

## Allowances and Reimbursements

### Revenue Ruling PT.059

Replaces: PT.008  
(Update)

#### Preamble

The definition of 'wages' in Section 3(1) of the *Pay-roll Tax Act 1971* (the Act) has always included allowances. Employers pay many different types of allowance (for example travelling, tools, accommodation, tea, meal, dirt, etc.) either to compensate employees for assuming responsibility for various expenses of the business or compensate employees for unfavourable working conditions. The employer does not usually expect any verification of such expenses, and pays the allowance whether or not the employee actually incurs an expense, often due to award requirements.

Alternatively, an employer may operate on a reimbursement system whereby an employee only receives payment from the employer when verification of a business expense incurred on behalf of an employer, is provided.

The purpose of this ruling is to explain the manner in which allowances and reimbursements are treated under the Act. (Note: In this ruling a reference to an 'employee' includes a person deemed to be an employee under Section 3C of the Act.) This ruling replaces PT.008

#### Ruling

As a general rule **all** allowances are taxable and reimbursements are **only** taxable where they are subject to the provisions of the *Fringe Benefits Tax Assessment Act 1986*.

#### Allowances

The **only** allowances that are not **wholly** taxable are the following:

- **Travelling allowances (refer to Ruling PT.089).**
- **Accommodation allowances (refer to Ruling PT.089).**
- **Living away from home allowances (refer to Ruling PT.089).**

#### Reimbursements

Reimbursements of expenses incurred by employees on behalf of an employer will not be taxable, provided that the reimbursement has the following characteristics.

- **At the time it is paid, an expense has already been incurred by the employee, or a payment in advance is made and a receipt relating to the expense is provided to the employer, with the employee refunding any excess payment; and**
- **The expenditure by the employee was incurred in the course of the employer's business; and**
- **The precise amount is reimbursed.**

However, from 1 July 1993, any reimbursement that is taxable for fringe benefits tax purposes will be taxable for pay-roll tax purposes regardless of whether or not it satisfies the above criteria, and any reimbursements that are exempt fringe benefits under the *Fringe Benefits Tax Assessment Act 1986* will be exempt for pay-roll tax.

Please note that rulings do not have the force of law. Each decision made by the State Revenue Office is made on the merits of each individual case having regard to any relevant ruling. All rulings must be read subject to Revenue Ruling GEN.01

**Commissioner of State Revenue**  
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