



Living Away From Home Allowance

Introduction

This fact sheet gives an overview of PayMe's Living Away From Home Allowance (LAFHA) service. More detailed information can be gained by speaking with one of our consultants on 1800 082 006.

Living Away from Home Allowance

PayMe provides LAFHA to contractors throughout Australia. Contractors are casual labour hire employees of recruitment companies, consulting companies or other labour hire organisations.

The purpose of LAFHA is to compensate you for the additional expenses and disadvantages experienced when your recruitment company requires you to temporarily live away from home. LAFHA does not reimburse you dollar for dollar spent; instead it reduces your taxable income to assist with food, accommodation and removal costs.

LAFHA is not an entitlement; if you are assessed as eligible for LAFHA, it will only be paid if your recruitment company, or payroll company on behalf of your recruitment company, agrees to pay it.

LAFHA is a "fringe benefit" paid under the Fringe Benefits Tax Act and all aspects of the allowance are scrutinised by the Australian Taxation Office (ATO); it is not something to be offhand about because if you are told by colleagues that you can claim almost anything as LAFHA, because they do; then you must remember that if something is too good to be true; then it usually is. You are totally responsible for your claims and PayMe does not recommend that you willingly place yourself in a situation that may see you audited by the ATO and lose everything you have claimed under LAFHA.

Eligibility

You may be eligible for LAFHA if:

- your employment contract requires you to live away from your usual residence for a defined time greater than 21 days,
- you continue to maintain a home in Australia at which you would normally reside, in which you must have an ownership interest,
- your normal place of residence must remain available for your use at all times while you are on LAFHA, and
- you provide a LAFHA Declaration.

What can be claimed under LAFHA?

LAFHA is paid in three components, the Accommodation Component, the Food Component and relocation expenses:

- **The Accommodation Component.** The Accommodation Component must pass the ATO test so that it is considered to be “reasonable”. 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 sets a reasonable food component that forms a part of your LAFHA and this is shown below.
- **Relocation Expenses.** Relocation expenses can be paid as LAFHA to assist with the costs of removal, storage, packing, unpacking and insurance of household effects at the temporary location and to return to the usual place of residence. Relocation costs may include costs related to pets.
- **Temporary Accommodation.**
 - Temporary accommodation at your usual place of residence for up to 21 days if there is a valid reason you cannot occupy your home.
 - Temporary accommodation at new location limited to an occupancy period that begins seven days before you start work at the new location and ends when you could reasonably be expected to occupy long-term accommodation by lease; this is four weeks.
- **Utilities.** Connection or reconnection of gas, electricity and telephone services to your new home so long as you had these connected at your permanent home. The continuous claim of these expenses is not permitted.

The Food Component

Between 1 April 2020 and 31 March 2021 the ATO has indicated that you can claim the following per week:

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|---------------------------------|----------|
| • One adult | \$234.00 |
| • Two adults | \$330.00 |
| • Three adults | \$426.00 |
| • One adult and one child | \$282.00 |
| • Two adults and one child | \$378.00 |
| • Two adults and two children | \$426.00 |
| • Two adults and three children | \$474.00 |
| • Three adults and one child | \$474.00 |
| • Three adults and two children | \$522.00 |
| • Four adults | \$522.00 |

LAFHA and Travel Allowance

LAFHA and Travel Allowance are not the same:

- LAFHA may be paid when you take up temporary residence away from your usual place of residence in order to carry out duties at a new, but temporary, workplace. The time away from home will normally exceed 21 days.
- Travel Allowance may be paid as a salary sacrifice where travel expenses are incurred in performing your work for times away from home that are under 21 days. Travel Allowance may include transport, accommodation, meal and incidentals. Travel Allowance is not in scope of this fact sheet because it is described in the Travel Allowance Fact Sheet.

Fly-in fly-out and Drive-in drive-out Employees

PayMe does not pay FIFO and DIDO employees and any consideration of this type of employee is out of scope of PayMe's LAFHA services.

How do I apply for LAFHA?

Call PayMe on 1800 082 006 so one of our consultants can discuss it with you. If you are researching LAFHA out of business hours, please click on "Contact Us" and then complete the Ask a Question Form. One of our consultants will call you the next business day.