

Optimism is the faith that leads to achievement. Nothing can be done without hope or confidence.

----- Helen Keller

Work related travel expenses

Per section 8-1 of ITAA97, you may be able to claim the cost of travel as a tax deduction if it is directly connected with your work.

If your employer gives you an allowance for travel, you must show the allowance as income on your tax return. Note that just because you are paid an allowance it doesn't mean that you can claim a deduction for the associated costs.

WHAT YOU CAN CLAIM

- work-related running costs for a car owned or leased by somebody else – a borrowed car (expenses for using your own car are covered in car expenses)
- expenses for vehicles other than cars – such as motorcycles, utility trucks or panel vans with a carrying capacity of 1 tonne or more, or any other vehicle with a carrying capacity of nine or more passengers
- air, bus, train, tram and taxi fares
- bridge and road tolls
- parking and car hire fees
- meals, accommodation and incidental expenses while travelling overnight for work – for example, going to an interstate work conference.

Generally, if your travel does not involve an overnight stay, you cannot claim for meals even if you received a travel allowance.

If your travel was partly private and partly for work, you can claim only the part that related to work.

You cannot claim the cost of normal trips between your home and your workplace as that travel is private.

COST OF TRAVEL BETWEEN TWO PLACES OF WORK

Following the High Court decision in FC of T vs Payne 2001 HCA 3, which denied a taxpayer a deduction under s8-1 for expenses incurred in travelling between two places of unrelated income-earning activity, s.25-100 was inserted into the ITAA97 to allow a deduction for 'travel between workplaces'.

'Travel between workplaces' is a travel directly between two places where an individual gains or produces assessable income. This includes travel directly between:

- Two places of employment
- Two places of business; or
- A place of employment and a place of business.

Example: Maria travels by tram from home to her work as a shop assistant, then travels directly by bus to her second job as a waitress. The bus fare is deductible under s25-100. However, if Maria were to break a trip to shop or obtain a meal, the cost of travel would not be deductible under s25-100 because she has not travelled directly from her first job to her second job.

Example: Jasmine maintains two properties: a residence in the city, where she resides during the week, and a farm in the country at which she carries on a business of primary production. Jasmine travels directly from her place of employment to the farm on Friday night after work, returning directly to work on Monday morning. The expenses incurred in travelling directly between work and

the farm are not deductible under s25-100 because the farm is a place at which Jasmine resides.

RECORDS YOU NEED IN THE EVENT OF AN AUDIT

All taxpayers must obtain documentary evidence of their business/work related travel expenses if they are away from their ordinary residence for one night or more. Whether for overseas or domestic travel, if the travel is for six nights or more, additional records must be kept.

You must record in a diary (or similar document):

- The nature of the activity
- The day and approximate time it began
- How long it lasted, and
- Where you engaged in it.

For details of records required for domestic and overseas travel, please refer to the following link: <http://www.ato.gov.au/individuals/content.asp?doc=/content/36017.htm>

Receipts are also required for accommodation expenses. You do not need to record non-business activities.

Travel allowance must be included in assessable income unless:

- A genuine overtime meal allowance or genuine travel allowance
- The allowance is no more than the 'reasonable amount', and
- The allowance has been fully expended on deductible expenses.

We will discuss further in our next newsletter regarding travel allowance, reasonable amounts and record keeping.