

# Variation 6

## Variation – Labour hire reimbursements and allowances

Commonwealth of Australia Gazette  
No. S676, 28 December 2000

Australian Taxation Office

Taxation Administration Act 1953

### Notice of Variation of Rate of Withholding

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I, Michael Joseph Carmody, Commissioner of Taxation, have varied to nil the amount required to be withheld from withholding payments that are:

- covered by section 12-60, Schedule 1 of the *Taxation Administration Act 1953*;  
and
- within the class of cases described below.

I have made this variation of the rate of withholding under the power contained in section 15-15 of Schedule 1 of the *Taxation Administration Act 1953* to meet the special circumstances of that class of cases.

### **Effective for payments made on or after 1 July 2000**

This variation is effective for payments made on or after 1 July 2000.

### **Class of cases**

There is no requirement to withhold an amount, for the 2000/01 and future income years, from:

1. A payment for reimbursement of actual expenses incurred by the payee, provided:
  - the expense that the payee incurs is related directly to the payee's work or services performed under the labour hire arrangement,
  - the expenses that the payee incurred may be able to be claimed as a tax deduction at least equal to the amount of the reimbursement,
  - the payee is able to substantiate the tax deduction claimed, and
  - the amount and nature of the reimbursement is shown separately in the accounting records of the payer.
2. An allowance as described below, provided:
  - the payee is expected to incur expenses that may be able to be claimed as a tax deduction at least equal to the amount of the allowance,
  - the payee is able to substantiate the tax deduction claimed, and
  - the amount and nature of the allowance is shown separately in the accounting records of the payer.

*Allowances:*

1. Cents per kilometre car expense payments calculated using the approved rates for payments made up to 5000 business kilometres by applying the rate to the number of kilometres travelled. The rate varies depending on the engine capacity of the vehicle and is prescribed by regulation.
2. Domestic or overseas travel expenses involving an overnight absence from the payee's ordinary place of residence.

Signed at Canberra, this 19<sup>th</sup> day of December 2000.

Michael Carmody  
Commissioner of Taxation