

Leave Travel Allowance (LTA) – India

Leave Travel Allowance (LTA Tax Exemption) is a salary component, which provides tax exemption against travel expenditures occurred on travel during leaves.

Eligibility:

Leave Travel Allowance is applicable to all executive cadres (White Uniform) ALLEN employees, as well as their dependents as defined for this purpose under the Income Tax Act (i.e. spouse, two dependent children, dependent parents, and dependent siblings).

Criteria:

- LTA is applicable for the employees whose annual salary is more than ₹ 3 lakh
- To claim LTA Tax Exemption, the travel done must be to a domestic destination, by the shortest possible route
- LTA Tax Exemption shall be reimbursed for ticketing expenses incurred for domestic travel by train (up to first class AC rail fare), by air (up to economy class airfare), or by taxi/own-vehicle (Authorized bills).

Process of claiming LTA:

- Employee needs to apply for leave i.e. AL/SEL for minimum 3 days by submitting the Leave request in optima.
- Employee needs to submit original travel proofs at the time of submitting Income Tax Investment proofs.
- Employee is advised to keep photocopies of the journey tickets/bills with herself/himself for future reference.
- LTA claim can be linked only to one travel and can be claimed only once a year.

FREQUENTLY ASKED QUESTIONS (FAQs)

1. When will LTA be paid to me?

There will not be any separate payment as LTA claim as LTA component is already included in your gross salary. LTA claim papers and proofs are collected for the purpose of giving tax exemption u/s 10(5) of Income Tax Act, 1961.

2. How can I avail LTA exemption?

You are required to submit the Original Tickets/Taxi Bills/Fuel Bills and Boarding Passes (in case of Air Travel) at the time of submitting Income Tax Investment proofs.

3. For what period can I claim LTA for tax exemption?

LTA can be claimed twice in a block of four years. The four-year blocks are pre-defined by the income tax authorities. The current block of 4 years is from 01.01.2022 to 31.12.2025. You can claim any two trips in the aforementioned block. However, you can only claim 1 trip in a year and it should be for travel within that relevant financial year.

4. Is it necessary for me to be on leave to claim LTA Tax exemption?

Yes. You have to be on leave for a minimum period of 3 days (**Except Company Holidays**) to avail LTA Tax Exemption.

5. Can I claim for more than one trip made during the year for the purpose of LTA?

No. You can only claim one trip (to and fro) for LTA during the year.

6. What expenses can be claimed under LTA? Can local taxi, hotel stay expenses, food & beverage charges, etc. be claimed for LTA exemption?

Only the ticket fare can be claimed for LTA exemption. Hotel stay, food & beverages, local conveyance, etc. cannot be claimed for LTA exemption.

7. I have availed a package tour that included travel, hotel stay, and food & beverages. How can I claim this for LTA?

You can claim package tour for LTA if the invoice has a breakup of the travel fare and other expenses as the exemption is only for the travel fare.

8. What is the mode of travel accepted for LTA exemption?

Air travel (by any airlines), train travel (all classes) and travel by road (Bus/Taxi/Own-vehicle) can be claimed for LTA exemption.

9. What is the limit for LTA exemption for various modes of travel?

For travel by Air, the LTA exemption is limited to economy class fare for the route of travel or actual expense incurred, whichever is lower. For travel by Train, the LTA exemption is limited to First class AC train fare for the route of travel or actual expense incurred, whichever is lower. For travel by Bus/Taxi/Own-vehicle, the LTA exemption is limited to First class AC train fare for the route of travel or actual expense incurred, whichever is lower.

10. How is LTA exemption calculated if traveled to multiple places?

If the LTA claim is for a trip that has touched multiple destinations the exemption will be extended to the fare equivalent to the journey from the starting point to the farthest destination by the shortest route.

11. Can I claim the LTA for traveling in own Vehicle?

Yes. LTA exemption can be extended for travel in your own vehicle.

12. Is LTA allowed for travel outside India?

No. LTA can only be claimed for travel within India.

13. Can I claim LTA exemption for travel to Lakshadweep, Andaman & Nicobar Islands?

Yes. You can as they are parts of India.

14. Can LTA exemption be claimed for family/dependents?

LTA can be claimed for spouse, two dependent children, dependent parents, and dependent brothers/sisters. However, this can only be claimed where the aforesaid accompanied the employee on leave travel. If they were not accompanied by the employee, said travel cannot be claimed for LTA exemption.

15. What documents should be submitted for claiming LTA exemption?

- Tickets and boarding passes (for Air travel)
- Tickets (for Train travel)
- Ticket (for Bus travel)
- Invoice and Trip Sheet (for travel by Taxi)
- Fuel Bills & FASTag statement / Toll Tax Receipts (for travel by own vehicle)

16. Whom should I contact for further clarification?

Contact the Corporate HR.

17. What is the financial year for the current block year?

Travel completed between January and December must be claimed within the Financial year. For example, if travel is completed in February 2022 or September 2022, the claims must be submitted for FY 2022-23.

Disclaimer

Management reserves the right in its absolute discretion to abolish the policy at any time or to alter the terms and conditions. Such discretion may be exercised any time, before; during or after the policy year is completed.