bundaberg (QLD)	Renmark (SA)
Ceduna (SA)	Rockhampton (QLD)
Charters Towers (QLD)	Sale (VIC)
Coffs Harbour (NSW)	Seymour (VIC)
Cooma (NSW)	Shepparton (VIC)
Dubbo (NSW)	Swan Hill (VIC)
Echuca (VIC)	Tamworth (NSW)
Geelong (VIC)	Tennant Creek (NT)
Goulburn (NSW)	Toowoomba (QLD)
Griffith (NSW)	Townsville (QLD)
Gunnedah (NSW)	Tumut (NSW)
Hamilton (VIC)	Wangaratta (VIC)
Horsham (VIC)	Warrnambool (VIC)
Innisfail (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 2015-16 income year, the relevant amounts are:

Table 6: Employee truck drivers[1]		
Food and drink		
B'fast	Lunch	Dinner
$23.20	$26.50	$45.70
$95.40 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.

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.

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

Example – calculation of reasonable daily overseas travel expense amounts

18. *An employee travels to China 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 China 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 China) is $230.*

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 $230 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 2015-16 income year only. However, this Determination will not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of this Determination (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

Commissioner of Taxation
1 July 2015

Appendix 1

SCHEDULE 1

Table 1: Table of Countries

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

For cost groups see Table 2: Reasonable amounts by cost groups.

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

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

Table 2: Reasonable amounts by cost groups

Cost Group	Salary $115,450 and below			Salary $115,451 to $205,300			Salary $205,301 and above		
	Meals	**Incidentals**	**Total**	**Meals**	**Incidentals**	**Total**	**Meals**	**Incidentals**	**Total**
1	$60	$25	$85	$75	$25	$100	$95	$30	$125
2	$95	$30	$125	$110	$35	$145	$140	$40	$180
3	$120	$35	$155	$150	$40	$190	$185	$45	$230
4	$140	$35	$175	$170	$45	$215	$215	$50	$265
5	$190	$40	$230	$240	$50	$290	$295	$60	$355
6	$240	$45	$285	$295	$50	$345	$340	$60	$400

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; TD 2012/17; TD 2013/16; TD 2014/19

Subject references:

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

Legislative references:

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

ATO references

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