


IT 275 - Overseas allowances paid to public servants

 This cover sheet is provided for information only. It does not form part of *IT 275 - Overseas allowances paid to public servants*

This document is no longer current as has been Archived.

There is an Archival notice for this document.

This document has been Withdrawn.

There is a Withdrawal notice for this document.

TAXATION RULING NO. IT 275

OVERSEAS ALLOWANCES PAID TO PUBLIC SERVANTS

F.O.I. EMBARGO: May be released

REF

H.O. REF: J109/2 P15 F69

DATE OF EFFECT:

B.O. REF:

DATE ORIG. MEMO ISSUED: 01.08.80

F.O.I. INDEX DETAIL

REFERENCE NO:

SUBJECT REFS:

LEGISLAT. REFS:

I 1102445

OVERSEAS ALLOWANCE
PUBLIC SERVANTS

51A

PREAMBLE

The taxation treatment of overseas allowances paid to Commonwealth Public Servants based abroad has been reviewed.

FACTS

2. The allowances are paid to public servants serving overseas in recognition of the higher cost of living abroad and are designed to place the recipients on a basis comparable to that of officials serving within Australia. The allowances which are paid in accordance with the Public Service Determinations Relating to Overseas Service (DROS) are generally described as follows:-

Local Allowance
Special Local Allowance
Supplementary Local Allowance
Child Allowance
Residential Accommodation Allowance

RULING

3. Because the various allowances are based on elements of the additional cost of living incurred by public servants in living abroad it is accepted that they represent in total a living-away-from-home allowance as defined in section 51A.

4. It is also accepted that other allowances based on the DROS allowances paid to other Australian residents employed overseas by State Governments and other statutory authorities fall within the scope of the definition.

5. In the light of this decision the question arose whether the long-standing practice of the Commonwealth in meeting the tax liability on these allowances by way of a waiver of tax should be continued. From a practical point of view, the effect of accepting the allowances as living-away-from-home allowances means that the employee would be relieved of tax by way of a section 51A deduction on the greater part or whole of the allowance and would generally be assessed on the aggregate of the allowances received to the extent of \$2 per week only.

6. Advice has now been received that the Minister for Finance has decided to discontinue, with effect from 1 July 1980, the arrangement whereby the income tax on certain overseas

allowances paid to Commonwealth, State and Statutory Authority employees is waived.

7. The effect of these decisions is that from 1 July 1980 the allowances mentioned above paid to Australian residents employed overseas should be treated as a living-away-from-home allowance for assessment purposes. Other allowances based on the DROS allowances paid to other Australian residents employed overseas should be similarly treated.

COMMISSIONER OF TAXATION