



Living Away from Home Allowance (LAFHA)

What is Living Away from Home Allowance (LAFHA)?

LAFHA is an allowance, approved by the Australian Taxation Office (ATO), which reduces your taxable income to assist with food, rent and other removal costs when you are working away from home.

LAFHA is not a reimbursement – it is a tax deduction. LAFHA reduces your taxable income exactly the same way a salary sacrifice works. This effectively means you receive more net pay in the hand.

Put simply, the process is:

1. The accommodation and food allowance amount is deducted from your pre-tax salary.
2. Tax is applied
3. The amount is added back as non-taxable earnings.

Who is eligible for LAFHA?

LAFHA can be paid when you meet all of the following criteria:

- You must be living away from your home residence for work-related reasons.
- The period you will be away from home is greater than 21 days.
- You must continue to have unconditional use of your home residence (at any time whilst receiving LAFHA).
- Your employment contract or temporary move, must be a fixed term - by date or completion of work.
- At the time of applying for LAFHA and while you are being paid LAFHA, you must intend to return home.

What can be claimed under LAFHA?

LAFHA is paid in two components- the Accommodation Component and the Food Component.

The Accommodation Component:

- The Accommodation Component must pass the ATO test so that it is considered to be “reasonable” for you. For example, if you were previously living in a one-bedroom apartment and you lease a one-bedroom apartment for the duration of your contract, that would be deemed reasonable.

The Food Component:

- Every year, the ATO set a reasonable food component that forms a part of your LAFHA. This can be found on the ATO web site. The reasonable component contains a statutory food component.

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The Food Component continued:

For the FBT year commencing on 1 April 2018, ATO Rates are as follows:

Amounts of reasonable food and drink - within Australia

	Per week
<i>One adult</i>	\$265.00
<i>Two adults</i>	\$398.00
<i>Three adults</i>	\$531.00
<i>One adult and one child</i>	\$332.00
<i>Two adults and one child</i>	\$465.00
<i>Two adults and two children</i>	\$532.00
<i>Two adults and three children</i>	\$599.00
<i>Three adults and one child</i>	\$598.00
<i>Three adults and two children</i>	\$665.00
<i>Four adults</i>	\$664.00

Other expenses that can be claimed under LAFHA include:

- Travel expenses from your permanent residence to your new (temporary) location. This includes flights, transport, meals and accommodation costs based on receipts. Please note: Travel expenses can only be claimed at the start of the contract and again at the conclusion of the contract.
- Connection or reconnection of gas, electricity and telephone services to your new home so long as you had these connected at your permanent home.
- Temporary accommodation at the permanent location up to 21 days.
- The costs of removal, storage, packing, unpacking and insurance of household effects, including pets.

Note: LAFHA is limited to a period of 12 months per work location. It is important to know that you are held liable if you are audited by the ATO and the information that you provided to PayMe was not true.

Please visit our website to request further information about LAFHA. <https://www.payme.com.au/lafha/>

If you have any questions or would like to discuss, please don't hesitate in contacting us.

Team PayMe