

Leave Travel Allowance (LTA): Exemption Limit, Rules, How to Claim and Eligibility

Description

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Quick summary

- LTA is a tax-free reimbursement of the actual fare for travel within India, given by your employer for you and your family, in the old tax regime only.
- The exemption is for two journeys in a block of four calendar years. The block 2022 to 2025 has ended and the new block is 2026 to 2029.
- Only the fare is exempt: hotel, food, local travel and sightseeing are not. Travel abroad does not qualify.
- Rail is limited to AC first class; where there is no rail or public transport, the rules set other limits, including ?30 a km where no public transport exists.

Leave Travel Allowance (LTA), also called Leave Travel Concession (LTC), is an amount your employer gives you to travel with your family within India. The travel fare is exempt from tax, up to the limits in the rules, if you are in the old tax regime.

Where is it in the law?

For FY 2025-26 (assessment year 2026-27) LTA is exempt under section 10(5) of the Income-tax Act, 1961 and Rule 2B. From Tax Year 2026-27 it is in the Schedule III of the Income-tax Act, 2025 (Table Sl. No. 8), with the conditions in Rule 278 of the Income-tax Rules, 2026.

Who can claim?

An individual who gets travel concession or assistance from an employer (or a former employer, for travel after retirement or termination of service) for self and family, for travel to any place in India. Family includes the spouse, children, and dependent parents, brothers and sisters.

What is exempt?

Only the amount actually spent on the fare, subject to these limits:

- By air: the fare for the class to which the employee is entitled (under the 1961 Act rule, the economy fare of the national carrier), by the shortest route.
- By rail, or any other mode where the places are connected by rail: the AC first class rail fare by the shortest route.
- Where the places are not connected by rail and a recognised public transport system exists: the first class or deluxe class fare by the shortest route.
- Where no recognised public transport exists and no rates are prescribed: ?30 per km for the shortest route.

Hotel, food, local conveyance, sightseeing and shopping are not exempt. The exemption cannot be more than what your employer gives you.

Two journeys in a block of four years

The exemption is for two journeys in a block of four calendar years. The blocks so far: 2018 to 2021, 2022 to 2025. The new block is 2026 to 2029, and the next is 2030 to 2033.

Carry-over of an unused journey

If you did not use the exemption in a block, the journey you first avail in the first calendar year of the next block is also exempt. It does not count against the two journeys of that new block. So for the block that ended in 2025, an unused journey can be claimed for a journey you make in 2026.

Children

The exemption is for not more than two surviving children. The limit does not apply to children born before 01/10/1998, or to additional children from multiple births after the first child.

Example

Ms Ankita travelled to Shimla in December 2025 with her husband and two children (four persons). The air fare was ?10,000 each way per person, which equals the admissible fare. Her employer paid ?50,000 as LTA.

- Fare actually spent: ?10,000 x 4 x 2 = ?80,000.
- LTA received: ?50,000.
- The exemption is the lower figure, ?50,000, if she is in the old regime. Under the new regime nothing is exempt.

A trip to Dubai is not eligible, because the travel must be within India.

How to claim

- Your employer sets a date for you to submit tickets, boarding passes or invoices and a declaration. The exempt amount then shows in Form 16.

- If you did not claim it with your employer, you can still claim it when you file your return, in the exempt allowances part of the salary schedule. Keep your tickets and proofs.

LTA in the new tax regime

LTA is not available in the new regime. File your return on time under the old regime if you want it, because a person without business income chooses the old regime along with the return furnished by the due date.

Common mistakes

- Claiming hotel, food or sightseeing costs.
- Claiming travel outside India.
- Claiming more than two journeys in a block, or for more than two children born after 01/10/1998.
- Not keeping tickets and invoices.
- Claiming the whole route when you visited several places: only the shortest route from the starting point to the destination counts.
- Assuming that any holiday travel is covered. Some employers allow LTA only if you take leave and travel in that period, so follow your employer’s policy.

Frequently asked questions

How many LTA journeys are exempt?

Two journeys in a block of four calendar years. The current block runs from 2026 to 2029.

Can I claim LTA for foreign travel?

No. The exemption is only for travel to places in India.

What expenses are covered?

Only the fare for the travel. Hotel, food, local conveyance and sightseeing are not exempt.

Can I carry over an unused LTA journey?

Yes. If a journey was not availed in a block, one journey can be claimed in the first calendar year of the next block, in addition to the two journeys of that block.

Is LTA available in the new tax regime?

No. It is available only in the old tax regime.

Official sources

- Income-tax Rules, 2026 (Rule 278)
- Income Tax Department: Income-tax Act, 2025 (Schedule III, Sl. No. 8)
- Income Tax Department: e-Filing portal

Related reading

- Conveyance Allowance: Exemption Limit, Calculation and Eligibility
- Transport Allowance: Tax Exemption, Limits for Tax Year 2026-27 and Rules
- Difference Between Exemption, Deduction and Rebate in Income Tax

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