**UK EXPENSES – FAQs**

Q: **Expenses explained**

There are two main criteria in the UK for claiming expenses:

1. **Nature of the expenses**
	* The expense claimed must be “***wholly and exclusively for the purposes of the business”***
	* It must also be incurred ***‘necessarily’*** in the performance of the duties of the employment.

For example: normal living costs such as rent, broadband, landline phone charges are not allowable because they would be incurred as a result of day to day living expenses whether you are working or not. However, accommodation while out of base overnight is allowable because it is an **additional** expense arising wholly from your employment and necessary to perform those duties.

1. **Employment and home base expenses**

In the UK, you cannot claim expenses that you could not claim if you were an employee. For example, commuting to and from your home base, meals while working from your home base, parking at your home base are not allowable.

If the reason to be at the home base is outside of your normal paid work duties, for example for a business meeting, temporary workplace or training day outside of your normal flying roster, then these expenses may be allowable.

**Your contract work has employment status in the UK, despite recognition in Ireland of self-employment. For this reason, no expenses may be claimed in the UK under self-employment guidelines.**

 **Date of commencement:** Expenses should only be claimed from the date you signed the contract with your agency.

Expenses should be submitted in date order where possible.

 **Payrolling of expenses**: In the UK, expenses may only be payrolled on an arising basis and cannot be rolled over across payroll years. Expenses must only be claimed as actuals with the exception of mileage, UK subsistence and overseas subsistence and accommodation. Unlike the Irish payroll, you must have spent on these categories so cannot claim for subsistence if you have not purchased any meals for a date claimed.

 Timeline:

5th of each calendar month: Deadline for uploading expenses

6-7th Calendar month Expenses are downloaded, checked and non-allowable expenses removed.

 8th Calendar month Expenses authorised for payroll

Deadline – Expenses should be submitted before the 5th day of the month following the month the expenses were incurred. So for example, January’s expenses should be submitted by 5th February. **This is very important once you start to receive a salary.** If you miss the deadline, they will be carried over into the following month, so will not be lost.

Receipts – these should be uploaded electronically. It is a secure cloud server, fully backed up nightly. You should retain receipts for all uploaded expenses. It is your responsibility to retain receipts and provide them to HMRC if audited.

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OAM – Online Account Management system – this should be used to upload your expenses on a monthly basis. You will be given a user name and password shortly after signing up.

Q: **Licence renewal cost as an expense**

UK A: You can add in your licence renewal cost as a standard expense. Please detail the authority who issues the licence.

Q: [**Eye tests, glasses and sun glasses**](https://www.oconnorandassociates.ie/faq-page)

UK A: Eye tests can be claimed if required by health and safety legislation for employees who use a computer monitor or other screen.

 Glasses and contact lenses can be claimed if required for monitor or screen work.

 Sunglasses may be claimed if used wholly and exclusively for work but are also included in your fRE industry allowance so cannot be claimed twice.

Q: **Medical expenses**

UK A: Only treatment or insurance related to injuries or diseases that result from your work can be claimed. Normal health insurance cannot be claimed.

Medical treatment overseas can be claimed if necessary while working overseas.

A maximum of one health-screening assessment and one medical check-up in any year can be claimed. ‘Health-screening assessment’ means ‘an assessment to identify employees who might be at particular risk of ill-health’. ‘Medical check-up’ means ‘a physical examination of the employee by a health professional for (and only for) determining the employee’s state of health’.

Q: **Claiming VAT back on purchases**

UK A: When purchasing products related to your work i.e. headsets you may ask the NON-IRELAND based seller to remove the VAT as you can buy this through your company. You will need to show them your company VAT certificate which is available through OAM/company details page as VAT is not applicable to companies that are purchasing from another country.

You are strongly advised to tell the seller to remove this at source when you are purchasing it.

You can put the full cost of this work related product as an expense.

Q: **Can I claim gym/social club membership?**

UK A: You CAN NOT claim any memberships like gym, swimming or any other leisure type activities as an expense.

Q: **Claiming daily subsistence while working from your NORMAL BASE.**

UK A: If you are on the UK payroll you CAN NOT claim for this daily subsistence on short haul duties due to UK revenue (HMRC) regulations.

Q: **Commuting**

UK A:You CANNOT claim for any costs relating to ordinary commuting such as mileage and parking.

Q: **Parking**

UK A: Parking expenses cannot be claimed when incurred as a result of ordinary commuting. You CAN claim parking expenses when working out of base, at a temporary workplace or training. These should be entered as Parking then OOB details noted in remarks.

Q: [**Can I claim crew meals while working?**](https://www.oconnorandassociates.ie/faq-page)

UK A: You cannot claim for crew meals obtained during the course of your normal daily work from your permanent base, only if you are out of base, training or at a temporary workplace.

Q: [**Can I claim subsistence whilst on standby?**](https://www.oconnorandassociates.ie/faq-page)

UK A: No, not if it is standby from your permanent base.

Q: [**Rent as an expense**](https://www.oconnorandassociates.ie/faq-page)

UK A: 1. Relocation – rent can be claimed as an expense when it is a temporary measure e.g. while renting a house until the old home is sold and a new home purchased, or if renting short-term/hotel costs while looking for a house to buy or rent on a medium to long-term basis. Rent cannot be claimed if it is for accommodation which is intended to be the medium to long-term place of residence

 2. You CANNOT claim a portion of your rent as a business expense.

Q: [**Exchange rates**](https://www.oconnorandassociates.ie/faq-page)

UK A: Rates – GBP/Euro etc. – The online system automatically calculates the exchange rate for you, so you can enter the amount in the currency of the expense.
We take the current exchange rates from the [IRISH REVENUE EXCHANGE RATES](http://www.revenue.ie/en/customs/businesses/importing/exchange-rates/index.html) website on OAM. The exchange rate is added into our system on the 1st of each month. All expenses not in Euro will take these exchange rates throughout the month.

Q: [**Approval of Expenses**](https://www.oconnorandassociates.ie/faq-page)

UK A: The uploading of expenses deems that you have accepted responsibility for claiming the expense, however they will be reviewed by O’Connor & Associates and will be amended if there is a discrepancy or if an item is dis-allowable. This is in the interest of tax compliance.Please upload images of receipts where possible and retain receipts for your records. Please be aware that expenditure that is not supported by explanatory remarks and/or receipts may be deleted from your record when reviewed on a monthly basis.

**Expenses must be uploaded by the 5th of each month, this is to give time for all expense sheet to be checked for UK compliance. If you cannot upload your expenses in time, please contact us immediately so that we may arrange an extension for you.**

Q: [**Leasing or owning a car**](https://www.oconnorandassociates.ie/faq-page)

UK A: A company car is classed as a benefit in kind, so it is not tax efficient to purchase, hire or lease a vehicle through your company.

You can claim mileage allowance when working out of base and also if attending training / meetings away from home base. The HMRC Approved Mileage Allowance Payment rate covers the running and maintenance of the vehicle which includes fuel, oil, servicing, insurance, vehicle excise duty, repairs and MOT. Therefore these cannot be claimed separately. The mileage rate also includes an element relating to the depreciation of the vehicle.

**NO expenses relating to cars can be claimed except mileage when travelling on out of base trips.** This includes registration fees, tax, insurance, interest on finance, repairs etc.
The car should therefore be invoiced to you personally.
This taxation also applies to motorbikes. The only vehicle it would not apply to would be a bicycle. It is not currently tax efficient to add any type of motor vehicle to the company as an asset.
In any event, you cannot claim for travelling to and from your normal place of work.

Q: [**Simulator costs as an expense**](https://www.oconnorandassociates.ie/faq-page)

UK A: The simulator costs are already deducted from your taxable income before it comes in from your agency, therefore you cannot deduct it a second time.

Q: [**Claiming expenses/loans prior to signing your contract.**](https://www.oconnorandassociates.ie/faq-page)

UK A: Any expenses prior to signing your contact with your agency cannot be added as an expense. In any event, it would only be the interest element, but as the training was not directly related or after the signing of your contract it cannot be allowed.

Q: [**Can I claim my assessment fee as an expense**](https://www.oconnorandassociates.ie/faq-page)**?**

Yes you can claim this as long as it is reasonable and within the 3 month window of signing with your agency.

Q: [**Interest on loans for type rating courses**](https://www.oconnorandassociates.ie/faq-page)

UK A: The interest for any loan taken out for your Type rating course can be added as an expense when you receive your loan statement.

Q: [**Loss of licence protection**](https://www.oconnorandassociates.ie/faq-page)

UK A: Our understanding is that Loss of licence is NOT an allowable expense as it is not a mandatory requirement in the performance of your duties – i.e. not “wholly, exclusively and necessarily incurred in the performance of your duties”. Please make sure to assess this before you claim for loss of licence.

Q: [**CAE Type rating course expenses**](https://www.oconnorandassociates.ie/faq-page)

UK A: Type rating course expenses may be claimed as well as travel expenses and actual accommodation and subsistence expenses while on the course. Please follow the travel, accommodation and subsistence guidelines and keep all receipts.

 HMRC is currently seeking specialist advice on Type Rating as an allowable expense. Therefore, in the UK Type Rating is claimed as a company expense (a loan to the company that you pay on its behalf) and payrolled as a incremental loan repayment back to you (Director Loan)

Q: [**Relocation Expenses**](https://www.oconnorandassociates.ie/faq-page)

UK A: Relocation expenses – available when changing residency as a result of starting a new job or as a result of a new assignment. Entitled to claim for the first £8000 of qualifying expenses such as:

* Preliminary visits to new location
* Travelling between old home and new workplace
* Travelling between new home and old workplace
* Temporary living accommodation
* Travelling between old home and temporary living accommodation
* Travelling between new home and temporary living accommodation
* Travelling from old home to new home when moving

Please note that rent can only be claimed when it is as a temporary measure e.g. while renting a house until the old home is sold and a new home purchased, or if renting while looking for a house to buy or rent on a medium to long-term basis. Rent cannot be claimed if it is for accommodation which is intended to be the long-term place of residence.

Q: [**Other travelling expenses**](https://www.oconnorandassociates.ie/faq-page)

UK A: All other travel such as airline tickets, train, bus, taxis, ferries and parking - can be claimed in addition to the above on the 'Expense' section of the OAM (Online Account Manager). No expenses can be claimed which occur due to ordinary commuting.

Q: [**Phone bill expenses**](https://www.oconnorandassociates.ie/faq-page)

UK A: The cost of one mobile phone can be claimed, as can the cost of line rental and private calls, paid for by your limited company. The cost of any subsequent phones purchased can only be claimed if the phone is used solely for business purposes. Internet/broadband costs at home may not be claimed unless it can be proven that they would not have otherwise been incurred for personal use.

Q:[**Bank charges as expenses**](https://www.oconnorandassociates.ie/faq-page)

UK A: These are claimable so please add them in.
**Please NOTE that your agency's bank charges are NOT to be included as these are NOT claimable and are already claimed as a non-taxable expense through payroll.**

Q: [**Subsistence while you are away**](https://www.oconnorandassociates.ie/faq-page)

UK A: Subsistence costs may be claimed while you are working away from home base. These include the cost of accommodation and meals.

HMRC scale rates may be applied provided that you have incurred expenditure on these categories.

Scale rates in the UK only include subsistence. Accommodation must be claimed as actuals.

Overseas rates applicable depend on the location and you need to refer to the HMRC Overseas Subsistence rates sheet.

In addition, daily incidental item allowances are available at £5 per day for out-of-base UK overnight stays and £10 per day for non-UK out-of-base overnight stays.

Q: [**Mileage rates for different sizes of cars**](https://www.oconnorandassociates.ie/faq-page)

UK A: Mileage Allowance Payments from 2012 onwards:

 Car or van - 45p per mile for the first 10000 miles

 25p per mile after that

 Motorcycle - 24p per mile

 Cycle - 20p per mile

Q: **Mileage**

UK A: Mileage must be added in the mileage category in the Add Expense function. Select mileage, note the detail in the description filed (e.g. Out of base Stansted 5 days = 200 miles x 45p). Enter amount calculated and £GBP as currency. This covers the cost of petrol, wear & tear, car insurance and road tax. Please be advised that you cannot claim anything extra towards the cost of repairs or maintenance.

It cannot be claimed while travelling from home to work (from your permanent base).It can be claimed for any travelling done by car from home for training, non-commuting business-related journeys and out of base work. You must upload rosters to support this.

Q: [**Food, hotels and petrol expenses**](https://www.oconnorandassociates.ie/faq-page)

UK A: Food, accommodation and mileage allowance can be claimed only when working out of base, at a temporary workplace (up to 24 months) or on training/meetings away from home base. Food and accommodation must be claimed in accordance with the ‘Claiming Out of Base subsistence and accommodation’ guidelines. These should be added as a normal expense in subsistence and accommodation categories and receipts/invoices uploaded.

Q: [**Overnight accommodation allowances**](https://www.oconnorandassociates.ie/faq-page)

UK A: Overnight accommodation costs can be claimed only when working or attending training/meetings away from home base or at a temporary workplace (up to 24 months).

For UK accommodation, actual expenditure must be claimed. For overseas work, HMRC subsistence rates can be claimed provided that you have spent on accommodation.

An incidental items allowance of £10 per overnight (non-UK) and £5 per overnight (UK) will also be calculated and is allowable.

Claims must be made in accordance with the ‘Claiming Out of Base subsistence and accommodation’ guidelines.

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