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## **Charging for travelling time as a consultant**

Unlike employees, consultants generally cover their own costs and expenses. In projects which involve interstate, regional or rural travel, travel costs and time lost to travel can be significant and shouldn't be overlooked at the quotation stage. Under normal circumstances, where travel is required, a Disbursements clause providing for payment for travelling time should be agreed between the parties.

Depending on the client, APESMA Connect recommends payment at 50 per cent of your normal hourly rate for travel time. Where the client is a regular one, you may want to reduce this to 20-30 per cent, or increase it to 80 per cent in the case of a larger once-off client project. The important thing is to factor your travelling time into your overall rate or include a travelling time clause (see below for sample clauses).

Contractors should also note that where contractors need to satisfy the PSI Results Test, a Disbursements or Expenses clause can be regarded by the ATO as an indicator that the contractor's exposure to commercial risk is limited precisely because contractors cover their own costs and expenses. If PSI is an issue for you, you should consult with an Accountant or Solicitor before including a Disbursements clause in your terms of engagement.

### **Sample clause - Reimbursable expenses/disbursements**

- (a) The Contractor is responsible for and must pay expenses incurred in fulfilling the terms of this contract other than expenses nominated in this clause or as agreed between Client and Contractor.
- (b) The Client will reimburse properly incurred expenses including travel-related expenses (*and any other disbursements nominated by the parties such as accommodation, taxi fares, etc*).
- (c) A travel-related expense is defined as costs and time incurred in travel properly incurred to fulfil the terms of this contract;
- (d) The Client will reimburse properly incurred travel-related expenses in full;
- (e) The Client will reimburse properly incurred travelling time at the rate of 50 per cent of the Contractor's hourly rate as set out in clause X;
- (f) A travel-related expense is properly incurred by or on behalf of the Contractor if -
  - (i) the expenses are approved by the Client; and
  - (ii) the expenses are properly substantiated.

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