

The ICS guide to



Expenses

Expenses Policy

This document outlines the expenses you are allowed to claim as an employee working for ICS Umbrella Ltd. These guidelines will help ensure you are compliant with HM Revenue & Customs (HMRC) legislation.

In summary, there are two distinct categories of expenses:

- Qualifying travel expenses; i.e. the amount paid for travel which is necessary in the performance of duties by employees of ICS Umbrella.
- Other expenses incurred “wholly, exclusively and necessarily in the performance of the duties of the employee.” This means that no expense incurred for private or non-business purpose is allowable.

We recommend reading this document after joining ICS and referring to the relevant section below when necessary:

1. Travel
2. Subsistence
3. Accommodation
4. Personal Expenses
5. Business Entertainment
6. Protective Clothing
7. Eyesight Tests
8. Tools and Equipment
9. Stationery, Postage, Fax, Phone, Internet, Etc
10. Training
11. Professional Subscriptions
12. Incidentals

The following sections detail business related expenses based on current tax legislation and the specific regulations defining tax deductible expenses. Please contact us if you have any questions about expenses. Call free on 0800 195 3750 or email expenses@icsuk.com.

1. Travel

Only qualifying travel expenses are allowable. These are travel costs that employees are obliged to incur in performing their duties as employees. If the travel costs qualify as allowable, then so will the related subsistence costs.

We will require these expenses to be claimed on ICS Umbrella Ltd expense forms and receipts supporting these must be retained and supplied where appropriate. We will supply you with example completed expense form to show what is required.

HM Revenue & Customs (HMRC) specifies that travel to and from a site is an allowable expense if the period of time at the site is expected to be no more than 24 months, which includes any time spent on-site prior to the current contract. This is classed as a temporary workplace, as opposed to a permanent workplace. Travel costs relating to commuting to and from a permanent place of work and private travel are not claimable.

If at any time the contract is extended beyond 24 months, no further travel to and from the site is tax allowable from the point at which it becomes known that attendance is to extend beyond this period. If for example ICS Umbrella Ltd agree a 30 month contract from the outset, no expenses can be claimed against the contract as it is classed as a permanent workplace from day one. The same rules apply to any subsistence and accommodation costs.

One exception to the above principle is where the contractor works on more than one site in the course of a single contract that is expected to be for more than 24 months. Travel between the sites is an allowable expense. Also, if you spend less than 40% of your time at any related site other than the one deemed to be your permanent place of work and you travel directly to that site from home or lodgings, that travel expense is allowable.

Regardless of whether your workplace status is permanent or temporary, travel in the ordinary course of business (not commuting) is allowable.

Road Travel – Use of Private Vehicles

An employee may claim a cost per mile for allowable business journeys in his or her own vehicle. There is a distinction between the first 10,000 miles in any tax year and any subsequent miles. The HMRC approved rates that may be claimed are as follows:

Private Vehicles – Allowable Mileage Rates

Type of Vehicle	First 10,000 miles (per mile)	10,000+ miles (per mile)
Cars	45p per mile	25p per mile
Motorcycle – all	24p per mile	24p per mile
Bicycle	20p per mile	20p per mile

The cost of parking, toll and congestion charges is also allowable, but fines (e.g. parking or speeding) cannot be claimed.

Rail or Air Travel

The cost of train or air fares for business related journeys is allowable, including the cost of first class travel, but must be supported by a valid receipt or ticket.

Other Travel Costs

The cost of car hire and the related mileage costs may be claimed as an expense on provision of the relevant paperwork. Travel to an interview is not classed as allowable as the assignment must be agreed, secured and have commenced before expenses can be claimed.

Overseas Travel Costs

As with travel in the UK, the cost of overseas travel is allowable where employees are obliged to incur the expense in performing their duties of employment.

2. Subsistence

Meals

If your travel costs qualify as allowable under the 24 month (temporary workplace) rule, then meals taken during the journey, whilst at your workplace or at your temporary accommodation, including meals out and refreshments with the meal, are all allowable.

The costs claimed in relation to meals and refreshments must be reasonable and receipts must be provided.

If an employee in rented accommodation prepares his or her own meals, the reasonable cost of the food element is an allowable expense. Such a claim should be supported by supermarket receipts, with the relevant food element clearly marked.

Where the employee has dined with colleagues, only the share of the total cost that pertains to the employee is allowable.

Where receipts are submitted in relation to meals overseas, appropriate identification and explanation of the receipts must be provided in English.

As an alternative to claims in accordance with the above policy where receipts are required, un-receipted subsistence expenses can be claimed provided the criteria below are met.

The employee has to be away from home for more than 5 hours. In these circumstances, the cost of one meal is allowable. If the absence is for more than 10 hours, then the cost of a second meal is allowable. If the return home is after 8pm a third meal cost can be claimed only if it is not normal to return home after 8.00pm

Costs of meals may be claimed as below. Receipts are not required in support of claims but you must be able to confirm that a meal was purchased and that the cost relates to a qualifying business journey to or from a temporary workplace.

Breakfast rate (irregular early starters only) - A rate of up to £5 may be paid where the employee leaves home earlier than usual and before 6am and incurs a cost on breakfast taken away from home. If you regularly leave home before 6am you would not be entitled to use the breakfast benchmark scale rate.

One meal rate (5 hour rate) - A rate of up to £5 may be paid where the employee has been away from their home/normal place of work for a period of at least five hours and incurred a cost on a meal.

Two meal rate (10 hour rate) - A rate of up to £10 may be paid where the employee has been away from their home/normal place of work for a period of at least ten hours and incurred a cost on a meal or meals.

Late evening meal rate (irregular late finishers only) - A rate of up to £15 may be paid where an employee has to work later than usual, finishing work after 8pm having worked their normal day and has to buy a meal which they would usually have at home.

If you are paid an allowance under the five or ten hour rule, the late meal allowance could still be paid if you finish work after 8pm and buy a meal that you would normally have at home. However, if you regularly finish work late you would not be entitled to use the late evening meal rate.

Please note that claims cannot be made where any of the following apply:

- The employee has been working at their permanent workplace, even if they left home before 6am or worked after 8pm.

- No meal has been purchased.

- The employee has brought food from home such as packed lunches.

3. Accommodation

If an employee's travel costs qualify as allowable then the cost of hotel accommodation for nights spent away from home on business may also be claimed.

The cost of maintaining a rental property is also allowable provided that the use of the property is necessary for business purposes and a permanent residence is being maintained elsewhere. Secondary utility bills such as council tax can also be claimed for the rental property, however, other utility bills such as electricity, water and gas can only be claimed as secondary costs if your primary residence remains occupied.

Where a rental property is not used exclusively for business purposes, the proportion of costs relating to the period of private usage is not allowable. In such cases, it will be necessary to determine the appropriate split of private and business usage and claim only for the business use. Please note that we would need further details and agree this with HMRC before claims could be made

4. Personal Expenses

An employee making a business trip may spend money on such items as private telephone calls, laundry or newspapers. These are not specifically allowable expenses under the normal tax rules as HMRC regard them as personal rather than business expenditure, however employees staying overnight while away on business or on allowable work-related training are entitled to claim expenditure of this type by means of a Personal Incidental Allowance, even though such expenditure would not be allowable in its own right as subsistence.

These allowances can be claimed to a maximum of £5 per night in the UK and £10 per night overseas (including Eire) averaged over the number of nights away. Although we would recommend keeping receipts, no receipts need be produced

but an expense must have been incurred and must be described on the expenses claim form; e.g. the cost of a newspaper. The allowance cannot be claimed if no expense has been incurred.

Personal costs incurred while away from home on business, for example the cost of child care, are not allowable.

5. Business Entertainment

The cost of entertaining clients or anyone else is not allowable.

6. Protective Clothing

The cost of the upkeep, repair and replacement of protective clothing and uniforms is allowable where the employee's duties require such items to be worn.

7. Eyesight Tests

The cost of eyesight tests is allowable. If glasses are required as a result of the test the cost is also allowable if the prescription is specifically for work computer use. If it is a general prescription for general use the element which relates to computer use is allowable.

8. Tools and Equipment

The cost of the upkeep, repair and replacement of tools and equipment is allowable where these items are wholly, necessarily and exclusively used in one's work – no element of personal use of tools or equipment is allowable

Whether or not a particular tool or piece of equipment is classed as work related, and therefore allowable, depends on the particular circumstances of each assignment.

9. Stationery, Postage, Fax, Phone, Internet, Etc

The cost of stationery, postage, sending and receiving faxes, printing, photocopying and phone calls, etc. is an allowable business expense, provided that these are wholly, exclusively and necessarily incurred in the performance of the duties of employment and provided that receipts or other documentary proof is made available. Allowable costs may include telephone calls made and faxes sent from home, mobile phone costs and dial up internet. Again, each item of expenditure must be business-related and an itemised bill highlighting business calls should be provided. The cost of submitting weekly hours and expense claims by email, fax or post is not allowable. The cost of line rental of a personally owned telephone, fax, or mobile is not reclaimable.

No claim can be made for the costs of personally subscribed broadband facilities as these packages are a fixed cost irrespective of the level of use so there is no additional cost of business use.

10. Training

The cost of an employee's work-related training courses is an allowable expense and must be supported by an invoice or receipt. This is restricted to genuine training which an employee would NEED to improve or reinforce existing knowledge and skills, which will prove useful to an employee when performing his duties or advancing his career. If the training is not linked to existing income and/or it is to gain new skills, this is not classed as a deductible expense.

11. Professional Subscriptions

The cost of subscription fees payable to professional bodies is usually allowable in accordance with the role and where it is a statutory condition of employment. Please check the HMRC website for up-to-date details of allowable subscriptions: <http://www.hmrc.gov.uk/list3/list3.htm>

12. Incidentals

Other expenses not specifically identified above may be allowable, depending on individual circumstances and subject to whether they have been incurred for business purposes, ensuring receipts or necessary documents are available.

Summary

Please note that all expense claims must be fully supported with relevant documentation and receipts. At ICS Umbrella we take our role as your employer seriously and anything not permitted by HMRC will be automatically disallowed. If you are uncertain as to whether or not you should claim an expense, please do not hesitate to contact us.

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