# *TD 92/D215 - Income tax: is an employee who receives an allowance to compensate for the inconvenience, isolation and discomfort encountered during the course of employment, entitled to any deduction against the allowance?*

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This document has been finalised by TD 93/49.

**Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.**

# Draft Taxation Determination

## Income tax: is an employee who receives an allowance to compensate for the inconvenience, isolation and discomfort encountered during the course of employment, entitled to any deduction against the allowance?

1. No. The allowance is not intended to cover the reimbursement of work related expenditure or any additional private costs incurred by the employee as a result of his/her employment.

2. As such the allowance does not satisfy the tests in subsection 51(1) of the *Income Tax Assessment Act 1936*.

*Example: 1*

*A road worker camps out as a member of a road gang and receives an allowance for isolation, inconvenience and discomfort. The employee purchases food and drink and provides his/her bedding. The employer provides for all the other items necessary for the employee to camp out such as a caravan with a stove and an amenities structure for washing etc.*

*As the employee has not incurred any work related expenditure in relation to this allowance, no deduction is allowable against the allowance received.*

Note : If the employee needed to purchase incidental items such as cooking utensils, a billy, blankets etc, this expenditure is still not allowable as a deduction as it is considered to be private expenditure in terms of subsection 51(1).

*Example: 2*

*A mining company employee camps out to undertake land surveys and is paid an inconvenience ,isolation and discomfort allowance. The employer provides for all items necessary for the employee to camp out.*

*As the employee has not incurred any work related expenditure in relation to this allowance, no deduction is allowable against the allowance received.*

**Commissioner of Taxation**
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