This information will help you if you are a small business owner claiming a deduction for expenses you incur when travelling for your business – whether you use a registered tax agent or lodge your own tax return.

**Key points**
- You must keep your business travel expenses separate from your private expenses.
- You must keep records for five years that prove your expenses.
- If you travel for six or more consecutive nights, you may need to keep a travel diary.
- There is a separate factsheet about business motor vehicle expenses and travelling to and from your places of business.
  
  For more information about these expenses, see ato.gov.au/motorvehicleexpenses

### Types of expenses

As the owner of a small business, you can claim a deduction for expenses that you incur when you travel for your business. Common expenses include:

- Airline, bus, train, tram and taxi or ride-sourcing fares
- Car-hire fees and the costs you incur (such as fuel, tolls and car parking) when using a hire car for business purposes
- Accommodation and meals if you are away overnight.

You cannot claim a deduction for any travel undertaken before you started running your business.

### Claiming travel expenses

Your business can claim a deduction for travel expenses related to your business, whether the travel is taken within a day, overnight, or for many nights. The expenses must form part of your business records.

You cannot claim any private costs of the travel, for example, leisure activities, a holiday that you add onto your business travel, or the costs of a family member who travels with you.

To claim expenses for overnight travel, you must have a permanent home elsewhere and your business must require you to stay away from home overnight. You cannot claim travel expenses that arise because you are relocating or living away from home.

If you operate your business as a company and the business pays for private portions of your travel, there may be tax implications for you (as an individual) and your business for providing benefits to you. For more information, see ato.gov.au/Division7A and ato.gov.au/FBT.

If you are entitled to goods and services tax (GST) input tax credits, you must claim your deduction in your income tax return at the GST exclusive amount.

### Employee travel expenses

Whatever your business structure, if you have employees who travel for your business, the business must actually incur the travel expense (by paying for it directly or reimbursing the employee) to be able to claim it as a deduction.

Your business may be subject to FBT if it pays or reimburses your employees for their travel expenses or private activities. Certain exemptions and concessions may apply to reduce your FBT liability.

To access the exemptions and concessions, you may need to obtain records from your employee.

If you pay your employees a travel allowance or a living-away-from-home allowance, there are different considerations.

For more information, see ato.gov.au/FBT and ato.gov.au/travelallowances.

### Records you need to keep

You need to keep records that prove all of your business travel expenses for five years. These records can include:

- Tax invoices
- Boarding passes
- Tickets
- Travel diary
- Details of how you worked out the private portion of expenses.

If you are a sole trader or partner in a partnership, you must keep a travel diary if you are away for six or more consecutive nights. A travel diary is also highly recommended if you run your business as a company or trust, as it will help you to determine the portion of the travel that was for private purposes.

If you’re a sole trader with simple tax affairs, you can use the myDeductions tool in the ATO app to record your business-related expenses.

For more information, see ato.gov.au/mydeductions.

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If you're entitled to goods and services tax (GST) input tax credits, you must claim your deduction in your income tax return at the GST exclusive amount.
Travel diary

In your travel diary, record the details of each business activity as you go, including:

- the nature of each business activity
- the date and approximate time the business activity began
- how long the business activity lasted
- the name of the place where you engaged in the business activity.

The travel diary can be in any format that records this information.

Example: Rebecca

Rebecca owns a business as a sole trader landscape gardener. She is invited to exhibit at the Chelsea flower show in England. This involves six days of work representing her business at the show. After the show is finished, Rebecca spends some time sightseeing.

Rebecca’s son James joins her on her trip. James is not involved in the business and spends the days exploring London while Rebecca is at the Chelsea flower show.

As Rebecca is travelling for more than six nights, she keeps the below travel diary.

### Travel diary for May

<table>
<thead>
<tr>
<th>Monday</th>
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<tr>
<td>11</td>
<td>Rest day</td>
<td>12</td>
<td>Chelsea flower show set-up day from 9am</td>
<td>13 Chelsea flower show day 1</td>
<td>14 Chelsea flower show day 2</td>
<td>15 Chelsea flower show day 3</td>
</tr>
<tr>
<td>18</td>
<td>Sightseeing in London</td>
<td>19 Sightseeing day trip to Oxford</td>
<td>20 Bus to airport. Flight home Q23 6pm. from London, arrive 10pm</td>
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</tbody>
</table>

This shows that Rebecca travelled for 12 days. She spent the majority of the time on business-related activities and took the opportunity to do some sightseeing while in London for two extra days. Rebecca can only claim deductions for the business-related portion of her travel.

Rebecca can claim:

- the return airfare to London (which does not have to be separated out as the primary purpose of her travel is for business, the sightseeing was incidental)
- her bus fares to and from the airport
- the costs associated with working at the Chelsea flower show, including the exhibitor’s fee and transport to and from the location from her hotel
- Rebecca’s accommodation in Chelsea up to and including 17 May
- meals and incidental costs on the days she attended the Chelsea flower show.

Rebecca cannot claim:

- accommodation, meals or transport expenses on the days noted for sightseeing
- additional private costs from the whole of her time away (such as souvenirs)
- costs of visas, passports or travel insurance
- any of James’ expenses (such as his airfares, the cost of his meals or the cost of an extra hotel room for James).

Example: Noah

Noah owns a business as a sole trader interior designer and decorator. He lives and works in Perth. A new customer has asked him to design and decorate her home in Broome. This will take two weeks to complete.

Noah flies to Broome on Sunday evening and returns to Perth two weeks later. On the weekend, he does some sightseeing and catches up with friends. He keeps the following diary:

- **Sunday:** Fly to Broome (depart 4pm, arrive 6.30pm).
- **Monday 2 September:** Purchase decorating supplies 9am–10.30am. Working at client’s house 10.45am – 4pm.
- **Tuesday 3 – Friday 6 September:** Working 7.30am to 4pm at client’s house.
- **Saturday:** Day trip to Horizontal Falls. Dinner with Pam and Geoff.
- **Sunday:** Sightseeing around Broome.
- **Monday 9 – Friday 13 September:** Working 7.30am to 4pm at client’s house.
- **Saturday:** Return flight to Perth (depart 10am, arrive 12.30pm).

Noah can claim:

- his return airfare to Broome and taxi to his hotel and from hotel to airport
- accommodation in Broome for all nights (as the weekend in between was incidental and the primary purpose of travel was for business)
- costs of undertaking his work in Broome (such as hire of tools)
- meals and incidental costs of his work.

Noah cannot claim his private expenses, including:

- the cost of the sightseeing he does on the weekend
- the dinner he has with friends.