

A guide to expenses

For ease we have now divided our expenses guidance into three sections, this is to reflect new legislation brought in by HMRC in April 2016.

Section 1 explains the SDC test, this test limits what expenses you are entitled to claim.

Section 2 explains how we are allowed to process these expenses on a weekly and annual basis under the new HMRC rules.

Section 3 details the normal rules in the UK for expenses.

You may wish to claim expenses from Section 3 which you feel you have incurred, we can only allow expenses based on section 1 and then can only pay these expenses in accordance with section 2.

Section 1 - Supervision, Direction or Control

From 6th April 2016 individuals who are subject to supervision, direction or control as to the manner in which they provide their services (SDC) will no longer be able to claim expenses for home to work Travel & Subsistence. The SDC test will become vital in deciding what expenses you can claim.

Supervision, Direction and Control (SDC) Test

If you are expected to know HOW to do your work and if no-one has the right to tell you HOW to do it then you will probably pass the SDC test. If you are to be told HOW to carry out your work, or if someone has the right to tell you HOW to do it then you will fail the SDC test. This is something we can help you establish in conjunction with your agency.

If you pass this test and are therefore not subject to SDC then you can claim your Travel and Subsistence expenses, and all other legitimate expenses.

If you fail this test and therefore ARE subject to SDC then you CANNOT claim your Travel and Subsistence expenses, you will however be able to claim non T&S expenses and these include:

Training

Travel between sites during a working day

PPE

Unsure? We can help. If you want us to talk to your agency and discuss your SDC position then we're happy to do so. We already established processes with our agency partners meaning if you're working with one of our preferred agencies we should be able to conclude this process quickly.

Section 2 - How can these expenses be processed?

Important changes to expense processing from April 6th 2016

HMRC have also changed the rules on how expenses can be reimbursed.

Allowable mileage (whether home to work or travel between sites) can be reimbursed on a weekly basis and form part of your weekly payment, thereby providing you with the appropriate TAX and NIC relief at source.

All other expenses will have to be claimed via a Self-Assessment or P87 at the end of the year (includes subsistence, accommodation, PPE etc). If you wish to claim for items other than mileage (and the claims are allowable under the appropriate rules) we will keep a log of these claims for you and assist with a Self-Assessment return which would generate you the appropriate tax relief at the end of

Section 3

Legislation states that allowable “expenses must be incurred wholly and exclusively and necessarily in the performance of your duties”, and this means that all expense claims should be supported by receipts.

Wherever possible, these should be VAT receipts unless the expenses are VAT exempt – train fares, for example.

General guidance notes

Tax deductible business expenses may be claimed for travel to and from site and for accommodation and

the tax year. If you work exclusively for Exchequer Solutions during the tax year (and you have no other declarations for the self-assessment such as pension or property), we will organise for our Accountancy division to complete this work free of charge for you. If you wish to work for other organisations during the year then we will of course provide you with information detailing claims made during the year and you can choose who assists you with the self-assessment, we will be able to offer competitive pricing from our Accountancy division. Please therefore ensure you keep all receipts throughout the year as you will need these in case HMRC query your return.

If you wish to discuss the above changes or your options going forward please call us on 0844 846 5007 and we'll call you at a time of your convenience.

subsistence when they are incurred wholly, exclusively and necessarily as a part of your work.

Travel expenses can only be claimed where:

- You expect to be at a site for less than 24 months
- During this time you expect to go on to work at another site for Exchequer Solutions when your work here finishes
- All expenses are incurred in performing your duties

Travel expenses cannot be claimed where:

- You are working your notice period, or where it is reasonable to assume that you will terminate your employment when your work on site is completed
- From the date you are told that the last day on site has been extended and the time then spent on site will be more than 24 hours.
For example, if it is agreed at the outset of the contract you will work on site for 18 months, but are told at the end of the 18th month that work will take another nine months; travel expenses can only be claimed for the first 18 months

- You go on to work at another site in the vicinity of your first site and there is no significant change in travel costs between either site, and the total time spent on the two sites is more than 24 months.

Mileage claims are calculated on Inland Revenue authorised mileage rates, as below:

Cars and Van	45p per mile on the first 10,000 miles in the tax year 25p per mile on each additional mile over 10,000 miles in the tax year
Motorcycles	24p per mile
Bicycles	20p per mile

Mileage rates include the costs of running a vehicle such as fuel, tyres, road tax, insurance, depreciation and repairs.

All expense claim forms must be legible and clearly show the mileage from start to finish for business mileage only.

Please obtain a VAT receipt every time you fill your vehicle with fuel. All your receipts must be attached to your claim and we will allocate the receipt to the journey. If you take passengers to work, please mark this on the form as this may increase your entitlement.

Public transport

Travel costs may be claimed if you do not use your car to travel to work.

Subsistence

You are entitled to claim back subsistence, based on the amount you spend on meals and this should be supported by receipts.

Accommodation

If you stay overnight in a hotel or B&B, only the cost of the room, dinner and breakfast may be claimed. You are also allowed a flat rate £5 per night subsistence allowance where you work away from

home. This is increased to £10 per night if you work overseas. The allowance is to cover incidentals such as newspapers, snacks, laundry and personal phone calls.

Expense claims cannot be processed without a signed and dated expense claim form.

Tools and materials	You may be able to claim the cost of small hand tools, health and safety equipment but they must be essential to and solely for the performance of your duties of employment.
Professional subscriptions and courses	These are allowable expenses provided that they are incurred wholly, exclusively and necessarily in the performance of your duties. For example a golf club subscription is not allowed, nor is a language course. In other words, they have to be relevant to your job.

For guidance on which business expenses are allowable under your contract, please contact Exchequer Solutions on 0844 846 5007.