



## Bechtel employees at Curtis Island

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Many Bechtel employees have taken the opportunity to voluntarily amend their tax returns. However, we are concerned that some of you may still have incorrect work-related expense deductions in your tax returns.

We have now commenced audit action to amend incorrect claims. If you have made a mistake, we strongly encourage you to voluntarily request an amendment before we commence an audit so you avoid a penalty.

However, if we consider that your amended return still contains errors you will receive an audit letter.

Our position on what deductions can and can't be claimed by Bechtel employees working on Curtis Island is set out in the *Bechtel employees at Curtis island* fact sheet. This position is based on:

- well-established legal principles
- the employment conditions set out in the *Bechtel Queensland LNG Projects Union Agreement 2014* (the Enterprise Bargaining Agreement)
- initial audits undertaken in respect of Bechtel employees
- recent meetings with tax agents representing Bechtel employees.

### See also:

- [Bechtel employees at Curtis Island fact sheet](/uploadedFiles/Content/TPALS/downloads/Fact_sheet_Bechtels_employees_at_Curtis_Island.pdf)  
(/uploadedFiles/Content/TPALS/downloads/Fact\_sheet\_Bechtels\_employees\_at\_Curtis\_Island.pdf)

## What you need to know

- Bechtel employees are not entitled to claim a deduction for meals to offset the ferry and travel allowances received from your employer.

Receiving an allowance does not automatically entitle you to a deduction. Employees cannot claim for meals provided by the employer. Other meal expenses are private expenses and not deductible – except for some overtime meals.

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### Example 1

Jane is a non-local employee (fly-in fly-out/drive-in drive-out employee). She works four weeks on, one week off. Bechtel provides Jane with all of her meals while she is staying on Curtis Island and pays her a travel allowance.

Even though Jane is paid a travel allowance, she is not entitled to a deduction for meals.

### Example 2

Darryl is non-local employee (fly-in fly-out/drive-in drive-out employee). He works four weeks on, one week off. Bechtel provides Darryl with all of his meals while he is working on Curtis Island and pays him a travel allowance.

Sometimes Darryl decides to travel into Gladstone to buy a meal. Darryl's decision to leave the camp accommodation and buy a replacement meal or an extra meal, rather than eating a meal provided by Bechtel, is a personal choice and is not a work-related cost. These meal costs are private and he cannot claim a deduction for them.

- Bechtel employees are not entitled to claim a deduction for car expenses for travel between home and the Gladstone ferry/bus terminal or between home and the local airport based on transporting tools and equipment.

To get a tax deduction it's not enough to simply choose to carry some tools and equipment. Before a deduction of this type can be claimed **all** of the following rules must be met:

- you need to use your bulky tools and equipment to do your job
- your employer requires you to transport all of the tools and equipment to work (that is, you do not carry them as a matter of choice or convenience)
- there is no secure area to store the tools and equipment at work.

We have carefully reviewed these claims and there are very limited circumstances where Bechtel employees will meet all three rules. This is because there is a limit on the amount of tools and equipment you are able to carry on the ferry, and therefore they are unlikely to be bulky and in most instances the tools and equipment you need to do your job are made available on the jobsite.

Where you believe you can meet the three rules, we would expect you to be able to provide confirmation from Bechtel including:

- a list of the tools and equipment your employer required you to use and take on site to do your job and how often you were required to take them to Curtis Island, and
  - there was no secure storage on site and so the tools and equipment needed to be transported every day.
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### Example 1

Raj is a boilermaker and lives near Gladstone. He drives his car to the ferry terminal every day and gets paid a travel and ferry allowance. He carries his meals and two litres of water in an esky and other personal items in a backpack. He also brings a tool belt with personal hand tools and his own welding helmet.

Raj is not entitled to a deduction for car expenses because:

- it is not a requirement of his employment that he brings tools and equipment. Raj's choice to take some tools and equipment, even if he prefers to use his own, does not change this circumstance.
- the items Raj is physically able to carry onto the ferry are not considered to be bulky. This circumstance is not changed if Raj chooses to keep and transport a large number of tools in his car. It is only the tools and equipment Raj is required by his employer to take to Curtis Island to do his job that are considered when determining if the tools and equipment are bulky.

The fact that Raj is paid a travel and ferry allowance does not automatically entitle him to a deduction for his car expenses.

### Example 2

Joy is an electrician and lives interstate. She drives to her local airport to fly to Gladstone. She carries one piece of luggage, a backpack containing personal items and an expensive multimeter.

Joy is not entitled to a deduction for car expenses because her employer does not expect her to transport a multimeter to Curtis Island. She has chosen to carry her own rather than using the multimeters provided by her employer. The fact that Joy's multimeter is an expensive item is not relevant.

Even if Joy's employer required her to carry the multimeter and didn't provide secure storage for it, no deduction is available for her car expenses because the multimeter alone is not bulky. Joy's luggage and backpack are not taken into account when determining what makes up bulky tools and equipment because they are personal items.

**See also:**

- [Travel between home and work and between workplaces \(/Individuals/Income-and-deductions/Deductions-you-can-claim/Vehicle-and-travel-expenses/Travel-between-home-and-work-and-between-workplaces/\)](#)
- Bechtel employees are not entitled to claim a deduction for overtime meal expenses where amounts have not been spent on meals consumed during overtime. Only local employees receive an overtime meal allowance and have any entitlement to a deduction for overtime meal expenses.

We are concerned with claims made that exceed the amount of overtime meal expense paid (\$10.20) particularly if you make claims using the Commissioner's reasonable rate (\$27.70 for the [2013–14 year of income \(/law/view/pdf/pbr/td2013-016.pdf\)](#) and \$28.20 for the [2014–15 year of income \(/law/view/pdf/pbr/td2014-019.pdf\)](#)) given that most people are likely to bring food from home.

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**Example 1**

Stan lives near Gladstone and is a Bechtel employee working at the Curtis Island project. He is paid a meal allowance of \$10.20 on the days he works overtime. On the days Stan worked overtime, he is entitled to a deduction for the amount he spent on his overtime meal.

Stan usually prepares food at home for all of his breaks. As it is difficult to work out the actual cost of each meal, a deduction claimed up to the amount of the allowance received (\$10.20) is considered a reasonable estimate of what Stan would have spent.

**Example 2**

Graham lives near Gladstone and is a Bechtel employee working at the Curtis Island project. He is paid a meal allowance of \$10.20 on the days he works overtime. On the days Graham worked overtime, he is entitled to a deduction for the amount he spent on his overtime meal.

Graham stops at a local café on the way to work each day and purchases all of his meals for the day. His bank statements show he regularly spends about \$50 per day at the café on food for three meal breaks. Graham eats two sandwiches and drinks a soft drink during overtime. The cost of the sandwiches and the soft drink is \$15.

Since Graham is able to demonstrate he spends \$15 for meals during overtime he can claim a deduction for that amount. He cannot claim a deduction for the \$35 he spent on the other meals.

- Bechtel employees are not entitled to claim a deduction for mobile phone and internet expenses unless they are being used for work purposes. Where a mobile phone is used occasionally, for example at the change of a shift or to keep in contact with a supervisor, a claim of up to \$50 without the need to provide detailed records would be considered reasonable.
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**Example**

Sven is a safety representative at the Curtis Island project. While he is working he generally uses the communication device issued by Bechtel, however he also occasionally uses his own mobile phone to make calls to his supervisor and to carry out his duties as a safety representative. He sometimes receives calls on his own mobile phone during work time at the change of shift. Sven also uses his own internet to carry out his duties as a safety representative.

Although it is difficult to work out the actual cost of work-related phone calls and internet charges, based on the [Claiming mobile phone, internet and home phone expenses \(/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-deductions/Claiming-mobile-phone,-internet-and-home-phone-expenses/\)](#) rules, Sven has reasonably estimated that his incidental work-related phone calls and internet charges during the 2014–15 year are \$50. Sven can claim a deduction of \$50 without the need to provide detailed records.

If Sven keeps an itemised account of his phone and internet usage and his work use amounts to more than \$50 for the year, Sven can claim the amount he spends on his work-related phone calls and internet usage.

**See also:**

- [Claiming mobile phone, internet and home phone expenses \(/Individuals/Income-and-deductions/Deductions-you-can-claim/Other-deductions/Claiming-mobile-phone,-internet-and-home-phone-expenses/\)](#)

## Requesting an amendment

If you have made a mistake, we strongly encourage you to voluntarily request an amendment before we commence an audit so you avoid a penalty.

Complete a Request for amendment of work-related expenses form. You can amend work-related expenses for both 2014 and 2015 years using this form. Alternatively, you can get a registered tax agent to request an amendment for you.

If you require assistance lodging your amendment request or wish to discuss your circumstances, you can:

- email us at [Bechtelemployees@ato.gov.au](mailto:Bechtelemployees@ato.gov.au) (<mailto:Bechtelemployees@ato.gov.au>)
- phone us on **1300 768 912**.

We're open Monday to Friday 8.00am-5.00pm AEDT.

**Next step:**

- Work-related expenses amendments

## How to pay

We recognise that amendments may result in some employees owing a tax debt. If this is the case, we will work with you to ensure that suitable payment options are put in place, or you can pay your tax debt online.

If you can't pay your tax on time you need to talk to us as early as possible, so we can work together to find a solution before the debt becomes unmanageable. Call us on **1300 768 912** Monday to Friday 8.00am-5.00pm AEDT.

**Next steps:**

- [How to pay \(/General/Paying-the-ATO/How-to-pay/\)](#)
- [Help with paying \(/General/Paying-the-ATO/Help-with-paying/\)](#)

## Frequently asked questions

**How will I know if my returns are being audited?**

We have started writing to taxpayers who are being audited. If you used a tax agent, your agent may have received this correspondence from us.

**What is the ATO looking for when we audit returns?**

Where information we hold indicates there is a high risk that your return contains incorrect work-related expense deductions you will be issued with an audit letter. The audit letter will outline the deductions we consider you are not entitled to claim because:

- you did not actually spend the money
- the expense does not relate to your employment
- the expense is private and therefore not deductible.

We want people to correctly claim everything they are entitled to, however just because a taxpayer is paid an allowance doesn't necessarily mean you can claim a deduction in your return. To be able to claim a deduction, you need to ensure you:

- actually incurred the expense, for example, you paid the cost yourself
- incurred the expense in earning your income and it wasn't a private expense
- can substantiate the expense, for example, you have receipts for what you paid.

### **What happens if I get a letter but disagree with the ATO's proposed adjustments?**

If you believe you are entitled to a deduction for the amounts you originally claimed or a higher amount than we have proposed, you need to respond by the due date in the letter. You'll need to clearly explain:

- what expenses you wish to claim a deduction for
- how your expenses relate to your work
- what evidence you have to support your claims.

### **What happens if I amend my return before I receive an audit letter?**

If you amend your return and correct any mistakes before we commence an audit we will not impose a penalty. However if we consider that your amended return still contains errors you will receive an audit letter.

### **How and when will penalties apply?**

If we adjust your tax returns we intend to apply a penalty. The penalty will be calculated as a percentage of the additional tax you are required to pay as a result of the adjustments we make to your tax returns. We will determine the appropriate rate of penalty based on the information available to us at the time we finalise the audit. If there is additional information you would like us to take into account when determining the appropriate rate of penalty you should include this information in your response to the audit letter.

If you have made a mistake, we strongly encourage you to voluntarily request an amendment before we commence an audit so you avoid a penalty.

### **How do I object to an ATO decision?**

If you disagree with our audit decision you can lodge an objection against the notice of amended assessment and/or penalty assessment notice that we issue as a result of the audit decision. Your objection must clearly state why you consider our decision to be incorrect and what you think the correct decision should be.

You can also use the objection process if you are outside the time limits for amending your tax return.

### **Next step:**

- [Object to an ATO decision \(/general/dispute-or-object-to-an-ato-decision/object-to-an-ato-decision/\)](/general/dispute-or-object-to-an-ato-decision/object-to-an-ato-decision/).

### **Do I need to be part of any court action to benefit from the result if it rules against the ATO?**

If a court rules that a tax law applies in a different way to the position taken by us you will be provided with an opportunity to amend your return to apply the tax laws in accordance with the court decision.

## **Our commitment to you**

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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