

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

## Travel allowances

Travel allowance is a payment made to an employee to cover accommodation, food, drink or incidental expenses they incur when they travel away from their home overnight in the course of their duties.

Allowances folded into your employee's salary or wages are taxed as salary and wages and tax has to be withheld, unless an exception applies.

You include the amount of the travel allowance in the allowance box on your employee's payment summary.

The exception applies if:

- you expect your employee to spend all of the travel allowance you pay them on accommodation, food, drink or incidental expenses
- you show the amount and nature of the travel allowance separately in your accounting records
- the travel allowance is not for overseas accommodation
- the amount of travel allowance you pay your employee is less than, or equal to the reasonable travel allowance rate.

If the exception applies, you:

- don't withhold tax from the travel allowance you pay your employee
- don't include the amount of the travel allowance in the allowance box on your employee's payment summary
- only include the allowance on their payslip.

If the first two exception conditions are met but you pay your employee a travel allowance over the reasonable travel allowance rate, you're required to withhold tax from the amount that exceeds the reasonable travel allowance rate. You also need to include the total amount of the travel allowance in the allowance box on your employee's payment summary.

You are always required to withhold tax from a travel allowance for overseas accommodation and include the amount of the travel allowance in the allowance box on your employee's payment summary.

If you report through Single Touch Payroll (STP), check the [STP employer reporting guidelines \(/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-employer-reporting-guidelines/?page=5#Allowances\)](#) to see how to report these payments.

## Reasonable travel allowance rate

Each year we publish the amounts we consider reasonable for claims for domestic and overseas travel allowance expenses.

### See also:

- [TD 2019/11 \(/law/view/document?src=hs&pit=99991231235958&arc=false&start=1&pageSize=10&total=1&num=0&docid=TXD%2FTD201911%2FNAT%2FATO%2Fbasic-TD%202019%2F11\)](#). *Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2019-20 income year?*
- [TD 2018/11 \(/law/view/document?src=rs&pit=99991231235958&arc=false&start=1&pageSize=10&total=2&num=0&docid=TXD%2FTD201811%2FNAT%2FATO%2Fbasic-TD%202018&tm=sis-basic-Income%20tax%3A%20what%20are%20the%20reasonable%20travel%20and%20overtime%20meal%20allowance%20expense%20am19%20income%20year%3F\)](#). *Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2018-19 income year?*
- [TR 2004/6 \(/law/view/document?DocID=TXR/TR20046/NAT/ATO/00001&PiT=99991231235958\)](#). *Income tax: substantiation exception for reasonable travel and overtime meal allowance expenses*



- [Keeping travel expense records \(/individuals/income-and-deductions/deductions-you-can-claim/vehicle-and-travel-expenses/keeping-travel-expense-records/\)](#).
- [Tax return – allowances \(/Individuals/Tax-Return/2018/Tax-return/Income-questions-1-12/2-Allowances,-earnings,-tips,-directors-fees-etc-2018/\)](#).
- [Tax return – work-related travel expenses \(/Individuals/Tax-Return/2018/Tax-return/Deduction-questions-D1-D10/D2-Work-related-travel-expenses-2018/\)](#).

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## 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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