

By PwC Deutschland | 04 January 2011

No travelling expense deduction, if actual costs met by employer

The Supreme Tax Court has disallowed an expense deduction up to the higher lump-sum amount for accommodation on business travel, where the employer bore the actual amount payable.

Hotel bills for accommodation whilst travelling on business are, in most circumstances, deductible in full, if not reimbursed by the employer. Reimbursement may either be of the actual outlay or at a nightly lump-sum. The lump-sum rates are set for each country and are intended as a simplification, to avoid the need for an invoice. The Supreme Tax Court has now rejected the claim of a taxpayer for an additional expense deduction to reflect the difference between the lump-sum amount and the accommodation bill actually paid by his employer. As the court pointed out, the lump-sum is not an allowance in its own right, but an administrative convenience in establishing the deductible expense incurred. If the actual expense was reimbursed by the employer, the taxpayer incurred no cost and was not entitled to a deduction. Indeed, to grant him one would lead to manifestly inappropriate taxation.

Supreme Tax Court judgment VI R 24/09 of July 8, 2010 published on November 17

Keywords

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