



[Home](#) / [Business](#) / [PAYG withholding](#) / [Payments you need to withhold from](#)  
[Payments to employees](#) / Allowances and reimbursements

# Allowances and reimbursements

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As a payer you will have to know the correct withholding for allowances and the differences between (as well as different types of) allowances and reimbursements.

## On this page:

- [Allowances](#)
- [Reimbursements](#)
- [Super obligations when paying allowances](#)

## Allowances

Allowances are separately identified payments made to an employee for:

- working conditions - for example, danger, height or dirt
- qualifications or special duties - for example, first aid certificate or safety officer
- expenses that can't be claimed as a tax deduction by the employee – for example, normal travel between home and work
- work related expenses that may be claimed as a tax deduction by the employee - for example, travel between work sites.

Allowances that have been folded in to normal salary or wages are not treated separately for withholding.

## Reimbursements

Reimbursements are payments made to a worker for actual expenses already incurred, and the employer may be subject to fringe benefits tax (FBT). If the reimbursement is covered by FBT, the amount is not assessable income to the employee, and the employee cannot claim a deduction for the expense.



# Super obligations when paying allowances

You must pay super on an employee's ordinary time earnings.

Super obligations apply to:

- 'on call' allowances paid for ordinary hours of work, such as an 'on call' loading.

Super obligations do not apply to:

- expense allowances and reimbursements. These are not 'salary or wages' and therefore aren't ordinary time earnings.
- 'on call' allowances paid when employees are required to make themselves available during hours they aren't otherwise working. These are excluded from ordinary times earnings.

## Find out about:

- [Withholding for allowances \(/business/payg-withholding/payments-you-need-to-withhold-from/payments-to-employees/allowances-and-reimbursements/withholding-for-allowances\)](/business/payg-withholding/payments-you-need-to-withhold-from/payments-to-employees/allowances-and-reimbursements/withholding-for-allowances).
- [Travel allowances \(/business/payg-withholding/payments-you-need-to-withhold-from/payments-to-employees/allowances-and-reimbursements/travel-allowances\)](/business/payg-withholding/payments-you-need-to-withhold-from/payments-to-employees/allowances-and-reimbursements/travel-allowances).

## See also:

- [Taxation Ruling TR 92/15 \(/law/view/document?docid=txr/tr9215/nat/ato/00001\)](/law/view/document?docid=txr/tr9215/nat/ato/00001).  
*Income tax and fringe benefits tax: the difference between an allowance and a reimbursement*
- [Superannuation Guarantee Ruling SGR 2009/2A1 \(/law/view/document?DocID=SGR/SGR20092A1/NAT/ATO/00001&PiT=99991231235958\)](/law/view/document?DocID=SGR/SGR20092A1/NAT/ATO/00001&PiT=99991231235958).  
*Superannuation guarantee: meaning of the terms 'ordinary time earnings' and 'salary or wages'*
- [Checklist: Salary or wages and ordinary time earnings \(/business/super-for-employers/how-much-to-pay/checklist--salary-or-wages-and-ordinary-time-earnings/\)](/business/super-for-employers/how-much-to-pay/checklist--salary-or-wages-and-ordinary-time-earnings/).



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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.

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