

***TD 94/92 - Income tax: is the cost of travelling for the purpose of having a tax return prepared by a 'recognised professional tax adviser', an allowable deduction under section 69 of the Income Tax Assessment Act 1936 .***

⚠ This cover sheet is provided for information only. It does not form part of *TD 94/92 - Income tax: is the cost of travelling for the purpose of having a tax return prepared by a 'recognised professional tax adviser', an allowable deduction under section 69 of the Income Tax Assessment Act 1936 .*

⚠ This document has changed over time. This is a consolidated version of the ruling which was published on *8 December 1994*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, this Determination applies to years commencing both before and after its date of issue. However, this Determination does 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 the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

## Taxation Determination

### **Income tax: is the cost of travelling for the purpose of having a tax return prepared by a 'recognised professional tax adviser', an allowable deduction under section 69 of the *Income Tax Assessment Act 1936*?**

1. Yes. The cost of travelling for the purpose of having a tax return prepared by a 'recognised professional tax adviser', is expenditure in respect of a 'tax-related matter' for the purposes of subsection 69(1).
2. A reference to a 'tax-related matter' is defined in paragraph 69(2)(a) to be a reference to the management or administration of the income tax affairs of a taxpayer.
3. Clause 8 of the Explanatory Memorandum relating to *Taxation Laws Amendment Bill (No 5) 1989* indicates that allowable expenditure under subsection 69(2) will include the costs associated with the preparation of an income tax return, in disputing an assessment or determination of the Commissioner of Taxation, attending to a Tax Office audit and with tax planning.
4. The cost of travelling to have a tax return prepared by a 'recognised professional tax adviser' is expenditure in respect of the management of a taxpayer's income tax affairs. To the extent to which this cost has been incurred in respect of this tax-related matter, it will be an allowable deduction under subsection 69(1).
5. Sometimes there may be other costs incidental to the travel. These may include such items as accommodation, meals, taxi fares and travel insurance. Where the sole purpose of the trip is for preparation of a tax return these incidental costs will also be fully deductible under subsection 69(1) (see *Example 1*).
6. There may be other situations where preparation of a tax return is only one of the purposes for a trip. Then, only an appropriate portion of the total travel and incidental costs will be an allowable deduction under subsection 69(1). It is only this portion that can be said to have been incurred in respect of a tax-related matter, being the preparation of the return.
7. What is the appropriate portion will depend on the facts of each case. As a general guide, where the costs in question relate to both a tax-related matter and say, a private purpose,

apportionment based on a weighting of the purposes will be acceptable. For example, with a trip undertaken equally for the preparation of a tax return and a private purpose, we would say only half of the total related costs of the trip is an allowable deduction under subsection 69(1).

8. There may also be times when meeting with a recognised professional tax adviser is only incidental to the main purpose of a particular trip. In these cases we believe it is only the expenses directly attributable to such a meeting that will be deductible under subsection 69(1) (see *Example 2*).

*Example 1:*

*Maisie and John carry on a business of sheep farming, in partnership, on a station near Broken Hill. Every year they travel to Adelaide for the sole purpose of meeting with their tax agent to finalise preparation of their partnership return. They stay overnight at an hotel, meet with their tax agent the next day and fly back to Broken Hill that night. The full costs of their trip, including taxi fares, meals, accommodation and travel insurance, is an allowable deduction under subsection 69(1).*

*Example 2:*

*Sam is an employee working in Murray Bridge. He has his tax return prepared by a tax agent in Adelaide. When his football team visits Adelaide at the end of the season, for a weekend, he decides to stay over at an hotel on Sunday, to visit his tax agent on Monday. He travels back to Murray Bridge that night. Only the direct costs of his accommodation on the Sunday, incidental costs associated with this, and his taxi fares from the hotel to his tax agent's premises and back to the hotel are an allowable deduction under subsection 69(1).*

**Commissioner of Taxation**

8/12/94

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