



Issue 8 - 22 March 2022

Budget Snapshots

Expense
Reimbursements
and Travel Expenses



80% of business travel allowances are subject to PAYE.

With effect from 1 March 2022, the following amounts are currently deemed to have been actually expended by the recipient employee where the employee, on the instructions of the employer, is obliged to spend part of a day away from his or her place of work or employment. The amount is R152 (was R139) per day to cover meals and other incidental costs if the costs are incurred in furtherance of the trade of the employer.

The following amounts will be deemed to have been actually expended by a recipient to whom an allowance or advance has been granted or paid –

- where the accommodation, to which that allowance or advance relates, is in the Republic and that allowance or advance is paid or granted to defray –
 - incidental costs only, an amount equal to R152 per day; or
 - the cost of meals and incidental costs, an amount equal to R493 per day; or
- where the accommodation, to which that allowance or advance relates, is outside the Republic and that allowance or advance is paid or granted to defray the cost of meals and incidental costs, an amount per day determined in accordance with the 'Table: Daily Amount for Travel Outside the Republic' under Notice 268 published in Government Gazette No. 42258 dated 1 March 2019.

80% of business travelling allowances are subject to PAYE. The percentage is reduced to 20% if the employer is satisfied that at least 80% of the use of the motor vehicle for the tax year will be for business purposes. On assessment, the full allowance is taxable and actual or deemed expenditure can be claimed up to the amount of allowance received.

The table below sets out the rates per kilometre which may be used from 1 March 2022 to determine the allowable deduction for business travel where no records of actual costs are kept. Of course, it may be far more tax effective to keep records of actual costs instead of using the published table. Wear and tear must be calculated over 7 years on a cost not exceeding R665 000. Any interest or finance charges must also be limited to an amount calculated as if the original debt did not exceed R665 000. Unless a detailed log book is maintained, all travel is deemed to be for private use. A standard form of log book is available on the SARS website – [click here](#).

We strongly recommend that you ensure that the information in the SARS logbook is maintained by you as part of your records. Please consult us for further information.

Value of the vehicle (including VAT) (R)	Fixed Cost (R p.a.)	Fuel Cost (c/km)	Maintenance Cost (c/km)
Does not exceed 95 000	29 836	131,70	40,90
95 001 - 190 000	52 889	147,00	51,10
190 001 - 285 000	76 033	159,70	56,30
285 001 - 380 000	96 197	171,80	61,50
380 001 - 475 000	116 438	183,80	72,30
475 001 - 570 000	137 735	210,80	84,90
570 001 - 665 000	159 031	218,00	105,50
Exceeding 665 000	159 031	218,00	105,50

The fixed cost portion must be divided by the total distance in kilometres (for both private and business purposes) shown to have been travelled in the vehicle during the year. To this is added the final cost and maintenance cost from the above table.

No fuel cost may be claimed if the employee has not borne the full cost of fuel used in the vehicle and no maintenance cost can be claimed if the employee has not borne the full cost of maintaining the vehicle (e.g. if the vehicle is covered by a maintenance plan).

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.

Alternatively -

In respect of the distance travelled for business purposes, no tax is payable on an allowance paid by an employer to an employee, up to the rate of R4,18 (was R3,82) per kilometre (plus actual parking and toll fees) regardless of the value of the vehicle. The actual distance travelled is not relevant.

Only the portion of the travel expenses reimbursed by an employer that exceeds the above rate fixed by the Minister of Finance should be regarded as remuneration for purposes of determining employees' tax.

This alternative is generally not available if other compensation in the form of an allowance or reimbursement (other than actual parking or toll fees) is received from the employer in respect of the vehicle in which event 80% of the travelling allowance and compensation must be included in the employee's remuneration for the purposes of calculating PAYE.



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