

For certain travel expense claims, the term “itinerant” needs clarity



Being able to make claims for work-related travel expenses is generally an enviable deduction situation, and one that a good many taxpayers would like to achieve — especially given that the status of being deemed an “itinerant” worker brings with it an expectation of a lot of travel kilometres.

While itinerant work is generally held to be undertaken by certain trades or classifications of workers, such as those working in primary production or mining, “itinerancy” can equally apply to any individual worker subject to their employment satisfying certain characteristics and criteria.

Broadly, the definition of “itinerant” refers to shifting places of work. However, as the term is used by the ATO in determining eligibility to make claims for certain travel expenses, it is important to get it right.

The characteristics or indicators of itinerant work, as set out in the rules, are that:

- travel is a fundamental part of the employee’s work
- the existence of a “web” of work places in the employee’s regular employment, that is, the employee has no fixed place of work
- the employee continually travels from one work site to another. An employee must regularly work at more than one work site before returning to his or her usual place of residence
- other factors that may indicate itinerancy (to a lesser degree) include:
 - the employee has a degree of uncertainty of location in his or her employment (that is, no long term plan and no regular pattern exists)
 - the employee has to carry bulky equipment from home to different work sites

- o the employer provides an allowance in recognition of the employee's need to travel continually between different work sites.

The ATO points out however that the above characteristics, while not exhaustive, do give some guideline for determining itinerancy. It says that no single factor however should be relied upon, and that individual circumstances and the nature of work duties can also be factors in any final determination.

The legislation does not define "itinerant". Therefore the ATO approach in labelling employment as being itinerant in nature, and eligible for certain travel expense deductions, is not arrived at by a prescriptive approach, but rather through the use of illustrative case studies.

The following examples can be helpful in determining if the above characteristics or indicators have been met, and if therefore a taxpayer has a "reasonably arguable" position in regard to claiming certain travel expenses.

Travelling is a fundamental part of the job

Travel must be a central feature of the employee's duties, and the very nature of the work means that it must be carried out in different locations.

Example

Jisa has supervisory responsibilities for a chain of retail outlets. Her duties require her to travel to several stores each day to assess each store's performance and to attend head office weekly to file reports. She does not visit the stores in a regular pattern. Travel is a fundamental part of Jisa's employment because the nature of the job itself makes travelling a necessary element of her duties. She is considered to be engaged in itinerant employment.

Example

Kayla is an agency nurse who travels to several hospitals to relieve staff shortages. She is employed by the hospital at which she performs the duties. Kayla remains at the one hospital until completion of her shift. Travel is not a fundamental part of Kayla's employment, as she is not required to travel in the performance of her work once she commences

duty. Kayla's employment is not considered to be itinerant.

Web of work places

If part of the employee's work requires them to perform work at a single site and then move to other sites on a regular basis, it would be considered that a "web" of work places exists.

Example

Jimmy sells equipment and supplies for a pharmaceutical company. He is required to travel to many clients each day to obtain sales of his company's products. He attends the employer's office monthly to complete paperwork. Jimmy's work requires him to travel to several workplaces (a "web" of work places). As he performs his duties at many different locations, his employment would be regarded as itinerant.

Care should be taken however, as performing work at different locations might not constitute a "web" of work places for the purpose of itinerancy as each work place might be regarded as a regular or fixed place of employment.

Example

Chris works for an accountancy firm and attends head office three days a week. He works the remaining two days at a suburban office. His work does not display a "web" of work places because:

- upon commencement he is not required to travel in the course of his duties
- Chris has two regular places of work.

Continual travel from one site to another

Continuously travelling from one workplace to another is a key factor in order to deem work as itinerant. However there needs to be a substantial link with the job to continuously travel for work.

Example

Tara works as a repairer for a manufacturer of office equipment. She is advised by mobile phone throughout the day of further clients to visit, and attends the employer's office weekly to complete paperwork and re-stock spare parts. Her work involves continuous travel from one location to another and her work is itinerant.

Continual travel refers to the amount of times an employee changes work locations. It requires an employee to work at more than one work site in order to be deemed to travel continuously. If an employee stays at a particular work site for a short period spanning several days or few weeks they may still be regarded as engaged in itinerant employment provided their usual pattern of work involves continual travel to more than one work site before returning to their usual place of residence.

Example

Priya is a fruit picker. She does not have a regular circuit, but organises her next job before completing the work at the current farm. She normally works and lives at many properties before returning home, remaining at each farm for two to three weeks. Priya is engaged in itinerant employment because:

- her employment has a web of work places
- there is continual travel from one farm to another before returning to her normal place of residence.

Other factors

1. Uncertainty of location

One of the key elements for being classified as an itinerant worker is travelling to different workplaces, but the element of uncertainty of location is generally another distinct characteristic of itinerant employment. This only relates to uncertainty in terms of location and not the availability of employment.

Example

Paul is a shearer who has agreements with various property owners and therefore travels on a circuit to the same farms each year returning home only periodically. When he finishes work at a property, he travels directly to the next property on his circuit. Although there is no uncertainty in Paul's employment pattern, his work is considered itinerant. This is because:

- travel is a fundamental part of his work
- his work structure displays a "web" of workplaces
- he continually moves from one place of work to another before returning home.

2. Carry heavy equipment

A deduction may be allowable if the costs can be attributed to transporting bulky equipment, rather than merely travelling from one work site to another. If the equipment is transported to and from work by the employee as a matter of convenience or personal choice, it is considered that the transport costs are private and no deduction is allowable.

Example

Neal is a bricklayer who is employed at a building site for six months. He carries a cement mixer, a ladder, shovels, trowels and other equipment to and from the site each day. A secure storage area is not provided at the work site. Neal is deemed to be not engaged in itinerant employment. However, a deduction is allowable for the cost of travelling between home and work due to the carriage of bulky equipment.

Example

Violetta is employed as an electrician. She travels daily between several work sites, carrying a small tool box, and would not be allowed a deduction for the cost of transport between home and work on the basis that she is required to carry bulky equipment. However, she would qualify for a deduction on the basis that her employment is itinerant. The carriage of equipment may support the characterisation of Violetta's employment as itinerant because it arises from the practical necessity for her tools of trade to be readily available for use at each work site.

3. Provision of allowance

A payment of an allowance for travel by an employer does not of itself indicate whether the work performed is of an itinerant nature or not. Such "official" recognition from an employer may indicate that travel is a necessary element of work, however it is also the case that a particular employer may pay an allowance irrespective of whether the employee is required to use it in travelling. This factor would need to be considered with other characteristics of the employee's work, as mentioned above.

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