**OVERVIEW OF ALLOWABLE EXPENSES AND TRAVEL AND SUBSISTENCE AS PER UK TAX LEGISLATION**

Now that you have moved to a UK payroll, you will want to need to be aware of the changes to the expense system and what expenses are now allowable under UK legislation as opposed to Irish legislation.

**ALL EXPENSES CLAIMED IN THE UK MUST BE WHOLLY, EXCLUSIVELY AND NECESSARILY IN THE PERFORMANCE OF YOUR DUTIES. YOU MUST ASK YOURSELF THIS QUESTION BEFORE CLAIMING ANY EXPENSE YOU ARE UNSURE ABOUT**

Please note that expenses accrued cannot be rolled over for more than 12 months in the UK but can be claimed through self-assessment. They are payrolled on a monthly, arising basis.

Before you commence in the UK you are responsible for deleting any non-allowable, recurring expenses on your OAM.

**FRE INDUSTRY ALLOWANCE FOR UNIFORM CLEANING, HEADSET AND OTHER COSTS**

Also note that your tax free allowance will increase by an additional £1132 per year upon approval by HMRC and will cover the following expenditure regardless of the actual cost of the expenses listed come to less than this amount. If the actual cost is higher you can submit a claim at the end of the tax year, however, please note if it is not on the list it cannot be claimed:

1. Uniform cleaning
2. Noise cancelling headset and other equipment
3. Sunglasses
4. Flight case
5. Duplicate Passport
6. Reference Material

Below you will find a list of allowable expenses with a brief explanation:

1. **Health Expenses** – one health-screening plus one medical check in any year
2. **Welfare Counselling** – Does NOT include:
* Medical treatment
* Advice on finance or tax (other than debt counselling)
* Advice on leisure or recreation
* Legal advice
1. **Mobile Phones** – one mobile phone provided by the employer including line rental and calls paid by the employer. Money paid to the contractor for use of their own mobile phone IS taxable.
2. **Office accommodation, supplies or services** used by the contractor in performing duties where:
* The sole purpose of providing it must be to enable contractor to perform duties of services contracted for.
* Must NOT be the conversion or alteration of living accommodation – therefore a proportion of personal rent/utilities is NOT allowable.
1. **Pensions** – for the benefit of the contractor OR his family (with some limit of restrictions). Tax relief on personal pensions is through self-assessment only and should not be uploaded on OAM.
2. **Purchases on Employers behalf** – stamps, stationary, equipment essential for the business
3. **Retraining Expenses and Courses not lasting more than 2 years:**
* Only for the purposes of obtaining another employment within 2 years from the time of the course AND:
* Must have been contracting for the current company for at least 2 years.
* Includes course fees, examination fees, books, travel
1. **Work-related training expenses –** provided for as follows:
* No territorial limitations
* Training material allowed
* Childcare and travel and subsistence included
* Can include charitable and voluntary activities
* Exempt from NIC
1. **Sports Facilities –** Does NOT apply to the following:
* If available to the general public
* Is in association with overnight or holiday accommodation
* Provided on domestic premises
* If available on cars, boats, aeroplanes
1. **Subscriptions to professional societies and statutory fees etc –** where related to the duties of the employment.
2. **Loss of Licence:** As this is considered not ‘wholly, exclusively and **necessarily**” in the performance of the duties, it is not considered an allowable expense

**Relocation**

1. **Relocation Expenses –** available where contractors change residency as result of starting a new job or as a result of a new base assignment. The following is available:

First £8,000 of qualifying removal expenses such as:

1. Preliminary visits to new location
2. Travelling between old home and new work place
3. Travelling between new home and old work place
4. Temporary living accommodation (until medium term accommodation is secured, e.g. rental or purchase)
5. Travelling between old home and temporary living accommodation
6. Travelling between new home and temporary living accommodation
7. Travelling from old home to new home when moving

The old home should be sufficiently distant from the new base, and the new home sufficiently close to the new base to justify the relocation.

**SUBSISTENCE, MILEAGE AND ACCOMMODATION**

**These are allowable if the related travel is**

* NOT to normal assigned base (out of base)
* incurred wholly, exclusively and necessarily in the performance of out of base, temporary workplace or training duties
* Temporary workplace rules last up to 24 months, except in the case that a permanent base is assigned at the same location, that location then becomes permanent from the moment the base letter is received.

**Mileage**

* Mileage rates are as follows:

|  |  |
| --- | --- |
| **Kind of vehicle**  | **Rate**  |
| Car or van  | 45p per mile for the first 10,000 miles 25p per mile thereafter  |
| Motorcycle  | 24p per mile  |
| Cycle  | 20p per mile  |

**Subsistence**

* Subsistence rates can either be claimed as actuals or using the HMRC scale rates. Please refer to the article: EXPENSES: OUT OF BASE SUBSISTENCE, ACCOMMODATION AND TRAVEL in the OAM solutions centre.
	+ Incidental Rates: Can be claimed for each out of base overnight in addition to the subsistence and accommodation rates.
		- £5 per night for overnight stays in the UK
		- £10 per night for overnight stays outside the UK
* Contractors from abroad coming to work in the UK are entitled to relief depending on their residency status in the UK prior to base assignment:

If contractor was not resident or, actually in the UK for any reason in either of the two tax years prior to the tax year of UK base assignment then ‘Special Rules’ apply (see below).

If contractor was resident or in the UK for any reason in either of the two tax years prior to the tax year of the UK base assignment then he/she is entitled to full cost of journey as per 1. Above (Relocation Expenses).

**SPECIAL RULES RELIEF (Entitled to relief for 5 years from date of arriving in the UK):**

1. Full cost of journey from place where contractor normally resides to place of work in the UK and cost of returning home with no limit to the number of journeys.
2. Full cost of spouse, civil partner and children travelling to visit or accompanying the contractor to place of work and their return journey for two outward and two return journeys per year. Only available where contractor’s work keeps them in the UK for 60 days or more.
3. Full cost of any inoculations required
4. Full cost of any visas required
5. Cost of medical treatment or medical insurance

FOR A MORE DETAILED OVERVIEW OF EXPLANATION OF THE CONTENTS OF THIS DOCUMENT, PLEASE REFER TO THE DOWNLOADED BROCHURES PUBLISHED BY HMRC:

480 – Expenses and Benefits

490 – Travel and subsistence