



Taxation Determination

TD 2008/18

Income tax: what are the reasonable travel and overtime meal allowance expense amounts for 2008-2009?

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1. This Determination sets out the amounts that the Commissioner considers are reasonable (***reasonable amounts***) for the substantiation exception for the 2008-09 income year in relation to claims made for:

- (a) overtime meal allowance expenses - for food and drink in connection with overtime worked and where a meal allowance has been paid under an industrial instrument;
- (b) domestic travel allowance expenses - accommodation, food and drink, and incidentals that are covered by the allowance;
- (c) travel allowance expenses for employee truck drivers - food, drink and incidentals that are covered by the allowance; and
- (d) overseas travel allowance expenses - food, drink and incidentals that are covered by the allowance.

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. It is important to remember that '[i]n setting the reasonable amount ... the Commissioner does **not** determine the amount of allowance an **employee** should receive or an employer should pay their employees. The amount of an allowance is a matter to be determined between the payer and the payee.' (refer to paragraph 33 of Taxation Ruling TR 2004/6).

3. Key points from the Ruling about claiming travel allowance expenses and overtime 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.

- *Allowance must be paid* - The substantiation exception only applies if the employee is paid an overtime meal allowance or a travel allowance. The allowance must have an identifiable connection with the nature of the expense covered.
- *For travel allowance expenses* - The employee must sleep away from home.
- *Substantiation exception* - Where the amount claimed is no more than the applicable reasonable amount, substantiation of the claim with written evidence is not required.
- *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:
 - how they worked out their claim;
 - 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

4. For overtime meal expenses to be considered under the exception from substantiation, the meal allowance must be a bona fide meal allowance (refer to 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*).

5. For the 2008-09 income year the reasonable amount for overtime meal allowance expenses is **\$23.60**.

Reasonable amounts for domestic travel allowance expenses

Types of expenses

6. 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

7. 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).

Type of accommodation

8. 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

9. 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

10. 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 2008-09

11. The reasonable amounts for daily travel allowance expenses, according to salary levels and destinations, for the 2008-09 income year are shown in Tables 1 to 6 as follows.

Table 1: Employee's annual salary - \$90,000 or below				
Place	Accomm. \$	Food and drink \$ B'fast 21.10 Lunch 23.65 Dinner 40.65	Incidentals \$	Total \$
Adelaide	145	85.40	15.90	246.30
Brisbane	198	85.40	15.90	299.30
Canberra	133	85.40	15.90	234.30
Darwin	159	85.40	15.90	260.30
Hobart	117	85.40	15.90	218.30
Melbourne	162	85.40	15.90	263.30
Perth	148	85.40	15.90	249.30
Sydney	183	85.40	15.90	284.30
High cost country centres	See Table 4	85.40	15.90	Variable - see Table 4
Tier 2 country centres (see Table 5)	106	B'fast 18.85 Lunch 21.55 Dinner 37.15	15.90	199.45
Other country	89	B'fast 18.85	15.90	182.45

centres		Lunch 21.55 Dinner 37.15		
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Table 2: Employee's annual salary - \$90,001 - \$160,100				
Place	Accomm. \$	Food and drink \$ B'fast 22.90 Lunch 32.45 Dinner 45.45	Incidentals \$	Total \$
Adelaide	155	100.80	22.70	278.50
Brisbane	228	100.80	22.70	351.50
Canberra	168	100.80	22.70	291.50
Darwin	170	100.80	22.70	293.50
Hobart	150	100.80	22.70	273.50
Melbourne	192	100.80	22.70	315.50
Perth	184	100.80	22.70	307.50
Sydney	200	100.80	22.70	323.50
High cost country centres	See Table 4	100.80	22.70	Variable - see Table 4
Tier 2 country centres (see Table 5)	127	B'fast 21.10 Lunch 21.55 Dinner 41.95	22.70	234.30
Other country centres	107	B'fast 21.10 Lunch 21.55 Dinner 41.95	22.70	214.30

Table 3: Employee's annual salary - \$160,101 and above				
Place	Accomm. \$	Food and drink \$ B'fast 25.00 Lunch 36.00 Dinner 57.30	Incidentals \$	Total \$
Adelaide	209	118.30	22.70	350
Brisbane	231	118.30	22.70	372
Canberra	216	118.30	22.70	357
Darwin	195	118.30	22.70	336
Hobart	195	118.30	22.70	336
Melbourne	265	118.30	22.70	406
Perth	275	118.30	22.70	416
Sydney	265	118.30	22.70	406
Country centres	\$186, or the relevant amount in Table 4 if higher	118.30	22.70	Variable - see Table 4 if applicable

Table 4: High cost country centres - accommodation expenses			
Country centre	\$	Country centre	\$
Ballarat (VIC)	116.00	Kalgoorlie (WA)	116.50

Bendigo (VIC)	122.00	Karratha (WA)	243.50
Broome (WA)	173.00	Kununurra (WA)	147.00
Burnie (TAS)	123.00	Launceston (TAS)	115.50
Cairns (QLD)	120.50	Mackay (QLD)	112.00
Carnarvon (WA)	133.00	Maitland (NSW)	108.00
Christmas Island (WA)	122.50	Mount Gambier (SA)	107.00
Cocos (Keeling) Islands	110.00	Mount Isa (QLD)	115.00
Dampier (WA)	158.50	Naracoorte (SA)	106.00
Derby (WA)	165.00	Newcastle (NSW)	116.50
Devonport (TAS)	115.50	Newman (WA)	150.00
Emerald (QLD)	106.00	Norfolk Island	108.00
Exmouth (WA)	173.50	Pt Hedland (WA)	247.00
Geraldton (WA)	116.00	Pt Lincoln (SA)	106.00
Gladstone (QLD)	111.00	Port Macquarie (NSW)	115.00
Gold Coast (QLD)	135.00	Thursday Island (QLD)	180.00
Halls Creek (WA)	132.00	Warrnambool (VIC)	113.00
Hervey Bay (QLD)	109.50	Weipa (QLD)	138.00
Horn Island (QLD)	139.00	Wilpena-Pound (SA)	135.00
Jabiru (NT)	190.00	Wonthaggi (VIC)	122.00
Kadina (SA)	107.00	Yulara (NT)	313.00

Table 5: Tier 2 country centres	
Country centre	Country centre
Albany (WA)	Geelong (VIC)
Alice Springs (NT)	Horsham (VIC)
Bairnsdale (VIC)	Innisfail (QLD)
Bathurst (NSW)	Port Augusta (SA)
Bordertown (SA)	Portland (VIC)
Bright (VIC)	Renmark (SA)
Broken Hill (NSW)	Roma (QLD)
Bunbury (WA)	Orange (NSW)
Castlemaine (VIC)	Seymour (VIC)
Ceduna (SA)	Swan Hill (VIC)
Dalby (QLD)	Townsville (QLD)
Dubbo (NSW)	Wagga Wagga (NSW)
Echuca (VIC)	Whyalla (SA)
Esperance (WA)	Wollongong (NSW)

Reasonable travel allowance expense claims for employee truck drivers

12. 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 2008-09 income year, the relevant amounts are:

Table 6: Employee truck drivers			
Salary range	Food and drink		
\$90,000 and below	B'fast \$18.85	Lunch \$21.55	Dinner \$37.15
	\$77.55 per day		
\$90,001 and above	B'fast \$21.10	Lunch \$21.55	Dinner \$41.95
	\$84.60 per day		

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

Office holders covered by the Remuneration Tribunal

13. 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

14. 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

15. 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 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.

16. 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.

17. Employees travelling to two or more countries in the same day may use the Cost Group of the country that is in the higher cost group in determining their reasonable allowances amount.

Example - calculation of reasonable daily overseas travel expense amounts

18. *An employee travels to Brazil on business for two weeks and is paid a travel allowance of \$350 per day (\$150 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 5.*
- *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 5 (which covers Brazil) is \$225.*

19. *The employee claims a deduction for meals and incidental expenses actually incurred of \$200 per day. As the employee is claiming a deduction that is less than the reasonable amount of \$225 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.*

Date of effect

20. This Determination applies to the 2008-09 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 (refer to paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

Commissioner of Taxation

2 July 2008

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	
Albania	2		Estonia	3	
Algeria	3		Ethiopia	1	
Angola	6		Fiji	2	
Antigua and Barbuda	5		Finland	6	
Argentina	2		France	6	
Austria	5		Gabon	6	
Azerbaijan	4		Gambia	3	
Bahamas	5		Georgia	2	
Bahrain	2		Germany	5	
Bangladesh	2		Ghana	2	
Barbados	5		Gibraltar	4	
Belgium	5		Greece	5	
Bermuda	5		Guatemala	2	
Bolivia	1		Guyana	2	
Bosnia	2		Hungary	3	
Brazil	5		Iceland	6	
Brunei	2		India	5	
Bulgaria	3		Indonesia	2	
Burkina Faso	3		Iran	1	
Cambodia	2		Irish Republic	5	
Cameroon	3		Israel	5	
Canada	4		Italy	5	
Chile	2		Jamaica	3	
China (includes Macau & Hong Kong)	3		Japan	5	
Colombia	3		Jordan	3	
Congo Democratic Republic	5		Kazakhstan	3	
Cook Islands	3		Kenya	2	
Costa Rica	2		Korea Republic	5	

Cote D'Ivoire	5		Kuwait	4	
Croatia	4		Laos	1	
Cuba	3		Latvia	3	
Cyprus	5		Lebanon	3	
Czech Republic	5		Libya	2	
Denmark	6		Lithuania	3	
Dominican Republic	3		Luxembourg	5	
East Timor	2		Macedonia	2	
Ecuador	2		Malawi	2	
Egypt	2		Malaysia	2	
El Salvador	2		Mali	4	
Eritrea	2		Malta	5	

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

Samoa	2		Vietnam	2	
Saudi Arabia	2		Zambia	3	

Table 2: Reasonable amounts by cost groups

Cost Group	Salary \$90,000 and below			Salary \$90,001 to \$160,100			Salary \$160,101 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	\$115	\$35	\$150	\$140	\$40	\$180	\$170	\$45	\$215
4	\$145	\$35	\$180	\$175	\$45	\$220	\$205	\$50	\$255
5	\$185	\$40	\$225	\$225	\$50	\$275	\$265	\$60	\$325
6	\$215	\$45	\$260	\$270	\$50	\$320	\$310	\$60	\$370

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 (refer to paragraph 33 of Taxation Ruling TR 2004/6).

Not previously issued as a draft

Previous Rulings/Determinations:

TD 2004/19

TD 2005/32

TD 2006/43

TD 2007/21

References

ATO references:

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Related Rulings/Determinations:

TR 95/18

TR 2004/6

TR 2006/10

Subject References:

accommodation expenses

domestic travel expenses

meal and food expenses

incidental expenses

overseas travel expenses

travel expenses

Legislative References:

TAA 1953

ITAA 1997 900-60

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