


IT 2179 - Income tax: luncheon vouchers provided to employees

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TAXATION RULING NO. IT 2179

INCOME TAX : LUNCHEON VOUCHERS PROVIDED TO EMPLOYEES

F.O.I. EMBARGO: May be released

REF

H.O. REF: 83/7177-6

DATE OF EFFECT:

B.O. REF:

DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO:

SUBJECT REFS:

LEGISLAT. REFS:

I 1193397

EMPLOYEE ALLOWANCES

26(e)

PREAMBLE

This office was asked recently to consider the income tax implications of a proposal for employers to introduce a system of luncheon vouchers. The proposal envisaged that employers would purchase luncheon vouchers for distribution to their employees. The vouchers would be of nominated amounts. Employees would be able to exchange the vouchers for food at designated restaurants or sandwich bars whose owners participated in the scheme. The vouchers would not otherwise be transferable nor could they be converted into cash.

2. It was proposed that employers would issue the vouchers to employees in an ad-hoc fashion, e.g. when employees are required to purchase meals because of overtime, when they are travelling in the course of carrying out their duties or where a staff canteen is not available. Employees would not be accountable to employers for the use of the vouchers and, in fact, there would be no requirement on employees to use the vouchers at all.

RULING

3. The issue of luncheon vouchers to employees would represent allowance or benefit given or granted to employees in terms of paragraph 26(e) of the Income Tax Assessment Act and their value would form part of the assessable income of recipient employees.

4. Although the value of the vouchers would be included in an employee's assessable income there may be circumstances in which an employee is entitled to an income tax deduction for the cost of meals. Where, for example, an employer requires an employee to work overtime or to travel in the performance of the duties of employment it is usual for the employer to pay the employee a meal allowance. The value of the meal allowance would represent assessable income but the employee would be allowed an income tax deduction for expenditure incurred on meals in these circumstances.

COMMISSIONER OF TAXATION

26 JULY 1985

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