



Client Meeting	35.2 km
Conference	65.5 km
Product Launch	8.1 km

Calculating a travel deduction if you are in receipt of a travel allowance.

The income tax system allows taxpayers who receive a travel allowance to claim a deduction for the use of their private vehicle for business purposes. It is important to note that travel between your home and place of work cannot be claimed and is regarded as private travel.

In order to claim a deduction, the first step is to record your vehicle's odometer reading on 1 March each year (the first day of the tax year for individuals), and again on the last day of February the following year (the last day of the tax year for individuals). These opening and closing readings give you your total kilometres travelled for the year.

Without these readings, you cannot claim a tax deduction!

Once you have taken down these readings and worked out your total travel for the year, you can start calculating your travel deduction.

First you need to calculate what portion of the total kilometres travelled was for business use and what portion was for private use.

It is now compulsory to keep a logbook of all your travel in which you record what travel was for business and what travel was for private purposes if you want to claim a travel deduction. **Without a logbook, you will not be able to claim a travel deduction.**

You are now ready to calculate the amount of your claim.

As a taxpayer you have two choices:

1. You can calculate your claim based on the table of costs supplied by SARS each year (you will find the cost tables which apply to the tax year from 1 March 2010 to 28 February 2011 on the next page of this logbook). You need not have kept an accurate record of all your expenses - simply use the costs linked to the value of your vehicle.
2. Alternatively you can calculate your claim based on actual costs. You will have to have kept an accurate record of all your expenses during the year, including fuel, maintenance, lease and insurance costs.

Please note that you must retain your logbook for a period of at least five years as you may be required to submit it to SARS for verification of your claim.

The South African Revenue Service reserves the right to audit and query the content or information recorded by the taxpayer in any logbook.

Fixed Cost Table: 1 March 2010 - 28 February 2011

Rates per kilometre which may be used in determining the allowable deduction for business travel, where no records of actual expenses are kept.

Value of the vehicle (including VAT) (R)	Fixed cost (R p.a.)	Fuel cost (c/km)	Maintenance cost (c/km)
0 - 40 000	14 672	58.6	21.7
40 001 - 80 000	29 106	58.6	21.7
80 001 - 120 000	39 928	62.5	24.2
120 001 - 160 000	50 749	68.6	28.0
160 001 - 200 000	63 424	68.8	41.1
200 001 - 240 000	76 041	81.5	46.4
240 001 - 280 000	86 211	81.5	46.4
280 001 - 320 000	96 260	85.7	49.4
320 001 - 360 000	106 367	94.6	56.2
360 001 - 400 000	116 012	110.3	75.2
exceeding 400 000	116 012	110.3	75.2

Note:

- The fixed cost must be reduced on a pro-rata basis if the vehicle is used for business purposes for less than a full year.
- 80% of the travelling allowance must be included in the employee's remuneration for the purpose of calculating PAYE.

Alternative:

- Where the distance travelled for business purposes does not exceed 8 000 kilometres per annum, no tax is payable on the reimbursement paid by an employer to an employee, up to the rate of 292 cents per kilometre for actual business mileage travelled (regardless of the value of the vehicle).
- This alternative is not available if other compensation in the form of an allowance or any other reimbursement is received from the employer in respect of the vehicle.

Note:

The rates in the Fixed Cost Table are adjusted periodically. The rates in the table on this page relate only to the 2010/11 tax year, i.e. from 1 March 2010 - 28 February 2011.

For the rates for other tax years please visit your nearest SARS branch office, call the SARS contact centre on 0800 00 SARS (7277) or visit our website at www.sars.gov.za

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