



# Travel allowances for overnight travel

How to declare your travel allowance and claim expenses. Check the reasonable amounts and record keeping exceptions.

## What is a travel allowance?

Check if the payment you receive from your employer is a travel allowance.

## Declaring your travel allowance and claiming expenses

What to do if you receive a travel allowance to cover your travel expenses when travelling for work.

## Record keeping exceptions for travel allowance expenses

You may not need to keep receipts or a travel diary for travel allowance expense claims within the reasonable amounts.

QC 72132

## What is a travel allowance?

Check if the payment you receive from your employer is a travel allowance.

**Last updated** 25 June 2024

## Travel allowances and travel allowance expenses

A travel allowance is money your employer pays you to cover the costs you might incur when you travel away from your home overnight to perform your work duties.

We call these costs 'travel allowance expenses'.

Your travel allowance may or may not be shown on your income statement or payment summary.

To be eligible for the record keeping exception:

- you must receive a travel allowance
- you must incur **deductible travel allowance expenses**
- your travel allowance expenses must be within the reasonable amounts.

## Definition of a travel allowance

For an allowance to be a travel allowance, it must be:

- reasonably capable of meeting your [expected costs](#)
- for travel that involves [sleeping away from home overnight](#)
- a payment to cover a [specific journey](#)
- [payment as an allowance](#)
- paid to cover [travel allowance expenses](#).

## Expected costs

The travel allowance you receive from your employer must reasonably be expected to cover the costs you will incur while travelling overnight for work. It needs to be more than a token amount.

### **Example: allowance not expected to cover costs**

Josh is a server engineer who is travelling from Melbourne to Hobart for a week in order to oversee some upgrades to that office. He receives an allowance of \$5 a day for his meal expenses.

The allowance Josh receives from his employer couldn't reasonably be expected to cover the costs of buying 3 meals per day. This means the allowance isn't a travel allowance.

As Josh is travelling away from his home overnight for work, Josh can claim a deduction for the amount he spends on meals while he is in Hobart. Josh must keep written evidence of all his meal expenses.

## **Sleeping away from home overnight**

The travel allowance must be an amount you receive for travel that involves you sleeping away from your home overnight to perform your employment duties.

You will not be sleeping away from home overnight if you usually work overnight and occasionally have a short sleep partway through your shift. However, if you take your mandatory long or major rest break while you are travelling away from your home to perform your employment duties, you will meet this condition.

### **Example: not sleeping away overnight**

Freya is a management consultant who works in Sydney. Under her work agreement she receives a meal allowance if she works away from the office for the day.

When Freya visits her clients interstate, she flies to the interstate location in the morning and returns home the same evening. In these circumstances, Freya receives a meal allowance from her employer.

As Freya doesn't sleep away from home overnight, the allowance she receives is not a travel allowance. Freya can't claim a deduction for any meals she buys, they are private expenses.

## Specific journey

Allowances that don't cover a specific work journey are not travel allowances.

### **Example: allowance not paid for specific work journeys**

Greg is the regional sales manager for a telecommunication company. As part of his employment duties, he needs to travel to all the stores in his region. When he travels, Greg often has to stay away from his home overnight.

In recognition of his travel, Greg's employer pays him an allowance of \$3,000 a year regardless of how much travel he does.

This allowance is not a travel allowance. The amount is not paid to cover specific journeys and would be paid whether or not Greg does any overnight travel.

Greg can claim a deduction for the cost of his accommodation, meals and incidental expenses when he travels away from home overnight for work purposes, provided he keeps written evidence of his expenses (and a travel diary if he is away for 6 or more nights in a row).

## Payment as an allowance

The amount you receive from your employer must be a separate payment you receive as an allowance. The amount can't be rolled into your salary and wages.

### **Example: allowance rolled into salary and wages**

Idris used to be paid a travel allowance under his employment contract, but he gave up the allowance 2 years ago for an increase in his base pay. The increase in his base pay is not a travel allowance.

Idris can claim a deduction for the cost of his accommodation, meals and incidental expenses when he travels away from home

overnight for work purposes, provided he keeps written evidence of his expenses (and a travel diary if he is away for 6 or more nights in a row).

## Travel allowance expenses

To be a travel allowance, the allowance must be a payment to cover travel allowance expenses.

This means a travel allowance must cover:

- accommodation
- meals (food or drink)
- incidental expenses.

A travel allowance doesn't have to cover all those expenses. The allowance may still be a travel allowance if it is only paid to cover 1–2 of these expenses.

If the allowance you receive covers an expense other than accommodation, food or drink or incidental expenses, it will not be a travel allowance.

### **Example: allowance paid to cover food or drink**

Helen is travelling from Perth to Darwin to facilitate corporate training for 3 days. She receives a travel allowance to cover her meal expenses (food and drink) but nothing for incidental expenses. Her employer pays for her accommodation directly.

The allowance Helen receives to cover her meal expenses is a travel allowance.

Helen can claim a deduction for her meals, and any incidental expenses she incurs, when she travels to Darwin for 3 days. If the amount Helen incurs on meals is within the reasonable amounts, she can claim a deduction for them without keeping written evidence.

As Helen's travel allowance doesn't cover incidental expenses, she needs to keep written evidence of her expenses.

Helen can't claim a deduction for the accommodation expenses her employer pays directly as she doesn't incur an expense.

### **Example: allowance not paid to cover travel allowance expenses**

Minsun works as a salesperson and once a month she must go on a week-long sales tour of regional centres.

Minsun uses her personal car for this trip and receives an allowance from her employer to cover the costs of using her own car.

As the allowance she receives doesn't cover travel allowance expenses, it is not a travel allowance.

QC 72133

## **Declaring your travel allowance and claiming expenses**

What to do if you receive a travel allowance to cover your travel expenses when travelling for work.

**Last updated** 25 June 2024

### **Deductible travel allowance expenses**

Receiving a travel allowance from your employer does not automatically entitle you to claim a deduction for travel expenses.

A travel allowance expense is a deductible travel expense:

- you incur when you're travelling away from your home overnight to perform your employment duties

- that you receive an allowance to cover
- for accommodation, meals (food or drink), or incidentals.

You incur a travel allowance expense when you either:

- actually pay an amount for an expense
- have an obligation to pay an amount for the expense.

You can't claim a deduction if your employer either pays for or reimburses you for the expense.

If you don't incur any deductible travel allowance expenses, there is no need to consider if a **travel allowance record keeping exception** applies.

### **Example: no deductible travel allowance expenses incurred**

Ainsley lives in Melbourne and is the regional manager of a clothing store chain. She must travel to Sydney for 3 days to attend the annual conference of managers.

Ainsley's employer pays for her accommodation in Sydney, but she buys her own meals. When she returns to the office, Ainsley puts in a reimbursement claim for her meals, and her employer reimburses her for these expenses.

As Ainsley doesn't incur accommodation expenses and receives a reimbursement for the meal expenses, she can't claim a deduction for these expenses.

Since Ainsley hasn't received an allowance and she can't claim a deduction for her accommodation and meals, she doesn't need to consider whether she can rely on the travel allowance record keeping exception.

## **What to do if you receive a travel allowance**

If your **travel allowance** is shown as an allowance on your annual income statement or payment summary, you:

- must include the allowance as income in your tax return
- can claim a deduction for the amount you spent on deductible travel allowance expenses
- keep detailed travel expenses records
  - you don't need to keep detailed records if your deduction for travel allowance expenses is within the reasonable amounts we specify.

If your travel allowance isn't shown on your annual income statement or payment summary and you spent the whole amount on deductible expenses, you:

- don't include the allowance as income in your tax return
- can't claim any deduction for your travel allowance expenses
- don't need to keep written evidence or travel records.

If you do this, you will not pay any income tax on your travel allowance.

However, if you spent more than your travel allowance on deductible travel allowance expenses, you:

- include the allowance as income in your tax return
- can claim a deduction for your travel allowance expenses
- keep detailed travel expenses records
  - you don't need to keep detailed records if your deduction for travel expenses is within the reasonable amounts we specify.

### **Example: travel allowance on income statement**

William works for a company in Sydney. William's employer requires him to visit clients in country New South Wales once a month. This involves William sleeping away from his home for 3–4 nights.

William's employer pays him an allowance of \$150 per night to cover accommodation, meal and incidental expenses, and includes the allowance on his income statement.



As William's employer reports the travel allowance on his income statement, William must include the allowance as income in his tax return. He can claim a deduction for the amount he spends on accommodation, meals and incidental expenses while he is travelling away from his home overnight for work.

Unless he can rely on the travel allowance record keeping exception, William will have to keep receipts or other written evidence for all his accommodation, meals and incidental expenses.

### **Example: travel allowance not reported on income statement**

George's employment duties require him to occasionally travel away from his home overnight. When he travels overnight for work, his employer pays him an allowance of \$80 to cover accommodation expenses and reimburses him for the cost of his meals. George's employer doesn't show the allowance on his income statement.

When George travels overnight for work he stays in the same place, which costs him \$100 per night.

As the travel allowance isn't on George's income statement and he has spent the entire allowance on deductible travel allowance expenses, he doesn't need to:

- declare the travel allowance as income in his tax return
- keep written evidence of his accommodation expenses.

George also can't claim a deduction for the expenses.

However, as George has spent more than the amount of the allowance on deductible travel allowance expenses, he can include the amount as income in his tax return. He can then claim a deduction for the amount he spent on accommodation. Unless George can rely on the travel allowance record keeping exception, he will have to keep written evidence.

QC 72134

# Record keeping exceptions for travel allowance expenses

You may not need to keep receipts or a travel diary for travel allowance expense claims within the reasonable amounts.

**Last updated** 25 June 2024

## Eligibility for the record keeping exception

Generally, to claim a deduction you need to keep detailed records of your travel allowance expenses as evidence for your claims.

However, you may not need to keep detailed records if you receive a travel allowance and your expenses meet certain conditions.

The eligibility conditions depend on the type of travel:

- [Domestic travel](#)
- [Overseas travel](#)
- [Overseas travel for airline crew](#)

### Domestic travel

You will be able to rely on the record keeping exception if:

- you receive a **travel allowance** from your employer
- you incur **deductible travel allowance expenses**
  - you must incur the expenses and they must be deductible – merely receiving a travel allowance from your employer does not automatically entitle you to claim a deduction
- your travel allowance expenses are within the [reasonable amounts](#).

If you meet these conditions you don't need to keep written evidence of your accommodation, food and drink and incidental expenses, or a

travel diary. But you still need [records showing that you incurred the expenses on work-related travel](#). If your deduction for travel allowance expenses exceeds the reasonable amounts, you will need to keep:

- written evidence for your whole claim
- a travel diary if you travel for 6 or more nights in a row.

### **Example: expenses incurred less than the reasonable amount**

Jasha lives in Darwin and travels overnight for work to Adelaide. He receives a travel allowance of \$150 to cover his accommodation. His employer includes the allowance on his income statement.

In Adelaide, Jasha stays at a motel that costs him \$90 for the night. For a person in Jasha's circumstances, the reasonable amount for accommodation in Adelaide is \$157.

At the end of the income year, Jasha must include the allowance of \$150 in his tax return as income. He can also claim a deduction of \$90, the amount he incurred on his accommodation.

Jasha can rely on the travel allowance record keeping exception because:

- he incurs deductible travel allowance expenses, that is, accommodation
- he receives a travel allowance from his employer to cover his accommodation expenses
- his deduction (\$90) is less than the reasonable amount (\$157).

### **Example: expenses incurred more than reasonable amount**

Quin lives in Adelaide and travels to Perth for work for 3 nights. She receives a travel allowance of \$180 per night to cover her accommodation costs.

Quin's employer reports the total allowance ( $\$180 \times 3 = \$540$ ) on her income statement at the end of the income year.

The reasonable amount for accommodation is \$180 for a person in Quin's circumstances.

Quin spends a total of \$750 ( $\$250$  per night  $\times$  3 nights) on her accommodation in Perth.

At the end of the income year, Quin must declare her allowance of \$540 as income in her tax return.

Quin can claim a deduction for the amount she incurred (\$750) if she keeps written evidence of the whole amount she spends.

If Quin wants to keep more limited records, she can claim a deduction for up to the reasonable amount (\$540) for her accommodation.

## Overseas travel

The exception from keeping written evidence and a travel diary for overseas travel works in the same way as the exception for [domestic travel](#) except:

- you must keep written evidence for all your accommodation expenses
- you must keep a travel diary if you are away from your home for 6 or more nights in a row.

## Overseas travel for airline crew

If you are an airline crew member on an overseas flight, you can claim a deduction for your travel allowance expenses without keeping a travel diary, if:

- your travel allowance covers your travel as a crew member on an aircraft
- your travel is principally outside Australia
- your deduction for expenses covered by your travel allowance doesn't exceed the allowance you receive.

This exception only applies to keeping a travel diary.

To rely on the exception from keeping written evidence for your food and drink and incidental expenses:

- you must incur **deductible travel allowance expenses**
- you must receive a **travel allowance** from your employer
- your deduction for travel allowance expenses must be within the [reasonable amounts](#).

You must keep written evidence for all your accommodation expenses.

**Exception for overseas travel by airline crew – claim within reasonable amounts**

<b>Travel period (days)</b>	<b>Written evidence</b>	<b>Travel diary</b>
Less than 6 nights in a row	Yes – for accommodation  No – for meals and incidentals	No
6 or more nights in a row	Yes – for accommodation  No – for meals and incidentals	Yes, except crew members claiming less than their travel allowance

**Exception for overseas travel by airline crew – claim exceeds reasonable amounts**

<b>Travel period (days)</b>	<b>Written evidence</b>	<b>Travel diary</b>
Less than 6 nights in a row	Yes – for the whole claim	No
6 or more nights in a row	Yes – for the whole claim	Yes, except crew members claiming less than their travel allowance

### **Example: travel records and written evidence for international airline crew**

Orla works for an airline as a captain and flies long-haul international routes to the United States of America. She receives a travel allowance for meals when she stays overnight.

The amount of Orla's allowance is:

- \$25 for breakfast
- \$56 for lunch
- \$67 for dinner.

Orla's regular itinerary is as follows:

- Days 1 and 2: flies from Sydney to Los Angeles on an overnight flight and spends an additional night in Los Angeles to rest
- Days 3 and 4: flies from Los Angeles to New York and stays 2 nights there to rest
- Days 5 and 6: flies from New York to Los Angeles and spends 2 nights there to rest
- Day 7: flies back to Sydney.

All up, Orla is away from home for 6 nights.

While in Los Angeles, Orla spends:

- \$22 on breakfast
- \$18 on lunch
- \$46 on dinner.

While in New York, Orla spends:

- \$23 on breakfast
- \$25 on lunch
- \$40 on dinner.

Even though Orla is away from her home for 6 nights in a row, she doesn't need to keep a travel diary because the amounts she spends on meals is less than the travel allowance her employer pays her.

Her meal expenses are also less than the reasonable amounts for the United States of America, so Orla does not need to keep written evidence for her meal expenses. She can rely on the overseas travel allowance record keeping exception.

However, Orla can only claim the amount she incurs on meals as a deduction, and she still needs to show how she works out the amount of her claim.

## Reasonable amounts

To be eligible for the record keeping exceptions, your deduction for travel allowance expenses must be within the 'reasonable amounts'.

We specify the reasonable amounts in *TD 2023/3 Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2023–24 income year?*

For travel allowance expenses we provide daily rates for:

- accommodation
- food and drink – as an amount for each breakfast, lunch and dinner
- other deductible expenses incidental to the travel.

The reasonable amounts vary depending on:

- your annual salary
- the location you travel to for work.

There are also reasonable amounts specifically for employee truck drivers.

You can't automatically claim the reasonable amounts as a deduction. You can only claim a deduction for the deductible travel allowance expenses that you actually incur.

## Accommodation

The reasonable amount for accommodation is a daily rate and only applies to commercial establishments that offer short stays, such as motels, hotels and serviced apartments.

The reasonable amount doesn't apply to other types of accommodation, such as caravan parks or hostels.

There is no record keeping exception for accommodation expenses you incur while travelling overseas for work purposes. If you travel overseas for work you need to keep written evidence for all your accommodation expenses.

## **Food and drink**

For domestic travel, there is a reasonable amount for breakfast, lunch and dinner. You can't combine the amounts for each meal. That is, you must consider each meal separately to work out whether your claim is reasonable.

For overseas travel, the reasonable amount for food and drink (meals) is set as a daily rate. This means the costs you incur for food and drink during each day you are travelling for work only needs to be less than the reasonable daily amount.

The reasonable amount only applies to the period you are travelling for work purposes.

### **Example: meal-by-meal approach to reasonable amounts**

Lei travels interstate for work purposes. His trip begins at 11:00 am on Wednesday and ends at 4:00 pm the next day (Thursday).

Lei receives a travel allowance from his employer to cover his meals for this trip. During the period Lei is travelling for work, it is reasonable to expect that Lei will incur expenses for lunch and dinner on Wednesday and breakfast and lunch on Thursday.

To work out whether he can rely on the travel allowance record keeping exception, Lei has to consider whether the expenses for each meal are less than the reasonable amount.

If the expenses Lei incurs are less than the reasonable amount for each meal, Lei can claim a deduction and rely on the



exception for those meals.

If Lei incurs more than the reasonable amount for dinner on Wednesday night but less than the reasonable amount for lunch on the same day, he can't combine the reasonable amount for lunch and dinner when considering the reasonable amount. He must limit his deduction for dinner to the reasonable amount, or claim the full amount on all meals and keep written evidence for them.

## Incidental expenses

The reasonable amount for incidental expenses applies to each day you are away. It is not apportioned for part-day travel on the first and last day of the trip.

### **Example: incidental expenses and the reasonable amounts**

Sheena travels from her regular place of work in Sydney to Canberra to meet with clients. She leaves Sydney at 5:00 pm on Monday, stays in Canberra for 2 nights and returns to Sydney at 4:30 pm on Wednesday.

Sheena receives a \$10 travel allowance for each day she is away to cover her incidental expenses.

If Sheena incurs deductible incidental expenses while she is travelling for work, she will have to consider if the amount she incurs on each of the 3 days she is travelling for work was less than the reasonable amount.

Although Sheena is only travelling for part of the day on Monday and Wednesday, she can rely on the travel allowance record keeping exception if her incidental expenses for each day is less than the reasonable amount.

The fact that Sheena receives an allowance to cover her incidental expenses does not mean she can automatically claim the reasonable amount as a deduction. She can only claim the amount she actually spends on incidental expenses.

## Travel allowance less than or more than reasonable amounts

It doesn't matter if the travel allowance you receive from your employer is the same as, less than or more than the reasonable amounts. It is the amount you claim as a deduction that must be reasonable, rather than the amount of the allowance you receive.

If you incur **deductible travel allowance expenses** and the allowance you receive is a travel allowance, you can claim a deduction up to the reasonable amounts without keeping written evidence or a travel diary, even if:

- your travel allowance is less than the reasonable amounts
- your travel allowance is more than the reasonable amounts.

### **Example: allowance more than reasonable amount and expenses less than reasonable amount**

Kylie travels for a week to work in Darwin. She receives a travel allowance of \$250 for each night she is away to cover her accommodation costs. Her employer reports the allowance on her income statement.

For a person in Kylie's circumstances, the reasonable amount for accommodation in Darwin is \$220. Kylie spends \$190 a night on accommodation while she is in Darwin for work.

As the accommodation expense is less than the reasonable amount, Kylie can rely on the travel allowance record keeping exception.

At the end of the income year, Kylie must declare her allowance of \$250 as income in her tax return. She can also claim a deduction for the amount she spent (\$190 per night) without keeping written evidence.

Although Kylie can rely on the travel allowance record keeping exception, if her claim is reviewed she will need to be able to show:

- when she travelled overnight for work
- that she spent the money on accommodation.

## Records to keep if the exception applies

Even if the record keeping exception applies to you, we may still check your tax return and ask you to show:

- how you spent the money in the course of performing your work duties – for example, in travelling away from home overnight on a work trip
- how you worked out your deduction – for example, a diary showing the times you were away and how many meals you ate and where
- you spent the money yourself and were not reimbursed – for example, credit card statements or other banking records.
- you correctly declared your allowance as income in your tax return.

### Example: relying on exception for domestic travel

Zoran works in Melbourne. His employer requires him to travel to the office in Sydney for a week to meet with a number of clients. Zoran leaves early on Monday morning and returns home on Friday evening.

For the 5 days he is in Sydney, Zoran's employer pays him a travel allowance of \$1,030. He receives the allowance to cover:

- accommodation of \$170 per night × 4 nights = \$680
- food and drink of \$70 per day × 5 days = \$350

Based on his records, Zoran calculates that he spent \$700 on his hotel accommodation and \$400 on food and drinks over the 5 days. Zoran determines that the amount he incurred each night on accommodation and the amount he incurred on each meal were less than the reasonable amount set by the ATO.

As Zoran is away from home for less than 6 nights in a row, he doesn't have to keep travel records. He isn't required to keep receipts for his accommodation, food and drink expenses for the trip to Sydney because he meets the requirements for relying on the travel allowance record keeping exception for domestic travel.

However, Zoran keeps:

- records that show he was travelling for work
- his credit card statements to show he spent the amount he is claiming as a deduction
- a record to show he declared the \$1,030 allowance in his tax return.

Zoran must keep receipts for any incidental expenses he has when in Sydney. As he didn't receive an allowance for incidental expenses, he can't rely on a travel allowance record keeping exception for incidental expenses.

QC 72135

## **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.

## **Copyright notice**

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).