

WHICH EXPENSES MAY BE ALLOWABLE FOR PSC & UMBRELLA EMPLOYEES? TAX-DEDUCTIBLE EXPENSES GUIDELINES

Reducing your tax liability

Each week you will most likely be incurring business expenses and these are deductible against your business profits, so you can get tax relief on them.

HM Revenue & Customs (HMRC) state that any expenses claimed must be incurred wholly and exclusively for the use of your trade. Your self-assessment (if required) needs a breakdown of the expenses you have claimed, which will be sent to HMRC at the end of each tax year. If the HMRC chose to review your individual case and ruled that some of the expenses you have been paid should be treated as taxable, you would have extra tax to pay.

The following guidelines are to help you identify the various expenses you can claim in relation to carrying out your duties for your business.

Please remember that if HMRC were to check your claim, you would need to be able to justify the business nature of the expenses you have claimed.

*****IMPORTANT*****

CHANGES EFFECTIVE OF 6th APRIL 2016 SUPERVISION, DIRECTION OR CONTROL (SDC)

Please note that recent changes in legislation introduced by HMRC state that any costs associated with travelling to and from the workplace are NOT allowable where it is found that you, the worker, are under supervision, direction (SDC) or control or the right thereof.

In practice this means that you will no longer be able to claim for mileage to and from the worksite and your permanent address. This also includes the costs of any temporary accommodation and the daily allowance you have traditionally been able to claim.

However this does not include meals, or travel in your own vehicle, incurred during the performance of your duties if you leave the worksite. For example, if you're an LGV driver, meals purchased whilst on the road in the lorry remain allowable, as does mileage incurred if you are a health worker making home visits in your own car.

Proving that you are not under SDC is very difficult as it does not need to be demonstrated in practice. There only needs to be the right of SDC as to the manner of how you perform your duties. Most contracts between agencies and end users have an SDC clause for insurance purposes and therefore neither the agency or end user will be able to assist you.

If you have any questions about this, or feel that you are genuinely not under SDC, or there is no right of SDC, then please speak to us about this. Please do not speak to your agency about this first, as in many cases the agency consultant will not have the authority to make a decision on this matter.

WHAT EXPENSES CAN YOU USE?

Travel (ONLY IF YOU ARE NOT SUBJECT TO SUPERVISION, DIRECTION OR CONTROL)

Mileage – travelling to and from your temporary place of work.

For first 10,000 business miles travelled, the allowance is paid at 45p and the remaining business mileage paid is at 25p per mile.

Please state start point and destination and reason for the journey, dates of travel and car details must be completed on each form. Please enter the daily mileage as accurately as possible without rounding up/down. This helps justify the business reason for the journey if HMRC wish to review your expenses. The start and end of the journey should be specific enough for HMRC to check the mileage using e.g. Google Maps. Postcodes are preferable.

- Public transport – tickets to be provided
- Parking – tickets to be provided
- Toll/Tunnel fees – tickets/ receipts to be provided
- Satellite Navigation unit & accessories - claimable if required for work purposes only. Cover letter required to confirm this
- Digital Tachograph – no proof required
- Radar system which indicates traffic jams – claimable if required for work purposes only. Cover letter required to confirm this

Meal Allowance

If you work more than 5 miles away from your permanent address or temporary workplace, you are entitled to claim for meals taken during the course of your working day on the following basis.

- **Reasonable meal expenditure, capped at £10 but receipts must be provided for each individual meal before the claim can be processed**

IMPORTANT

Please note the above amounts are to cover the extra cost of eating away from home, and does not cover the cost of meals prepared at home. Shopping receipts are not acceptable. HMRC carry out 'compliance reviews' in which they check such evidence.

Accommodation Cost

If in the course of providing your services you are required to stay away from home over night, then the cost of the accommodation is allowable. For example, if you have to night out with the vehicle and stay at a truck stop hotel.

This accommodation is not to be confused with temporary lodgings or B&B's which you return to, having completed your work for the day which is not claimable

Daily Allowance - You can claim a 24 hours allowance for incidental expenses when you have to stay away from your permanent address during the course of providing your services, such as nighting out with the vehicle. This is paid at £5.00 per night away for stays in the UK and £10.00 per night for stays abroad and in Ireland.

Tools and Clothing

- Must provide receipts and it must be safety or specialised workwear
- Driver able to claim for a laptop with a receipt & covering letter stating for work purposes only
- Driver not able to claim for a filing cabinet
- Driver unable to claim for desk top PC
- Driver unable to claim for office equipment and accessories e.g. printer/fax/scanner/cartridges
- Can claim for stationery with a receipt
- Can claim for advertising his company with receipt as proof of payment for cost
- Driver can claim for fridge for his lorry & a box that reduces the voltage of the fridge with covering letter

Outer protective wear Laundry

- You can claim for cleaning and laundering of outer protective clothing with an itemised receipt from the laundry that clearly shows workwear e.g. Hi Viz Vest, Overalls etc

Telephone

- Itemised bill required with all business calls highlighted with amount totalled on the claim form. Only able to claim business calls that fall outside of inclusive allowance. Cannot claim for pay as you go top up vouchers, talk plans, or purchase of a phone.
- Bluetooth headsets – able to claim with covering letter advising for work purposes only.
- Driver able to claim for in car phone charger with a covering letter
- If phone in another persons name, need covering letter to confirm this is the phone they are using for work but still only able to claim for the business calls as above.

Professional Fees/Course Fees

- Able to claim with proof of payment e.g. invoice or amount shown as deducted from bank account on a statement
- Can only claim for courses that are related to current line of work e.g. if a lorry driver wanted to claim for a course to be a driving instructor as he wants to change his line of work, he cannot do so until he has actually passed the course and is giving driving lessons

EUROPEAN DRIVERS ONLY

If you are working away in Europe, then you are able to claim the following instead of a Daily Allowance:

Overnight Accommodation Allowance

Staying overnight away from your permanent residence:

- £23.06 if you are staying in your cab overnight, no receipt is required for this.
- £30.75 if you have a receipt eg for staying in a hotel

European Driver Incidental Costs

Can claim up to £10 per day as an allowance to cover things like calls to home, laundry costs etc.

** PLEASE NOTE This allowance is to cover actual costs incurred, please provide supporting receipts **

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