

SUBSISTENCE & TRAVEL (S&T) POLICY



Effective date 1 July 2010

Objective

The purpose of the policy is to clearly define the S & T related expenses that may be funded from Hibiscus Coast Municipality (HCM) funds

- set out the conditions and authorisation required
- clarify the various related processes and responsibilities

Scope

- Includes all travel (local and foreign) while on official Municipal business.
- mileage claims or advances for purposes other than travel

Applicable to:

All Hibiscus Coast Municipality (HCM) staff, Interns, students and Councillors, authorised to travel on official municipal business.

Additional Information:

For an overview of the business process and a definition of terms used in this Policy document, refer [Attachment "A."](#)

The HIBISCUS COAST MUNICIPALITY (HCM) travel policy is positioned within the context of the SA Revenue Services (SARS) definitions and ruling on subsistence and travel (S&T) - refer [Attachment "B."](#)

The rates allowed by SARS are the **maximum** amounts that can be paid without incurring tax. The **actual** amount paid, up to this maximum, is at the discretion of the Municipal Manager / Council.

Related policies and forms:

- Mileage claims [Claim for Mileage Reimbursement form HCMCFO001]
- Subsistence And Travel [HCM S& T Claim form HCMCFO002]
- Reimbursements [HCM S& T Advance form HCMCFO003]
- Hibiscus Coast Municipality SCM Policy

POLICY

A. General

- Monies provided for travel may only be used for officially approved **Municipal business** -refer **Attachment B** (1b) for SARS definition.

This applies to all officially Municipal business while on any authorised category of leave, i.e. annual, study and special , unpaid or other leave.

- An application for subsistence and travel funds (allowance or advance) will not be considered or processed where
 - all required documents have not been attached to the application;
 - or
 - staff have not cleared a previous advance;
 - or
 - staff have not submitted the required leave application

- Allowance and advances will **not** be paid in cash.

In addition to A above, refer:

- B. [Airfare](#)
- C. [Prepaid travel costs not covered by the S&T rate](#)
- D. [Local travel](#)
- E. [Foreign travel](#)
- F. [Travel allowances](#)
- G. [Travel advances](#)

Each individual authorised to use Hibiscus Coast Municipality funds for travel purposes, or to submit a request for an advance or allowance.

Implementation Each individual authorised to use Hibiscus Coast Municipality funds for travel purposes, or to submit a request for **responsibility** an advance or allowance.

The HOD is responsible for ensuring all policies and procedures are communicated to and implemented by the responsible individual(s).

The Chief Finance Officer has to ensure reasonable controls exist to support the implementation of all policies.

**Contact Treasury Department
Salary Office
Margate**

B. Airfare

Policy • No monies will be advanced for airfares.

- Hibiscus Coast Municipality (HCM) funds will only meet the cost of economy class airfares.

The following considerations apply:

- ✍ Any staff member could choose an upgrade to business class by using travel miles (or similar) earned on previous flights.

Under certain circumstances and pursuant to the Municipal Manager due consideration of relevant factors, prior approval by the Municipal Manager shall be required in respect of all business travel.

International travel in excess of 2(two) hours shall be by business class

The airfare for the spouse and/or immediate family accompanying the staff member on an official Municipal trip for any period of time will be borne by the staff member as it shall not be met from Hibiscus Coast Municipality funds.

prior written permission has been granted from the Council for the spouse and/or immediate family to accompany the staff member, and

Where the airfare has been approved and a staff member elects to use other means of transport while on official Hibiscus Coast Municipality business, the total claim may not exceed the cost of an economy class airfare.

Procedure Before the trip:

- Airfares should normally be paid for or procured through the SCM process before applying for a travel allowance or advance.
- Procurement to obtain 3 written quote in accordance with the SCM procedures from a travel agent (fax/email) or direct from the national carrier.
- Once the quote has been accepted, place the Official purchase order and send the printed Order to the travel agent or secure the ticket from the national carrier.
- Obtain / retain proof that the airline ticket has been issued /received.
- Submit the Official Order with the relevant supporting documentation for payment to the Creditors Section, Treasury Department, Margate.
- When the air ticket is cancelled the vendor will issue a credit note once the airline has passed a credit note. The credit will be processed directly into the vote number against which the air ticket was charged.

After the trip:

- Upon return from the trip check the actual invoice price against quotes and update the Official order at Treasury.

Always refer to [Treasury](#) for assistance when processing the Official order, specifically

- (1) where prices quoted are estimates,
- (2) where the order includes more than one air ticket,
- (3) to ensure VAT is dealt with correctly, or
- (4) to process changes, additions or cancellations

C. Prepaid travel costs not covered by the S & T rate

Policy

Hibiscus Coast Municipality funds will meet certain S& T costs not covered/provided for by the S& T rate while staff are on official Municipal business. It could include, for example, prepaid conference fees or accommodation.

- In general the accepted class of accommodation is the equivalent of three stars (***) in South Africa.
- Payments will be made for events, provided that :-
- An original or pro-forma invoice (also fax/emailed copy) from the foreign beneficiary/payee is submitted
- Payment is made by means of bank draft or other financial method/transfer.
- Bank draft is not purchased more than 6 months before departure date
- The staff member has a valid passport
- Staff members that arrange bank drafts in their personal capacity will bear the additional bank charges.

Procedure

These items should normally be paid before applying for a travel allowance or advance:

- Conference: confirm acceptance of conference booking and the fees quoted in the invitation/brochure
- Accommodation: obtain a written quote in accordance with the SCM procedures (fax/email) and confirm booking
- Place the purchase order (PO)
- To convert amounts in foreign currency to SA rands you require the current exchange rate. Treasury will contact the bank or the Foreign Exchange section of any Travel Agent.
- Submit the PO and supporting documentation to the Treasury Department Creditors section for payment.

D. Local travel

Policy Local travel

- A daily subsistence rate is allowed as follows:
 - **R85 per day**, or part thereof, if the allowance is to defray incidental costs only, or
 - **R276 per day**, or part thereof, if the allowance is to defray meals and incidental costs only.

This rate excludes airfare and accommodation. *Refer Attachment C.*

*The above are the rates currently allowed by the South African Revenue Service and are the **maximum** amounts that can be paid without incurring tax. The **actual** amount paid, up to this maximum (R85 or R276), is at the discretion of the **Council** . These amounts will be*

adjusted from time to time and in line with the South African Revenue Service and are the **maximum** amounts that can be paid without incurring tax

Refer [Attachment B \(3\)](#) for the tax implications.

An application for S &T **within** the daily limits will be treated as an **allowance** and above the limits as an **advance**.

Hibiscus Coast Municipality funds will meet all reasonable expenditure incurred while on official Municipal business. If actual expenditure exceeds the allowance received (based on R85 or R276 per day) and the staff member wants to claim the difference, the total amount will be treated as an advance

E. Foreign travel

Policy Foreign travel - less than 6 weeks

- A daily rate of the equivalent of US \$215 per day is allowed by the South African Revenue Service except for where countries as per [Attachment D](#) is visited .

This rate excludes airfare and accommodation but includes meals and sundries while on official Municipal business within the country being visited. Refer [Attachment C](#).

*The above rate is the **maximum** amount that can be paid without incurring tax. The **actual** amount paid, up to this maximum of US\$215 ,or as per [Attachment D](#)” is at the discretion of the **Council**.*

- Hibiscus Coast Municipality (HCM) does not allow any expenditure for the spouse and/or immediate family against Municipal funds should they accompany the staff member.

Refer [Attachment B \(2c\)](#) for tax implications.

- The rates exclude airfare and accommodation but include meals and sundries while on official Municipal business within the country being visited. Refer [Attachment C](#).
- Hibiscus Coast Municipality (HCM) may allow a rate of US \$30 per day for the spouse and/or immediate family, if the trip is 3 months or longer, and prior written permission has been granted from the Council for the spouse and/or immediate family to accompany the staff member, and

Refer [Attachment B \(3\)](#) for the tax implications.

F. Travel allowance Policy

Before the trip the full amount of funding received will be treated as an allowance, if

- the applicant requests an amount within the allowed daily rate [refer Sections D ([Local Travel](#)) & E ([Foreign Travel](#))],
- Foreign travel payments will normally be made using the exchange rate used by the applicant at the time of completing the application form. If the exchange rate at the time of processing the form is substantially different, then the prevailing rate will be used and the applicant informed.

- After the trip if actual expenditure exceeds the allowance received and the staff member wants to claim the difference, the total amount will be treated as an [advance](#).

Procedure Before the trip:

- Apply for a travel allowance by completing the S& T form.
- Obtain approval for the allowance from HOD / MM.
- Place/capture the purchase order (PO)
- Submit the S & T, the official order number and the HR supporting documentation to the Treasury Department.
- The allowance will be paid directly into the staff member's bank account.

After the trip:

- Submit all outstanding relevant supporting documentation
- No proof of expenditure needs to be submitted if actual expenditure is within the amount allowed.

Always refer to the [Treasury Department](#) for assistance.

G. Travel advance

Policy •

Before the trip the full amount of funding received will be treated as an advance, if

the applicant requests more than the allowed daily rate

(refer [Sections D \(Local Travel\)](#) & [E \(Foreign Travel\)](#))

- After the trip, if actual expenditure exceeds the *allowance* received and the staff member wants to claim the difference, the total amount (allowance plus additions) will be treated as an advance.
- Foreign travel payment will normally be made using the exchange rate used by the applicant at the time of completing the application form. If the exchange rate at the time of processing the form is substantially different, then the prevailing rate will be used and the applicant informed.
- Travel advances must be cleared within 14 days after the return date of the trip. If not cleared these amounts will be reported as taxable income.
- No further travel funds will be paid to staff members who have not cleared previous advances.

Procedure Before the trip

- Apply for a travel advance by completing the S& T form.
- To convert amounts in foreign currency to SA rands you require the current exchange rate.
[Refer to www.xe.net for currency conversion calculations.]

- Keep a copy of the S& T form to clear the advance.
- Obtain approval for the advance .
- Place/capture the purchase order (OFFICIAL ORDER) .
- If a staff member requests the advance, they must supply their staff number.
- Process the application.
- Submit the S& T form , the OFFICIAL ORDER with the relevant ticket/ invoice number and the HR supporting documentation to the Treasury Department.
- The advance will be paid directly into the staff member's bank account.

After the trip:

- Submit a report to the Departmental Head
- [Reconcile the advance](#)
- [Clear the advance](#) (and claim additional travel expenses)

Procedure To reconcile a travel advance

- Obtain copies of S& T form , the original official order, invoices and receipts and prepare a summary, per general ledger account vote, of total actual expenditure incurred.
- Calculate the difference between the actual expenditure and the amount received as an advance.
- If the actual is less than the advance, refund the balance and clear the advance
- If the actual is more than the advance, clear the advance and claim the additional amount.

Procedure To clear a travel advance (and claim additional expenses)

If total actual expenditure is less than the advance:

- Return the balance of the advance/unspent monies to the Hibiscus Coast Municipality (HCM)cashiers.
- Obtain a printed receipt and complete S& T form. Attach receipt to form
- Submit the following to the Finance Department:
 - S& T Form
 - Reconciliation of the advance to clear the advance, and
 - [Proof of expenditure](#) for total actual expenditure
 -

If total actual expenditure is more than the advance:

- Place/capture the purchase order (official order) for the additional amount and provide the necessary proof and receipts.
- Complete S& T form and obtain the required approval.
- Submit the following to the Creditors / Salaries section Treasury Department.
 - S& T Form and the official order with the supporting documentation
 - clear the advance, based on the reconciliation of the advance, and
 - [Proof of expenditure](#) for total actual expenditure
- If total actual expenditure exceeds the daily allowance for hotel accommodation alone, then only the hotel receipts need to be submitted.
- The Treasury office, once the advance has been cleared will deposit the difference directly into the applicants bank account.

Proof of expenditure

- Only original proof of expenditure is acceptable. A statement (e.g. for a credit card) will not be accepted; it must be invoices, receipts or the like.
- Hand drawn summaries will only be accepted for out of pocket/incidental expenses where vouchers are normally not provided, for example, taxi fares, tips, newspapers.

h) Meal allowances – reimbursement

Policy •

Reimbursement of costs for actual expenditure incurred if away on official municipal business for a period less than a day i.e. 24 hours. All amounts that exceed the maximum are subject to the SARS guidelines and are taxable.

- The maximum of claims in respect of meals is as follows: (R276.00 minus R85.00)

i)	Breakfast	R 47.50 –	Except where breakfast is part of the accommodation in which case the claim may be the actual amount charged by the institution.
ii)	Lunch	R 65.00	Except where lunch is provided at the function or it is part of services rendered at the function / event being attended.
iii)	Dinner	R 78.50	Except where lunch is provided at the function or it is part of services rendered at the function / event being attended.
- The maximum of the fixed daily S& T that may be claimed in instances where actual expenditure is not claimed and the employee is away from office for less than 24 hours is R 11.50 per hour.
- When claiming the maximum fixed daily S& T allowance of R276.00 or R11.50 per hour, no additional reimbursement in respect of accommodation and meals may be claimed, as this amount is intended to cover all expenditure incurred by the staff member during the period of claim.

Mileage Claims

Effective date 1 July 2010

Objective

The purpose of the policy is to:

- clearly define who is entitled to claim mileage that will be paid S & T from Council funds and
- set the conditions and rates applicable
- clarify the process and related responsibilities

Scope

- Includes all mileage claims that are paid for by Council funds.

Additional information

- The mileage claim will be subject to employee's tax in the month in which it is received by the staff member. The Hibiscus Coast Municipality is responsible for ensuring that the full amount received by an employee is reflected on the IRP5.
- No taxable income will have been earned where the reimbursement does not exceed 8,000 km and the rate per kilometre limitation allowed, and no other compensation is paid to the employee.

[Reimbursement of business km allowed by SARS is R2.92 or the rate as determined by Schedule A - refer to the standard tax notes issued by SA Revenue Services.] Annual changes to SARS rate will automatically be adjusted from time to time.

Policy • The rates quoted are the maximum applicable rates per vehicle.

- The rate is a fixed rate and does not vary according to the number of passengers.
- The following rates per kilometre will apply from 1 April 2010:

Motor vehicles (all types) R 2.92c

- Only in exceptional circumstances will mileage be reimbursed at a rate that exceeds the approved rate, e.g. where a contract explicitly states that a mileage reimbursement rate in excess of the above is to be paid.
- Mileage claims will only be paid out at the most economical rates. The lesser of the mileage claim, at the above rates or the cost of a return air ticket or the hire of a Group A motorcar from the rental firm approved in according with the SCM Policy of Council will be paid out. If special circumstances prevail these should be noted on the claim form.
- Mileage claims for travel for work or that is part of the official course requirements is paid only for travel outside a radius of 10 km from the staff's permanent office, unless specifically approved by the HOD or covered by the Transport Allowance scheme.

- If you receive a travel allowance, you cannot claim mileage reimbursements within the Municipal area of jurisdiction.
- All staff members requesting mileage claims must have a Hibiscus Coast Municipality staff number.
- All staff mileage claims will be paid directly into the relevant bank accounts via electronic transfer.
- Mileage claims for less than R250.00 should, where practical, be accumulated.
- No mileage claims are to be reimbursed from petty cash due to the IRP5 tax reporting requirements.
- All mileage claims must be approved by the relevant HOD and the Municipal Manager as authorised signatory. .

Procedure •

Submit the S& T form with all applicable detail.

- All mileage claims must be made using the staff number as reference.
- The General Ledger (GL) vote number must be reflected
- The staff member / applicant signature is required on all claims or requests for mileage claims together with the signature of the HOD. MM to authorise payments
- Note the supporting documents e.g. order and goods receipt numbers on the S& T Form.
- The purchase order and completed form must be submitted to, Treasury Department, Margate.
- Where payment is made directly into a bank account via electronic bank transfer, a remittance advice will be sent to the staff member on or before the day of transfer.

Implementation responsibility

Each individual authorised to claim mileage for the use of privately owned vehicles for official purposes.

The HOD is responsible for ensuring all policies and procedures are communicated to and implemented by the responsible individual(s), including Councillors. The Chief financial Officer has to ensure reasonable controls exist to support the implementation of policies.

Staff Reimbursements

Effective date: 1 July 2010

Objective

The purpose of the policy is to:

- set out the conditions and authorisation required for reimbursement
- clarify the process and related responsibilities

Scope

- Includes all requests/claims for reimbursements that are paid for by HCM funds

Applicable to:

- All staff, Councilors, students and interns authorised to submit claims for reimbursements to be paid from HCM funds.

Policy •

Reimbursements may only be claimed where authorised expenditure has been incurred for official council purpose

- “**Expenditure**” refers to all kinds of costs incurred, e.g. mileage, toll fees, entertainment, purchase of books, stationery.
- Reimbursements for recurrent expenditure related to working from home, or while travelling (e.g. ASDL line, 3G cards) must be approved by the HOD / Municipal Manager where applicable, prior to the initial claim, irrespective of value.
- When approving the recurrent expenditure, consideration must be given to the business needs, as well as improved productivity of the claimant
- All staff members requesting reimbursements must have a staff number.
- All staff reimbursements will be paid directly into the relevant bank accounts via electronic transfer.
- Reimbursements for less than R250 should, where practical, be accumulated or paid via the monthly salary run.
- All requests for reimbursement must be supported by original supporting documentation stating details of the goods supplied or services rendered.
- All requests must be approved by the HOD as authorised signatory. In the case of HOD’s claims , the Municipal Manager’s approval

Procedure.

- Submit Form HCMCFO003 with all applicable detail and attachments
- All official purchase orders raised for reimbursements must be attached

- For audit purposes, a credit card statement/slip or presented cheque is not acceptable as original supporting documentation, it has to state details of the goods supplied or services rendered.
- The HOD's signature is required on all claims or requests for reimbursements, and the Municipal Manager in the case of a HOD's claim.
- The order number and invoices details as well as the receipt numbers if applicable must be noted the HCMCFO003 form.
- The official purchase order, completed forms and relevant documentation must be submitted to the Treasury Department, Margate.
- Where payment is made directly into a bank account via electronic bank transfer, a remittance advice will be sent to the staff member on or before the day of transfer.

Attachment A:	
Overview of the business process - travel A1. Before going on a trip	
Obtain approval for [special] leave/to be on official Hibiscus Coast Municipality business and permission to take spouse along (where relevant)	[HR policies]
Check budget fund(s) and confirm the cost object to charge	
Confirm and pay conference fees/other prepayments	[This policy]
Purchase air ticket	[This policy]
Book and pay accommodation	[This policy]
Apply for S&T allowance/advance	[This policy]
Check travel/medical insurance cover	

A2. After returning from a trip	
If a staff member doesn't received a <i>travel allowance</i> :	
• Submit a report (Approval / resolution)	
• If actual expenditure exceeds the allowance received and the staff member wants to claim the difference, the full allowance will be treated as an advance. (Refer below).	
If a staff member received a <i>travel advance</i> :	
• Submit a report (Approval / resolution)	
• Submit proof of expenditure and the form to clear the advance and/or to claim additional expenditure.	[This policy]
• Refund the balance of the advance, where relevant.	[This policy]
If a staff member did not apply for an allowance or advance and would like to be reimbursed for expenditure incurred:	
• Complete steps 1 to 3 of " <i>Before going on a trip</i> "	
• Submit a report (Approval / resolution)	
• Submit proof of expenditure for the full amount claimed as reimbursement .	[S& T form]

A3. Terms used in this document	
Foreign travel	Travel outside the borders of South Africa/the common Rand monetary area, without changing one's permanent residential address/usual place of residence.
Local travel	Travel within the borders of South Africa/the common Rand monetary area, without changing one's permanent residential address/usual place of residence.
Travel allowance	An application for subsistence and travel (S &T) received before the trip for an amount within the limits set by the South African Revenue Services (SARS), will be treated as an allowance.
Travel advance	An application for S &T received before the trip for an amount above the daily or annual limits set by the SARS, will be treated as an advance

B1a	<p>An S &T allowance is paid to staff to cover expenses in respect of personal subsistence and incidental costs, such as meals or private calls not paid for by Hibiscus Coast Municipality. The daily S &T rate allowed by the SARS are currently (April 2009): Local travel R85 for incidental costs only or R276 (for meals and incidental costs)</p> <p>Foreign travel is the equivalent of US\$215 in respect of the first 6 weeks. Thereafter the daily foreign allowance drops to the equivalent of US\$75. The US\$215 allowance also applies to Lesotho, Namibia and Swaziland. In both cases, the daily rate excludes airfare and accommodation. Refer Attachment C.</p>
B1b	<p>The SARS definition of official Municipal business: – Prior written permission must be obtained for the trip (to be away from work for the period of the trip and including the full itinerary)</p> <p>–Prior written permission from the Municipal Manager / Council) must be obtained to take along a spouse/immediate family on a trip</p> <p>– A report/reconciliation has to be submitted within 14 days of return, irrespective of the duration of the trip</p> <p>– There must be no change in the staff member's permanent residential address as a result of the trip</p>
B2	<p>How S &T will be dealt with from a tax point of view is not a Hibiscus Coast Municipality policy decision. Hibiscus Coast Municipality is required to disclose all S &T allowances on the IRP5 tax certificate issued to staff members, but is not required to disclose the <i>reimbursement</i> of travel or subsistence related expenditure. Therefore:</p>
B2a	<p>The amount for airfare or accommodation reimbursed to the Hibiscus Coast Municipality staff member on official Council business being the reimbursement of an actual expense is not regarded as remuneration that will be taxed in the hands of the staff member. It is not an allowance and will not appear on the IRP5 certificate.</p>
B2b	<p>Where a staff member:</p> <p>(i) Takes an advance to pay for S &T costs, and on return clears the advance by accounting for all expenditure to the satisfaction of Hibiscus Coast Municipality Treasury (i.e. the staff member must submit proper documentation covering all S & T expenditure) and repays the balance of the advance, this will not be reported as it is in the category of a re-imbursive expense;</p> <p>(ii) Pays for S &T costs herself/himself and then claims reimbursement with the necessary documentation on return, this will not be reported, again because it is in the category of a re-imbursive expense;</p> <p>(iii) Takes an advance to pay for S &T costs and fails to clear or return the advance, the full amount will be reported under the relevant SARS codes (3704/3705).</p>
B2c	<p>Where Hibiscus Coast Municipality reports that it has made a S &T allowance under code 3704 or 3705, Council (HCM) will not deduct any tax in respect of these amounts. Allowances will not be included under codes 3704 or 3705, where the amounts concerned are categorised as re-imbursive, as per B2b (i) and (ii) above. The allowances reflected under code 3704 will be taxable unless you are able to provide proof of expenditure when submitting your tax return. Income is included under code 3704 when the subsistence allowance exceeds the daily rates allowed. (Refer B1a). It should be noted that it is the total amount of the allowance and not just the excess above the allowed daily rate that is included in this code. Income reflected under code 3705 includes subsistence allowances not exceeding the allowed daily rate (refer B1a). Income included under this code will at no stage be taxable.</p>

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B3

Foreign travel or local travel > 3 months

The Receiver of Revenue deems the spouse and/or immediate family allowance to be fully taxable. Where travel funds have been paid the full amount (daily amount plus airfare, where relevant) will be treated as taxable earnings that will attract tax at the marginal tax rate of the staff member.

The amount will be included under normal taxable earnings and not under the subsistence allowance codes 3704 or 3705, on the staff member's IRP5.

B4

Foreign residence exceeding 183 full days in aggregate

Remuneration derived by any person in respect of services rendered outside the Republic by such person for or on behalf of HIBISCUS COAST MUNICIPALITY (HCM) for a period or periods exceeding 183 full days in aggregate during any 12 month period, commencing or ending during a year of assessment, and for a continuous period exceeding 60 full days during such period of 12 months, is exempt from tax (if such person was rendering the services during the period).

Expense item		Excluded from S & T	May be paid from S & T
1	Flight (and related) costs	Yes	
2	Conference fees	Yes	
3	Accommodation costs (excl. meals)	Yes (Note A)	
4	Passport and visa expenses	Yes	
5	Breakfast, lunch & dinner cost if not included in accommodation		Yes (Note A)
6	Telephone, laundry or other expenses which is part of hotel bill		Yes (Note B)
7	Parking at airport		Yes
8	Taxi cost to/from airport		Yes
9	Taxi cost in foreign country		Yes
10	Entertainment that relates to the approved Municipal business abroad - Hibiscus Coast/non Hibiscus Coast Municipality persons		Yes
11	Working Breakfast, Lunch, Dinner		Yes
12	Toll Fees		Yes
13	Medical Insurance		Yes (note C)
14	Medical costs while abroad		Yes (note D)
15	Newspapers, batteries, items of a personal nature not packed but needed		Yes
Notes			
A	If accommodation is on Bed & Breakfast (B&B) basis then no charge to S&T.		
B	Staff claiming hotel costs in addition to the S & T allowance should provide a DETAILED invoice so that costs for telephone, laundry, etc can be identified and deducted.		

C	This cost will be an option taken by the traveler. If within SA, costs will be covered by the traveller's medical aid. If abroad, these should be covered by the traveler's medical aid or by a complimentary policy that should form part of the flight costs.
D	As for Note C. Incidental costs for medication while abroad may be recovered from the S &T allowance.

PLEASE NOTE

- **A subsistence allowance is intended for abnormal circumstances and, therefore, an allowance of this nature cannot form part of the remuneration package of an employee. It is an amount paid by an employer to the employee IN ADDITION to the employee's normal remuneration.**

NOTES- NB!!!!

- Compensation or an allowance paid to employees who do not spend the night away from home is **not** regarded as a subsistence allowance and is subject to employees' tax.
- Where the employee is, by reason of his duties obliged to spend at least one night away from his usual place of residence, the employee shall be deemed to have actually expended a certain amount (daily expenses in respect of meals and/or incidentals costs).
- Where the accommodation to which the allowance or advance relates is in the Republic, an amount equal to the following is deemed to be expended for each day or part of a day in the period during which the employee is away from his/her usual place of residence:
 - Only incidental costs – R85; or
 - Meals and Incidental costs – R276.00.
- Where the accommodation to which the allowance or advance relates is outside the Republic, an amount equal US\$215 is deemed to be expended for each day or part of a day in the period during which the employee is away from his/her usual place of residence.
- **IRP 5** In cases where the above-mentioned amounts and/or periods are exceeded, employees' tax must not be deducted but the TOTAL allowance paid must be declared in FULL on the IRP 5 certificate under code 3704.
- In cases where the above-mentioned amounts and periods are not exceeded, the allowance is not taxable but the amount must be declared in FULL on the IRP 5 certificate under code 3705.
- **Employees' tax** — Employees' tax must not be deducted from the subsistence allowance, regardless of whether or not the deemed amounts and / or prescribed periods are exceeded
- The maximum of the fixed daily S& T that may be claimed in instances where actual expenditure is not claimed and the employee is away from office for less than 24 hours is R11.50 per hour.
- When claiming the maximum fixed daily S & T allowance of R276.00 or R11.50 per hour, no additional reimbursement in respect of accommodation and meals may be claimed, as this amount is intended to cover all expenditure incurred by the staff member during the period of claim.
- TAX SCENARIO AT A GLANCE:

Scenario	Must P.A.Y.E be deducted?	Code
A fixed allowance is paid	Yes	3701
Fuel and expenses paid by employer(e.g. petrol, garage and maintenance cards)	Yes	3701
Reimbursed at not more than the prescribed rate per kilometer and travels not more than 8000 kilometers. No travel allowance is received.	No	3703
Reimbursed at not more than the prescribed rate per kilometer and travels not more than 8000 kilometers. Receives a travel allowance or certain expenses are paid for by the employer.	No (Reimbursement) Yes (fixed allowance)	3702 3701
Reimbursed at not more than the prescribed rate per kilometer and travels more than 8000 kilometers. No other travel allowance is received.	No	3702
Reimbursed at not more than the prescribed rate per kilometer and travels more than 8000 kilometers. Receives a travel allowance or certain expenses are paid for by the employer..	No (Reimbursement) Yes (fixed allowance)	3702 3701
Reimbursed at a rate exceeding the prescribed rate per kilometers.	No	3702

IMPENDING CHANGES

Subsistence Allowances

This document serves to keep stakeholders informed of impending changes regarding the amount of a subsistence allowance deemed to have been expended in terms of section 8(1)(c)(ii) of the Income Tax Act, 1962 (Act No. 58 of 1962).

The changes are set out in the Annexure to this document and are to come into effect from **1 March 2010**. The Commissioner's determination in this regard will be published by way of a notice in the *Government Gazette* by the end of February 2010.

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DAILY AMOUNT IN RESPECT OF MEALS AND INCIDENTAL COSTS FOR PURPOSES OF SECTION 8(1) OF THE INCOME TAX ACT, 1962 (ACT NO. 58 OF 1962)

1. Unless the context otherwise indicates, any word or expression to which a meaning has been assigned in the Income Tax Act, 1962, bears the meaning so assigned.
2. 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—
 - (a) 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—
 - (i) incidental costs only, an amount equal to R85,00 per day; or
 - (ii) the cost of meals and incidental costs, an amount equal to R276,00 per day; or
 - (b) where the accommodation, to which that allowance or advance relates, is outside the Republic, an amount per day determined in accordance with the table for the country in which that accommodation is located.

The table for the daily amount for travel outside the Republic follows on the next pages.

Daily amount for travel outside the Republic

Country	Currency	Amount
Albania	Euro	97
Algeria	Euro	161
Angola	US \$	312
Antigua and Barbuda	US \$	220
Argentina	US \$	98
Armenia	US \$	279
Austria	Euro	108
Australia	Australian \$	175
Azerbaijani	US \$	145
Bahamas	US \$	191
Bahrain	B Dinars	36
Bangladesh	US \$	79
Barbados	US \$	202
Belarus	Euro	62
Belgium	Euro	124
Belize	US \$	152
Benin	Euro	89
Bolivia	US \$	61
Bosnia-Herzegovina	Euro	112
Botswana	Pula	799
Brazil	US \$	133
Brunei Darussalam	US \$	88
Bulgaria	Euro	89
Burkina Faso	Euro	100
Burundi	US \$	138
Cambodia	US \$	90
Cameroon	Euro	100
Canada	Canadian \$	156
Cape Verde Islands	Euro	100
Central African Republic	Euro	96
Chad	Euro	121
Chile	US \$	105

China (PR of)	US \$	157
Colombia	US \$	94
Comoro Island	Euro	85
Cook Islands	New Zealand \$	391
Cote D'Ivoire	Euro	124
Costa Rica	US \$	62
Croatia	Euro	111
Cuba	US \$	123
Cyprus	Euro	116
Czech Republic	Euro	95
Democratic Republic of Congo	US \$	221
Denmark	Euro	185
Djibouti	US \$	99
Dominican Republic	US \$	99
Ecuador	US \$	100
Egypt	US \$	90
El Salvador	US \$	80
Equatorial Guinea	Euro	130
Eritrea	US \$	106
Estonia	Euro	96
Ethiopia	US \$	65
Fiji	US \$	100
Finland	Euro	145
France	Euro	217
Gabon	Euro	228
Gambia	Euro	105
Georgia	US \$	261
Germany	Euro	107
Ghana	Euro	110
Greece	Euro	114
Grenada	US \$	151
Guatemala	US \$	85
Guinea	Euro	78
Guinea Bissau	Euro	59
Guyana	US \$	118

Haiti	US \$	109
Honduras	US \$	67
Hong Kong	Hong Kong \$	1 000
Hungary	Euro	94
Iceland	ISK	42 428
India	US \$	133
Indonesia	US \$	86
Iran	US \$	67
Iraq	US \$	125
Ireland	Euro	240
Israel	US \$	122
Italy	Euro	120
Jamaica	US \$	151
Japan	Yen	18 363
Jordan	US \$	128
Kazakhstan	US \$	103
Kenya	US \$	102
Kiribati	Australian \$	233
Korea	US \$	144
Kuwait (State of)	US \$	152
Kyrgyzstan	US \$	172
Laos	US \$	100
Latvia	US \$	140
Lebanon	US \$	120
Lesotho	Rand	750
Liberia	US \$	97
Libya	US \$	111
Lithuania	Euro	154
Macau	Hong Kong \$	1 196
Macedonia (Former Yugoslav)	Euro	100
Madagascar	Euro	107
Madeira	Euro	290
Malawi	Malawi Kwacha	21 699
Malaysia	Ringgit	308
Maldives	US \$	202
Mali	Euro	180
Malta	Euro	132

Marshall Islands	US \$	255
Mauritania	Euro	178
Mauritius	US \$	187
Mexico	US \$	86
Moldova	US \$	165
Mongolia	US \$	69
Montenegro	Euro	109
Morocco	US \$	106
Mozambique	US \$	109
Myanmar (Burma)	US \$	74
Namibia	Rand	660
Nauru	Australian \$	278
Nepal	US \$	64
Netherlands	Euro	127
New Zealand	New Zealand \$	160
Nicaragua	US \$	65
Niger	Euro	99
Nigeria	US \$	121
Niue	New Zealand \$	252
Norway	NOK	1 700
Oman	Rials Omani	59
Pakistan	US \$	53
Palau	US \$	252
Panama	US \$	108
Papua New Guinea	Kina	285
Paraguay	US \$	70
Peru	US \$	111
Philippines	US \$	105
Poland	Euro	97
Portugal	Euro	113
Qatar	Qatar Riyals	569
Republic of Congo	Euro	149
Reunion	Euro	164
Romania	Euro	89
Russia	Euro	166
Rwanda	US \$	119
Samoa	Tala	243

Sao Tome	Euro	86
Saudi Arabia	Saudi Riyal	431
Senegal	Euro	219
Serbia	Euro	95
Seychelles	Euro	275
Sierra Leone	US \$	90
Singapore	Singapore \$	195
Slovakia	Euro	81
Slovenia	Euro	80
Solomon Islands	Sol Islands \$	811
Spain	Euro	114
Sri Lanka	US \$	74
St. Kitts & Nevis	US \$	227
St. Lucia	US \$	215
St. Vincent & The Grenadines	US \$	187
Sudan	US \$	121
Suriname	US \$	107
Swaziland	Rand	411
Sweden	Swedish Krona	1 255
Switzerland	S Franc	191
Syria	US \$	83
Taiwan	New Taiwan \$	3 769
Tajikistan	US \$	97
Tanzania	US \$	85
Thailand	Thai Baht	3 485
Togo	Euro	78
Tonga	Pa'anga	174
Trinidad & Tobago	US \$	213
Tunisia	Tunisian Dinar	118
Turkey	US \$	121
Turkmenistan	US \$	125
Tuvalu	Australian \$	339
Uganda	US \$	96
Ukraine	Euro	131
United Arab Emirates	Dirhams	410
United Kingdom	B Pounds	120
Uruguay	US \$	121

USA	US \$	157
Uzbekistan	Euro	117
Vanuatu	US \$	131
Venezuela	US \$	117
Vietnam	US \$	92
Yemen	US \$	94
Zambia	US \$	119
Zimbabwe	US \$	110
Other countries not listed	US\$	215

8.1.3 REVIEW OF SUBSISTENCE AND TRAVEL POLICY (5/5/2/1) (CFO1142010)

EX208/10/2010

RESOLVED

1. THAT the recommendations submitted by the Finance and Budget Portfolio Committee meeting held in the Council Chambers on Tuesday, 28 September 2010, regarding the Review of Subsistence and Travel Policy, be and are hereby received and noted;
2. THAT the following resolutions be rescinded as they have been fully encapsulated in the review of the policy:-
 - 2.1 EXCO 2075/2001- International Travel Sept 2001
 - 2.2 EXCO 131/09/2006 – Amendment to EXCO 131/09/2006
 - 2.3 EXCO 110/04/2007- S& T Policy- 2007
 - 2.4 EXCO 213/05/2009- Review of S& T Policy-2009; and
3. THAT the Subsistence and Travel Policy, be and is hereby **adopted** subject to the following amendments:

Page 138/ bullet three be deleted

Page 138/ bullet one be amended to read as follows:

“ Under certain circumstances and pursuant to the Municipal Manager due consideration of relevant factors, prior approval by the Municipal Manager shall be required in respect of all business travel.”