

SOUTH AUSTRALIA



STATE TAXATION OFFICE

Pay-roll Tax

Circular No. 29
(formerly PRT Circular No. 2)

DEFINITION OF WAGES
TRAVELLING ALLOWANCES

Section 3 (1a) of the Pay-roll Tax Act, 1971 provides that where a travelling allowance is paid or payable to an employee in respect of the use of the employee's own vehicle in the course of employment the allowance does not constitute part of the employee's wages except to the extent that it exceeds a rate per kilometre fixed by regulation.

The current prescribed rate for a motor vehicle supplied by an employee is 56 cents for each business kilometre travelled.

Following a review of the interpretation of Section 3 (1a) a motor vehicle travelling allowance will as from 1 April, 1990 only be taxable to the extent that it exceeds the prescribed rate or an amount calculated at the prescribed rate.

Any allowance paid at a rate in excess of 56 cents per kilometre will fall within the definition of wages for that portion in excess of 56 cents. If for example, an allowance is paid at the rate of 66 cents per business kilometre, 10 cents per kilometre will be taxable.

Alternatively, where an allowance is paid without regard to kilometres travelled, such as set weekly sum, only the amount that *exceeds* 56 cents times the business kilometres actually travelled would be included as wages.

For example:

Current Prescribed Rate	56 cents per kilometre
Business Allowance	\$230/week
Business Kilometres Travelled	300/week
$\$230 - (56 \times 300) + \62 included as wages.	

It is emphasised that the allowances to be excluded must relate to kilometres travelled for business purposes and it will be necessary for employers to retain appropriate records.

Employers are also reminded that details of *all* allowances whether taxable or not, must be maintained.

Any enquiries should be directed to the Enquiries Officer on telephone (08) 226 3798.

11 December 1990

COMMISSIONER OF STAMPS

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