

Travel for work interstate or international

If you traveled for work purposes either domestically or internationally then we need the nights stayed, city and out of pocket costs.

Your flights and other travel costs will be deductible in the year paid if paid before June 30.

Generally travel expenses are deductible to the extent they relate to keeping abreast or ahead of business/employment trends or to directly assist in tax compliance or enhance the earning of assessable income.

Therefore if a business trip is 100% business/employment related then the cost of flights, meals, accommodation and travel between the places while you are away are tax deductible.

Where there is a private **and** business/employment component to the travel, the **purpose of the trip** is the determining factor. Thus if the trip was mainly for business/employment purposes then you can claim 100%. This implies that the private purpose was incidental to the main business purpose. If the business purpose was **merely incidental** then the claim must be reduced to the business purpose. Where the purpose of the trip is equal then 50% can be claimed.

In working out the purpose of a trip, using the basis of time spent on each activity is not the correct methodology. According to case R13 time is a totally inappropriate method. Case R13 suggests the following methodology to working out apportionment of purpose:

"The proper method is to determine the degree of predominance to be attached to the objects or purposes in the pursuit of which the tax payer incurred the particular expenditure which is to be the subject of apportionment"

Case R13 went on to allow a deduction for 50% of airfares where the time spent on business was only 5 days out of 40.

Accompanying person – where an accompanying person's travel is not considered deductible (because it bears no connection to the income earning activity) then travel costs need to be apportioned. Normally a 50/50 apportionment applies. However a marginal cost base can be used – ie separating the costs on the basis of the extra incurred for the non deductible travel.

In summary

Travel purpose	Deductibility %
Mainly business	claim all
50/50	claim half
Mainly private	claim according to purpose. If 2 purposes then claim half etc etc.

Record keeping and substantiation - to claim a deduction for travel costs the following 2 conditions must be met:

1. Written evidence must be obtained in respect of the expenses and
2. "Travel records" must be kept where the travel is for 6 or more consecutive nights. A "travel record" must contain 1) nature of the activity 2) date and time of it and 3) how long it lasted and 4) location of the activity

Please use this travel expenses table as a guide to calculating your claim.

Example

Date of Travel	Purpose of travel	Destination city/location	Duration - hours or days	Type of expense	Cost	Receipts attached?
Example - 07/06/11	Meet current client and review contract/discuss current business matters with Sydney office	Melbourne to Sydney	1 night	Taxi ride to airport	\$ 45.00	Yes/No
				Airline ticket	\$ 300.00	Yes/No
				Accommodation at hotel	\$ 220.00	Yes/No
				Meals	\$ 100.00	Yes/No
				Taxi ride from airport	\$ 45.00	Yes/No

Total amount of claim	\$ 710.00
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