



## Motor Vehicle Allowance

### Background

1. Employees will be paid motor vehicle allowance (MVA) in accordance with clause 57 of the Enterprise Agreement when directed by their employing Member to travel using their privately owned vehicle (or self-drive hire vehicle at their own expense) on official business via the most efficient direct route in accordance with [Determination 2020/15 – Staff Travel and Relief Staff Arrangements](#) (and/or any determination which supersedes, supplements or amends it) (the travel determination).
2. Clause 57 of the Enterprise Agreement requires that the employing Member authorises, in advance, the use of a private vehicle for the purpose of official business. Where it is not possible to complete a claim form in advance of the travel, verbal or written authorisation should be obtained and subsequently documented in the claim form.
3. MVA can be paid in the form of an advance (a claim made prior to the completion of travel) or as an acquittal (a claim made after the completion of travel).
4. MVA is not payable for journeys between home or accommodation and the workplace. An electorate employee may claim MVA for travel to or from their home in the course of official travel, e.g. driving from their home in Sydney to Canberra for a sitting week.
5. Subject to paragraph 6, the MVA payable is capped at the corresponding economy class airfare (or business class airfare for senior staff) for the equivalent route plus \$100 per return trip (\$50 one way), less any travelling allowance provided for an overnight stay en route that would not have been necessary if the travel had been on scheduled commercial services. The Independent Parliamentary Expenses Authority (IPEA) will determine when MVA is capped in accordance with this provision.
6. Where the use of a private vehicle is more efficient, e.g. where a private vehicle will allow arrival at a more suitable time than travel by commercial transport or where official business is to be conducted en route, the MVA payable will not be capped.
7. Employees using a privately owned vehicle for the purpose of official business must carry comprehensive and third party insurance as the Commonwealth does not provide or carry insurance on privately owned vehicles used by employees for official business and will not accept any liability for loss or damage caused to or by the vehicle or its contents.

## Claiming MVA

8. To claim MVA, a completed claim form is to be submitted to IPEA.
  - ▶ [IPEA Staff Travelling and/or Motor Vehicle Allowance Claim](#)
9. Travel claims, including those for MVA, will be the subject of audits conducted by IPEA. Offices will need to retain original employee travel claims until an audit is conducted or the employing Member leaves Parliament, whichever is sooner.
10. A claim for MVA, including a claim for an MVA advance, should include details of each leg of the journey, e.g. electorate office to the airport and kilometres driven (or approximate kilometres in the case of an MVA advance). If the number of kilometres is not supplied, payment will be made on the basis of the shortest direct route between departure and arrival points as calculated by IPEA.
11. A claim for MVA must only be made by, and will only be paid to, one occupant of a private vehicle.

## MVA advance

12. If a claim for MVA is certified by the employing Member or authorised person before the travel has been completed, the claim is treated as an advance.
13. MVA will be paid in advance as close as possible to the time of travel, via electronic funds transfer to the employee's nominated account.
14. An employee who is paid an advance of MVA must acquit the travel no later than 28 days after the travel is completed. Once 28 days has elapsed, future payments of MVA will not be made to the employee until the advance has been acquitted.
15. Where an advance of MVA has not been acquitted at the time an employee ceases MOP(S) Act employment, the amount of the advance will be considered a debt owed to the Commonwealth.

## MVA acquittal

16. If the claim for MVA is certified by the employing Member or authorised person after the travel has been completed, the claim is treated as an acquittal.
17. MVA will be paid in accordance with IPEA's [Service Level Standards](#), via electronic funds transfer to the employee's nominated account.
18. It is recommended that employees lodge their MVA claims as soon as possible after the completion of travel. Claims signed by the employing Member or authorised person more

than 60 days after the date of completion of the travel, will not be paid unless exceptional circumstances exist and an explanatory statement from the employing Member accompanies the claim (in the case of a Minister, Parliamentary Secretary or Opposition Office Holder, a statement from the Chief of Staff, Principal Adviser or Senior Adviser will be accepted if they are authorised to approve staff travel). The decision whether to pay a late MVA claim rests with IPEA.

## **Overpayment of MVA**

19. Any overpayment of MVA, e.g. arising from changes to travel arrangements or failure to acquit an advance of MVA, represents a debt to the Commonwealth and is subject to debt recovery arrangements at clause 28 of the Enterprise Agreement.
20. Consistent with the Enterprise Agreement, recovery of an overpayment of MVA will be made in accordance with the following arrangements:
  - a. at the election of the employee, the employee may remit the amount in full to IPEA; or
  - b. if it is likely that the employee will travel within the next 60 days, deducted from future MVA or Travelling Allowance (TA) claims; or
  - c. if it is not likely that the employee will travel within the next 60 days, recovered from pay or salary in accordance with clause 29(a) of the Enterprise Agreement.
21. If MOP(S) Act employment ceases then any outstanding overpayment of MVA will be considered a debt owed to the Commonwealth.

## **Rates of MVA**

22. The rate of MVA will be the rates determined by an independent organisation from time to time, based on current market data. The current rates of MVA are located on the IPEA website.

## **MVA included in taxable income**

23. MVA is part of an employee's gross taxable income but is not taxed at the time of payment unless:
  - a. the rate of payment, as of 1 July 2018, exceeds 68 cents/km (in which case the payment above 68 cents/km is taxed); or
  - b. the distance claimed for the financial year exceeds 5,000 km (after which all MVA is taxed).

24. Payments of MVA that meet these thresholds will be taxed under PAYG arrangements. Payments of MVA that occur during the financial year will appear on a 'Payment Summary' as an allowance. MVA must be declared in the employee's annual income tax return.
25. Costs related to using privately owned vehicles for work-related travel may usually be claimed as a tax deduction. The *Income Tax Assessment Act 1997* provides that a claim for vehicle expenses as a work-related tax deduction may be calculated by cents per kilometre or a log book.
26. Each method has certain requirements that need to be satisfied. To obtain information on these requirements, employees should contact an accountant/taxation adviser or the ATO. In some cases, Certificates of Acquitted Travel are considered sufficient substantiation and should be retained for taxation purposes.