



# USQ Travel & Taxation

## “Must Knows” for all USQ travellers

### GENERAL

The principle purpose of this information is to provide guidance on how the University complies with its obligations under the Fringe Benefits Tax Assessment Act 1986 with respect to travel which combines business and private activities. This information is highly prescriptive in order to provide some certainty for prospective travellers when they are planning their travel itineraries. This information is not intended to take the place of official travel policy.

When travel is being planned that includes both business and private activities, the first step is to complete a **proposed travel itinerary** showing the detailed activities for each day (including business, private and travel days – see definitions below) as well as the relevant start and finish times for all business and travel activities.

The proposed travel itinerary enables an assessment to be done to determine the **predominant purpose** of the trip which in turn determines the FBT (Fringe Benefits Tax) consequences of that itinerary. Using the definitions below you can classify each day of the itinerary to determine its status – travel, business or private. The assessment may then be made by inserting the day count into the **FBT Travel Calculator** (see below for Instructions).

### UNDERLYING PRINCIPLE

When planning a trip or making a determination as to whether a particular day is considered to be business-related or not, the following underlying principle should be kept in mind:

*“If I were travelling solely for University business, when would I leave, and when would I return?”*

### DEFINITIONS

**Business Day** – any day where the approved business activity has a duration of more than three hours:-

- 3 hours or more of business activity = one “business day”;
  - 2 hours but less than three hours business activity = one half “business day” and one half “private day”;
  - Less than 2 hours business activity = one “private day”.
- When **presenting a paper** at a conference, then **one preparation day** before the paper presentation may be included in the “business day” count.
- When travelling on a long **international flight**, then **one rest day** may be included in the “business day” count on arrival at the destination.
- When a traveller has given Corporate Travel Office the minimum required eight weeks notice for booking international travel and there are still **unavoidable delays between connecting flights** that time may be included in the “business day” count (using the duration guidelines above).

**Private Day** – any day where there is no business activity (or less than two hours approved business activity, or less than two hours travel to/from an approved activity). This includes weekends, public holidays, recreation leave, personal travel time, travel to and from additional destinations etc.

**Travel Day** – any day where the travelling is to (or home from) approved business activities. This does not include personal travel time, or travel to/from additional destinations which will count as “private” days.

**Travel Diary** is required to be completed where any one of the following circumstances occurs:-

- When you are away from home more than five nights; or
- When you are travelling to an international destination; or
- When you have a combination of business and private activities.

The Australian Taxation Office (ATO) describes in some detail the requirements for a Travel Diary. This information may also be found in travel policy located in the USQ Policy Library. When a Travel Diary has not been completed, or

the Diary contains insufficient detail (per ATO guidelines), then an FBT charge will be calculated and posted to the relevant cost centre (this may result in a reportable benefit for the employee on their annual PAYG Summary).

## FREQUENTLY ASKED QUESTIONS

**Q. I have to travel interstate on a Sunday in order to attend a conference that commences early Monday morning. Is Sunday counted as a business day or a private day?**

**A.** Sunday would be counted as neither business nor private. It is a travel day, and is therefore excluded from the calculations when assessing the predominant purpose for the trip.

**Q. I have an interstate conference commencing on Monday and finishing on Friday. If I were to leave on the Saturday before and return on the following Sunday, what are the implications?**

**A.** Private days total two, with five business days and two travel days. The predominant purpose of the trip would be considered to be "business" with the two private days treated as incidental to the business purpose. The University may fund the airfares and transfer costs at the start and finish of the trip. If this trip is approved under "assisted" travel policy then accommodation may also be funded, but no meals or incidentals.

The employee must meet accommodation on the private days, as well as all meals and incidentals.

A travel diary would need to be completed as the trip exceeds five nights.

**Q. I have a two day interstate conference and would like to take one week's recreation leave after the conference, before I return home. What are the implications?**

**A.** The number of private days (7) exceeds the number of approved business days (2), so the predominant purpose of the trip would be considered to be for private travel, with the business component being merely incidental. As a result, Fringe Benefits Tax will apply to 100% of the airfares and transfer costs at the start and finish of the trip if this trip was to be funded by the University. The University may fund the accommodation for the conference days only.

The staff member must cover all personal travel costs, including accommodation, meals, and incidentals relating to the private days. If this is "assisted" travel, then the staff member must also cover meals and incidentals on the conference days as well, and therefore should retain their receipts and documentation in the event that they can claim these expenses back in their personal Income Tax Return.

A travel diary would need to be completed for the entire period as the travel exceeds five nights. You may also need to obtain your own travel insurance when a trip is predominantly private.

**Q. I have to travel to China to teach for five days. I will have meetings on two more business days while travelling and wish to take six days recreation leave before returning home. Will the University fully fund my airfares?**

**A.** No. If your itinerary is approved "directed" travel by the relevant supervisor and financial delegate, you may undertake the travel; however, as there are seven business days and six private days included, the trip is considered to have a dual purpose – both business and private purposes. If USQ were to pay for the airfares and transfer costs (at the start and finish of the trip), then there would be an FBT charge on 50% of these expenses. Therefore the University may fund only 50% of the airfares and these transfer costs. Under "directed" travel policy accommodation as well as meals and incidentals would be payable for the business days.

The employee should pay for the other 50% of airfares and transfer costs (at the start and finish of the trip) as well as all travel costs on the private days (including accommodation, meals and incidentals).

A travel diary would need to be completed for the trip as the total travel period exceeds five nights.

**Q. I am travelling interstate to two conferences; one commences on Monday and finishes on Wednesday; the other conference commences on the following Monday. Are the days in between the two conferences treated as business or private?**

**A.** This would need to be reviewed by the Operations Accountant and a determination made as to whether the days between conferences are considered to be unavoidable, and whether or not it would be cost effective for you to return from the first conference and travel to the second conference the following week. The key issue to keep in mind is the underlying principle outlined at the start of this document:

*“If I were travelling solely for University business, when would I leave, and when would I return?”*

**Q. I know a travel diary must be completed where my travel exceeds five nights. Are private nights included in the “exceeds five nights” test?**

**A.** Yes. If you are away from home for more than five nights in total you must complete a travel diary, regardless of the split between business and private days.

**Q. If I have to reimburse the University for 50% of my airfares and transfer costs, should it be calculated using the GST inclusive or GST exclusive amount?**

**A.** Your reimbursement should be based on the GST inclusive price of the travel costs.

**Q. I am about to commence the Academic Development and Outside Studies Program for six months. What are the FBT implications on any travel while on ADOSP?**

**A.** You will receive an ADOSP allowance, which may include a travel component. If travelling away from home with a dependant partner etc you may also receive an additional allowance to contribute to your dependent(s) costs. The total amount will be paid in the form of a taxable allowance (that is, PAYG withholding tax will be deducted at the time of payment via the pay office). The allowance is intended as a contribution only to assist with the costs of travel/accommodation/living costs while you are away.

You are required under the ADOSP Policy to obtain professional financial advice as it relates to your personal taxation circumstances as part of the application process. You will be personally responsible for retaining all relevant documentation/receipts/travel diaries that you may need if you wish to submit them to your personal taxation accountant at the end of the financial year in order to determine any work related deductions you may be entitled to claim against the taxable allowance in your personal Income Tax Return.

As long as the travel is not funded directly by the University there will be no FBT liability.

You should obtain your own travel insurance as you will not be covered under the corporate travel insurance policy.

## **INSTRUCTIONS TO OBTAIN AN ASSESSMENT**

1. Plan your trip taking into account the **Underlying Principle** as cited above, and also ensure that you have allowed for changes in time zones. Please provide documentation or links to information concerning conferences, meeting dates and times, collaborative research contacts & addresses etc when submitting your travel request.
2. Fill out a **proposed travel itinerary** if you are combining business and private activities so that an assessment can be made of this itinerary. This assessment may impact on the University’s approval for funding.
3. Using the details in the **proposed travel itinerary**, assign a status to each of the days in the travel period. Count the number of business/private/travel days recorded using the definitions listed above.
4. Click on the **FBT Travel Calculator** link below and fill in your details including the relevant day count from step 3. This will produce the assessment in the yellow box halfway down the **FBT Travel Calculator** page.

5. Please print out the **FBT Travel Calculator** assessment and attach to your **proposed travel itinerary** and other relevant documentation to submit to your supervisor and the Corporate Travel Office.

The FBT consequences of the three possible assessments would be expected to be as follows:

- **Predominantly Business** – no FBT on the airfares and transfer costs at the start and finish of the trip;
- **Dual Purpose** – FBT liability on 50% of the airfares and transfer costs at the start and finish of trip;
- **Predominantly Private** – Staff should fund all the airfares and transfer costs in order to avoid attracting an FBT liability for the University. They should also obtain their own travel insurance prior to departure.

**LINK** **FBT Travel Calculator** is only required to be used when combining business and private travel activities.

#### **FURTHER INFORMATION**

For general travel information go to the **Corporate Travel Office** website and the **Corporate Travel Office Newsletters**.

For travel bookings and specific travel queries please email the **Corporate Travel Office** via the **Contact Us** web page.

For travel policy go to the **USQ Policy Library** and select **Directed Travel** or **Travel - Conference and Other Assisted**.

For FBT advice: [taxation@usq.edu.au](mailto:taxation@usq.edu.au)

For insurance advice: [insurance@usq.edu.au](mailto:insurance@usq.edu.au)