

IT 2601 - Income tax: Unvouched travel expenses for long distance truck drivers

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INCOME TAX : UNVOUCHED TRAVEL EXPENSES FOR LONG
DISTANCE TRUCK DRIVERS

4. As a general principle a travel allowance will be treated as reasonable where the rate of allowance has been set by reference

to actual costs of accommodation and meals in a range of establishments in capital cities, metropolitan areas and country districts, as relevant to the case, in order to arrive at an average daily rate that would fairly compensate an employee for the cost of food, accommodation and incidentals, having regard to the status and salary level of that employee. In this context, fair compensation would be an amount - based on average charges in the surveyed establishments - that would enable the employee to avoid being out of pocket but make it unlikely that the allowance would, to any appreciable extent, not be expended on the costs for which it was paid.

5. Accordingly, it was stated in Taxation Ruling No. IT 2327 that the rates of travel allowances set for members of the Australian Public Service (APS), would be treated as reasonable. In concluding that such allowances are at acceptable levels it was accepted that APS travel allowances are based on an analysis of data obtained from annual surveys of accommodation and meal costs in capital cities and other regional centres. The resultant allowances reflect average costs of each item in each centre, excluding costs of sub-standard establishments, on the one hand and costs in specific high cost (usually remote) areas on the other.

RULING

6. Against that background, a daily travel allowance up to the amount of the food and drink component of the APS travel allowance payable in respect of "Other Country Centres" will be treated as reasonable. The daily rate in respect of "Other Country Centres" as set out in Taxation Ruling No. IT 2599 is \$41 for salaries below \$55,999 and \$45 for salaries of more than \$55,999.

7. It follows that the substantiation requirements will not apply in respect of claims of up to these respective amounts. Where an employee driver is able to substantiate in accordance with the substantiation provisions that higher expenses have been incurred, the additional amount may be claimed. However, where an amount above the relevant ceiling amount in paragraph 6 is claimed, the full amount of the claim must be substantiated.

8. Similarly, where an employee driver who has incurred the expenditure in respect of accommodation whilst away from home is able to substantiate that expenditure, a deduction may be claimed for that expenditure.

9. As owner-drivers engaged in long distance trucking do not receive travel allowances, the above ruling is not directly applicable to them. The substantiation requirements of the law referred to in paragraph 2 have application where owner-drivers are away from home for a period extending for more than five nights. As there will be situations in which it is impracticable for such owner-drivers to obtain receipts for various small amounts expended on food and drink, it will be sufficient substantiation if particulars of the amounts are evidenced in a diary or similar record and the total expenditure claimed for food and drink, including any amounts covered by receipts, does not exceed \$45 per day.

COMMISSIONER OF TAXATION
28 June 1990