

# ***IT 38 - Travelling expenses - airfares apportionment***



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TAXATION RULING NO. IT 38

TRAVELLING EXPENSES - AIRFARES APPORTIONMENT

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

| REFERENCE NO: | SUBJECT REFS:  | LEGISLAT. REFS: |
|---------------|--|-----------------|
| I 1100517     | TRAVELLING EXPENSES<br>- COMBINED BUSINESS/<br>HOLIDAY<br>- AIRFARES APPORTIONMENT | 51(1)           |

FACTS As a result of a request for reference to a Board of Review, consideration was given to the question of both business and private elements.

2. The issue in the taxpayer's request for reference was whether he should be allowed the full cost of his and his wife's airfares incurred when they attended a conference for doctors and nurses in Perth in August 1977. Following the completion of the 6 day conference, the taxpayer and his wife spent 5 days sight-seeing in Perth before returning home. Deductions were allowed for expenses incurred during the period of the conference and for 6/11ths of the airfares. No deduction was claimed for expenses incurred during the sight-seeing period. It was accepted that this was a case where expenses of the taxpayer's wife, a qualified nursing sister employed by the taxpayer, were deductible to the same extent that the taxpayer's own expenses of the trip were deductible. The only issue, therefore, was whether or not it private elements of the trip.

RULING 3. The departmental policy in relation to this kind of issue is that an appropriate apportionment of the expenses should be made where a trip has a dual purpose. However it always remains a question of fact to determine whether apportionment is appropriate in the particular circumstances of each case that arises.

4. In the case under consideration, it is an over-simplification of the facts to merely say that the trip was taken for a dual purpose of attending a conference and holidaying. Even though roughly equal times were spent on each activity, it is clear that the predominant purposes of the trip was to attend the conference. As the taxpayer and his wife had no friends or relatives in Perth it would be particularly difficult to refute the claim that the trip would not have been made but for the desire to attend the conference.

5. In the circumstances, it was decided that the taxpayer's

objection should be allowed. It may be accepted generally that, where sight-seeing involves only a few days, it should be treated as merely incidental to the main purpose of a trip of the kind involved here. In such cases the fact that the opportunity is taken to spend some time sight-seeing does not alter the essential character of the expenditure on airfares. It is otherwise, of course, if the facts of a particular case lend themselves to a proper inference of dual purpose, i.e., where the opportunity to take a holiday, or visit friends or relatives, etc., can reasonably be regarded as having influenced the decision to make a trip which is otherwise made for non-private purposes.

COMMISSIONER OF TAXATION