TD 2006/43 - Income tax: what are the reasonable travel and meal allowance expense amounts for 2006-2007?

Taxation Determination

Income tax: what are the reasonable travel and meal allowance expense amounts for 2006-2007?

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1. This Determination sets out the amounts that the Commissioner considers are reasonable (***reasonable amounts***) for the 2006-2007 income year in relation to claims made for:

(a) overtime meal allowance expenses;

(b) domestic travel allowance expenses;

(c) travel allowance expenses for employee truck drivers; and

(d) overseas travel allowance expenses.

Taxation Ruling TR 2004/6

2. This Determination should be read together with Taxation Ruling TR 2004/6 which explains the substantiation exception and the way in which these expenses are able to be claimed. Key points about claiming travel allowance expenses and 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.
- *Expenses covered* – The expenses that the substantiation exception apply to are:
  - domestic travel allowance expenses – accommodation, food and drink, and incidentals that are covered by the allowance (but the accommodation rates do not apply to employee truck drivers);

  - overseas travel allowance expenses – food and drink, and incidentals that are covered by the allowance (the exception does not apply to accommodation); and
  - Meal allowance expenses – for food and drink in connection with overtime worked.

- *For travel allowance expenses* – the employee must sleep away from home.
- *Substantiation exception for reasonable amounts* – Where the amount claimed is no more than the applicable reasonable amount, substantiation of the claim with written evidence is not required.
- *Allowance must be paid* – The substantiation exception only applies if the employee is paid a meal allowance under an industrial instrument or a travel allowance. The allowance must have an identifiable connection with the nature of the expense covered.
- *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:
  - an entitlement to the substantiation exception;
  - the reasonable rate used;
  - 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

3. For overtime meal expenses to be considered under the exception from substantiation, the meal allowance must be a bona fide meal allowance (see paragraph 87 of Taxation Ruling 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 *Income Tax Assessment Act 1997*).

4. For the 2006-2007 income year the reasonable amount for overtime meal allowance expenses is **$21.90**

Reasonable amounts for domestic travel allowance expenses

Types of expenses

5. 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

6. 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 or regions in a country).

Type of accommodation

7. 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

8. 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

9. 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 2006-2007

10. The reasonable amounts for daily travel allowance expenses, according to salary levels and destinations, for the 2006-2007 income year are shown in Tables 1-6 as follows.

Table 1: Employee's annual salary – $84,250 or below				
Place	**Accomm.** $	**Food and drink** $ B'fast 19.60 Lunch 21.95 Dinner 37.80	**Incidentals** $14.95	**Total** $
Adelaide	136	79.35	14.95	230.30
Brisbane	141	79.35	14.95	235.30
Canberra	114	79.35	14.95	208.30
Darwin	128	79.35	14.95	222.30
Hobart	104	79.35	14.95	198.30
Melbourne	150	79.35	14.95	244.30
Perth	126	79.35	14.95	220.30
Sydney	158	79.35	14.95	252.30
High cost country centres	See Table 4	79.35	14.95	Variable – see Table 4
Tier 2 country centres (see Table 5)	89	B'fast 17.50 Lunch 20.05 Dinner 34.55	14.95	176.05
Other country centres	78	72.10	14.95	165.05

Table 2: Employee's annual salary – $84,251 – $149,750				
Place	**Accomm.** $	**Food and drink** $ B'fast 21.30 Lunch 30.15 Dinner 42.25	**Incidentals** $	**Total** $
Adelaide	152	93.70	21.35	267.05
Brisbane	172	93.70	21.35	287.05
Canberra	143	93.70	21.35	258.05
Darwin	140	93.70	21.35	255.05
Hobart	125	93.70	21.35	240.05
Melbourne	169	93.70	21.35	284.05
Perth	152	93.70	21.35	267.05
Sydney	196	93.70	21.35	311.05
High cost country centres	See Table 4	93.70	21.35	Variable – see Table 4

Table 2: Employee's annual salary – $84,251 – $149,750				
Place	**Accomm.** $	**Food and drink** $ B'fast 21.30 Lunch 30.15 Dinner 42.25	**Incidentals** $	**Total** $
Tier 2 country centres (see Table 5)	107	B'fast 19.60 Lunch 20.05 Dinner 39.00	21.35	207
Other country centres	94	78.65	21.35	194.00

Table 3: Employee's annual salary – $149,751 and above				
Place	**Accomm.**	**Food and drink** $ B'fast $25 Lunch $36 Dinner $55	**Incidentals**	**Total**
Adelaide	195	116	21.35	332.35
Brisbane	216	116	21.35	353.35
Canberra	195	116	21.35	332.35
Darwin	195	116	21.35	332.35
Hobart	195	116	21.35	332.35
Melbourne	265	116	21.35	402.35
Perth	195	116	21.35	332.35
Sydney	265	116	21.35	402.35
Country centres	$151, or the relevant amount in Table 4 if higher	116	21.35	Variable – see Table 4 if applicable

Table 4: High cost country centres – accommodation expenses			
Country centre	$	**Country centre**	$
Ballarat (Vic)	100.00	Karratha (WA)	166.00
Bendigo (Vic)	95.00	Kununurra (WA)	113.00
Broome (WA)	134.00	Launceston(TAS)	96.00
Burnie (Tas)	100.00	Newcastle (NSW)	101.50
Carnarvon (WA)	97.00	Newman (WA)	119.50
Christmas Island (WA)	120.00	Norfolk Island	100.00
Dampier (WA)	105.00	Pt Hedland (WA)	124.00
Devonport (Tas)	103.50	Thursday Island (QLD)	140.00
Exmouth (WA)	96.00	Warrnambool (Vic)	95.00
Gold Coast (QLD)	112.00	Weipa (QLD)	125.00

Halls Creek (WA)	112.00	Wilpena (SA)	106.50
Horn Island (QLD)	119.00	Wollongong (NSW)	104.00
Jabiru (NT)	190.00	Yulara (NT)	307.00
Kalgoorlie (WA)	102.00		

Table 5: Tier 2 country centres	
Country centre	**Country centre**
Alice Springs (NT)	Mount Gambier (SA)
Bordertown (SA)	Mount Isa (QLD)
Bright (VIC)	Mudgee (NSW)
Bunbury (WA)	Northam (WA)
Cairns (QLD)	Orange (NSW)
Castlemaine (VIC)	Port Lincoln (SA)
Cocos (Keeling) Island	Port Macquarie (NSW)
Derby (WA)	Portland (VIC)
Geelong (VIC)	Queenstown (TAS)
Katherine (NT)	Wagga Wagga (NSW)
Maitland (NSW)	

Reasonable travel allowance expense claims for employee truck drivers

11. 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 2006-2007 income year, the relevant amounts are:

Table 6: Employee truck drivers	
Salary range	**Food and drink**
$84,250 and below	B'fast Lunch Dinner $17.50 $20.05 $34.55 $72.10 Per day
$84,251 and above	B'fast Lunch Dinner $19.60 $20.05 $39.00 $78.65 per day

(For further information on truck drivers see paragraphs 72 to 75 of TR 2004/6 and Taxation Ruling TR 95/18.)

Office holders covered by the Remuneration Tribunal

12. 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

13. 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

14. 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 (or part of 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.

15. 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.

Examples – calculation of reasonable daily overseas travel expense amounts

Allowance includes a separate meals and incidentals component

16. *An employee travels to Brazil on business for two weeks and is paid a travel allowance of $300 per day ($100 for meals and incidentals and $200 for accommodation). The employee's annual salary is $86,000. The reasonable daily overseas travel allowance expense claim is calculated as follows:*

- *Schedule 1 Table 1 lists Brazil as Cost Group 2.*
- *Using Table 2, at a salary of $86,000 per year, the reasonable overseas travel allowance amount for meals and incidental expenses for Cost Group 2 (which covers Brazil) is $145 ($110 for three meals and $35 for incidentals).*

17. *The employee claims a deduction for meals and incidental expenses actually incurred of $120 per day. As the employee is claiming a deduction that is less than the reasonable amount of $145 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*.

Allowance without an identified component for meals and incidentals

18. *An employee travels overseas on business for four days and is paid a travel allowance of $300 per day for meals, incidentals and accommodation. The employee's annual salary is $33,000. The employee travels to a country in Europe that is not listed in Table 1 of Schedule 1. The reasonable daily overseas travel allowance expense claim is calculated as follows:*

- *Cost Group 1 is used for the reasonable overseas travel allowance amount for a country not listed in Table 1.*

- *Using Table 2, at a salary of $33,000 per annum the reasonable overseas travel allowance amount for Cost Group 1 is $65 for three meals and $25 for incidental expenses.*

19. *The travel allowance paid to the employee does not specify an amount for each of the components of the allowance, but it covers meals and incidental expenses. The employee is entitled to claim up to $90 per day for expenses incurred on three meals (that is, food and drink) and incidentals without substantiation provided he has incurred deductible meals and incidental expenses at least equal to $90. Written evidence is required to substantiate any accommodation cost claimed.*

Date of Effect

20. This Determination applies to the 2006-2007 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.

Commissioner of Taxation
28 June 2006

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 below.

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

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

Table 2: Reasonable amounts by cost groups

Cost Group	Salary $84,250 and below			Salary $84,251 – $149,750			Salary $149,751 and above		
	Meals	**Incidentals**	**Total**	**Meals**	**Incidentals**	**Total**	**Meals**	**Incidentals**	**Total**
1	$65	$25	$90	$90	$25	$115	$115	$30	$145
2	$80	$30	$110	$110	$35	$145	$140	$40	$180
3	$105	$35	$140	$130	$40	$170	$160	$45	$205
4	$130	$35	$165	$160	$45	$205	$190	$50	$240
5	$170	$40	$210	$210	$50	$260	$250	$60	$310
6	$205	$45	$250	$260	$50	$310	$300	$60	$360

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 (see paragraph 33 of TR 2004/6).

References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

TR 95/18; TR 2004/6

Previous Rulings/Determinations:

TD 2004/19; TD 2005/32

Subject references:

- accommodation expenses
- domestic travel expenses
- meal & food expenses
- overseas travel expenses
- travel expenses

Legislative references:

- TAA 1953
- ITAA 1997 900-60

ATO references

NO:	2004/7122
ISSN:	1038-8982
ATOlaw topic:	Income Tax ~~ Deductions ~~ accommodation and meal expenses Income Tax ~~ Deductions ~~ travel expenses