



TD 94/D39 (Withdrawn) - Income tax: are payments made to bank employees as an incentive to accept employer initiated transfers assessable income?

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 This document has been Withdrawn.

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Income tax: are payments made to bank employees as an incentive to accept employer initiated transfers assessable income?

1. Yes. The payment is a work related allowance and is assessable in terms of paragraph 26(e) of the *Income Tax Assessment Act 1936*. It is paid in addition to any entitlement that the employee may have under an award in respect of reimbursement or payment of actual moving expenses.
2. The allowance is paid as an incentive for accepting a transfer and does not represent a reimbursement of expenses incurred by an employee as a result of that relocation.
3. Where an employer directly pays an amount of removal expenses or reimburses an employee's removal costs, the payment or reimbursement is a fringe benefit and is not assessable income in the hands of the employee.
4. Taxation Ruling TR 92/15 explains the difference between an allowance and a reimbursement for the purposes of determining whether a payment is assessable income or is subject to fringe benefits tax.

Example 1

An employee of ABC Bank receives a payment of \$2000 to encourage her to accept a transfer from Parramatta to Dubbo. The payment is assessable income in the hands of the employee.

Example 2

An employee of ABC Bank incurs moving expenses for relocating from Parramatta to Dubbo. The Bank reimburses the expenses incurred. The reimbursement is a fringe benefit and subject to fringe benefits tax.

Commissioner of Taxation

14/4/94

FOI INDEX DETAIL: Reference No.

Related Determinations:

Related Rulings: TR 92/15

Subject Ref: assessable income; allowances; incentive payments; fringe benefit

Legislative Ref: ITAA 26(e)

Case Ref:

ATO Ref: PNR T 95 Part 23

ISSN 1038 - 8982