ics Accounting

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EXPENSES POLICY



CONTENTS

EXPENSES POLICY
WHAT IS THE ICS SDC ASSESSMENT?
OTHER CLASSIFICATIONS
- "DEPOT" BASED WORKERS
- MULTI-SITE WORKERS
- FULLY REIMBURSED EXPENSES
OTHER EXPENSES
- TRAVEL
- SUBSISTENCE
- ACCOMODATION
- PERSONAL EXPENSES
- BUSINESS ENTERTAINMENT
- PROTECTIVE CLOTHING
- EYESIGHT TESTS
- TOOLS AND EQUIPMENT
- STATIONERY, POSTAGE, FAX, PHONE, INTERNET ETC
- TRAINING
- PROFESSIONAL SUBSCRIPTIONS
- INCIDENTALS
- SUMMARY

EXPENSES POLICY

This document outlines the expenses you are allowed to claim as an employee working for ICS Umbrella. These guidelines will help ensure you are compliant with 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, and 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.

Expenses will only be processed once you have accepted the terms of employment.

Any employee found to be falsifying any expense claim can face disciplinary action, therefore if you have any questions as to whether you can claim for an expense or what you can claim for, please ensure you speak with our Payroll department.

The amount and type of expenses that you can claim will depend upon your Employment Contract, your job role and whether or not you are subject to, or to the right of, supervision, direction or control (SDC) as to the manner in which you perform your duties. IR35 legislation came into force with the Finance Act of 2000. Its purpose is to determine if contractors are "disguised employees" and therefore liable for full PAYE and National Insurance via deemed salary.

Where you are entitled to make an expense claim, this must only be for the days you have worked on assignment. We will not process any expenses on days where you have not worked.

Please note that all expenses must be sent and received by close of business every Monday to ensure they are processed that week.

WHAT IS THE ICS SDC ASSESSMENT?

ICS Umbrella has taken time to create an assessment that adheres to HMRC guidelines and ensures an accurate conclusion as to whether you are eligible to claim expenses.

On speaking with ICS Umbrella, we may ask you a predetermined set of open ended questions that will be analysed to determine your SDC status. Alternatively you may be emailed the questionnaire to complete and submit online.

Not only do we need to do this questionnaire, but we **also** need your end client (who you are doing the work for) to confirm the results we have come to.
It's important to note that without obtaining confirmation from your end client, we **cannot** process any expenses.

YOU ARE NOT SUBJECT TO, OR TO THE RIGHT OF SDC

Where we have confirmed to you that in your current assignment you are not subject to (or to the right of) SDC (and we have also received end client confirmation), you are able to claim for any work-related mileage (inc the cost of car parking etc). As mentioned, this is on the basis that your end client has also confirmation that you are not subject to, or to the right of SDC.

Receipts must be sent to accompany your claim. We will only accept original, genuine or scanned receipts.

Each claim which you make is on the basis that it is not expected that your current assignment will be your last, and by submitting the claim for approval you understand that you are confirming the same.

YOU ARE SUBJECT TO OR TO THE RIGHT OF SDC

The Finance Bill confirmed that tax relief on travel and subsistence would be removed for temporary workers that are subject to Supervision, Direction and Control (SDC) from April 2016.

Where we have confirmed that you are subject to SDC on that assignment, only certain mileage expenses can be claimed. This means that you are only able to claim for 'site to site' mileage, I.E you are unable to claim from home to work. You are able to claim for the cost of car parking tickets or other similar expenses incurred.

If the expenses claimed in a particular week exceed the amount of funds available to ICS Umbrella to meet your employment costs, the excess will not be reimbursed in the same week, but may be carried forward and paid from in future weeks if funds are sufficient.

OTHER CLASSIFICATIONS

"DEPOT" BASED WORKERS

If you start your working day by attending a client depot or base and from there receive instructions on your work and journeys for the day, journeys to/from the depot may be claimed, but not your journey to/from home to the depot or base.

MULTI-SITE WORKERS

Different rules apply to multi-site workers.

A multi-site worker is one where there is a reasonable expectation from the engager that they will have to work across multiple sites during the engagement, rather than being based at one site. Typically, a multi-site worker would not spend more than a maximum of 6 weeks at any one site (usually this would be much less).

Where the worker travels between different sites in the course of his/her duties, the associated mileage claims are reimbursable (to and from work irrespective of SDC).

Genuine multi-site workers typically are eligible to claim for home to site, as long as the site is not a **regular** place of work, depo etc. If they travel from home to their office / depot and then visit multiple sites, only the site visits would be eligible to be claimed for. Our multi-site questionnaire is designed to establish their status and come to a conclusion.

If the client requires you to work at various sites during an assignment, but there is no certainty at the outset of the assignment which sites you will attend, you may be regarded as a “multi-site” worker such that your journeys to/from home to client sites can be claimed.

In order to understand whether you are a genuine multi-site worker, we will need you to complete a 'multi-site assessment'. This will ask questions for us to identify if the locations you are attending are seen as a temporary workplace or if this becomes frequent or a permanent location.

Our position on whether we believe a workplace to be “frequent” is identified as 40% on average, i.e. two days per week/eight days per month even if not regular days or a frequent pattern. In addition to this, we will also consider the 24 month rule, as this also highlights the workplace is not temporary.

If we believe you to be a multi-site worker, we will also inform your agency allowing the opportunity to correct this.

Receipts must be sent to accompany your claim. We will only accept original, genuine or scanned receipts.

Please note: we will check your expense claims are legitimate, on a day you have worked and where needed get clarification from your agency/client in regards to the locations and days claimed. If we believe there to be any inconsistencies, we will inform you of this and pause processing any expenses until an investigation has been completed.

You must also complete a new assessment per any new assignment.

Each claim which you make is on the basis that it is not expected that your current assignment will be your last, and by submitting the claim for approval you understand that you are confirming the same.

FULLY REIMBURSED EXPENSES

You may be informed by your agency or client that they have agreed to fully reimburse an expense you have occurred.

Whilst we are happy to process these for you, it is important that we **also** receive a copy of the expense claim and receipt. If we do not receive this, the expense amount will be treated as income and is therefore subject to tax.

For fully re-imbursed expenses that your agency / client have allowed you will need to ensure that your initial claim is sent to agency **and also** ensure a copy is sent to expenses@icsuk.com in order for these to be processed tax free. Alternatively, you can send a screenshot of the claim, along with supporting receipts.

Without such evidence they will be subject to tax.

Receipts must be sent to accompany your claim. We will only accept original, genuine or scanned receipts. Each claim which you make is on the basis that it is not expected that your current assignment will be your last, and by submitting the claim for approval you understand that you are confirming the same.

OTHER EXPENSES

In 2016, HMRC made changes regarding the expenses that you are able to claim. Please see below for a list of allowable expenses.

If your agency fully reimburses your expenses then all below may be processed as tax free (provided we also have proof) by ICS Umbrella. If your agency is not reimbursing these expenses then only point 1 (mileage) is claimable through ICS with all other allowable expenses claimed via a P87 form. If you are required to complete a P87, it will be up to HMRC's discretion as to whether any Tax relief is given on these. ICS Umbrella has no influence on this decision. Expense claims via HMRC can be submitted via

www.gov.uk/guidance/claim-income-tax-relief-for-your-employment-expenses-p87

If you are unsure, remember to consult with ICS Umbrella.

We recommend reading this document after joining ICS and referring to the relevant section(s) 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

These 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.

1. TRAVEL

Only qualifying travel expenses are allowable and as mentioned dependant on your SDC status. These are mileage costs that employees are obliged to incur in performing their duties as employees.

We will require these expenses to be submitted by text, by email, or by completing an expense claim form along with a copy of the claim to your agency where applicable. Receipts supporting these expenses must be retained and supplied where appropriate.

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 assignment. 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 assignment 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 assignment from the outset, no expenses can be claimed against the assignment 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 worker works on more than one site in the course of a single assignment 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:

Vehicle type	First 10,000 business miles in the tax year	Each business mile over 10,000 in the tax year
Cars and vans	55p	25p
Motor cycles	24p	24p
Bicycles	20p	20p

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

COMPANY VEHICLES – ALLOWABLE MILEAGE RATES

Where an employee meets the cost of fuel for business journeys undertaken in a vehicle made available by the end client the following rates may be claimed. Note these rates may not be paid if your assignment provides that only approved mileage rates for private vehicles can be claimed:

Engine size	Petrol — rate per mile	LPG — rate per mile
1400cc or less	14 pence	11 pence
1401cc to 2000cc	17 pence	13 pence
Over 2000cc	26 pence	21 pence

Engine size	Diesel — rate per mile
1600cc or less	15 pence
1601cc to 2000cc	17 pence
Over 2000cc	23 pence

Charging location	Electric — rate per mile
Home charger	7 pence
Public charger	15 pence

To see the latest rates, please visit the .Gov Website:

https://www.gov.uk/guidance/advisory-fuel-rates

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 they 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, pre- packed food and refreshments with the meal) are all allowable.

This is subject to your SDC status, I.E subsistence is only able to be claimed if you are not subject to SDC.

If an employee claims for pre-packaged food, this claim is only valid if purchased on the day that the claim relates to (after the journey has commenced).

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

If an employee in rented accommodation prepares their 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, unreceipted subsistence expenses can be claimed provided the below criteria are met:

Employee subsistence rates	Upper limits
One meal (5 hour) ceiling	£5
Two meal (10 hour) ceiling	£10
Three meal (12 hour) ceiling	£15
24 hour ceiling	£25

If you are working after 8pm and have claimed either the one meal or the two meal rate then you may claim an additional allowance of £10.

Note that although you need not submit your receipts with your claim, you must retain your receipts and provide them to ICS Umbrella for review on request. Please note that claims cannot be made where any of the following apply:

- The employee has been working at their permanent workplace.
- No meal has been purchased.
- The employee has brought food from home such as packed lunches.

3. ACCOMODATION

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.

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 expense 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 childcare, 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 up to a maximum of £30.00. Please refer to the Umbrella handbook for further details on eye tests and expenses.

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 or her duties or advancing his or her career. If the training is not linked to existing income and/or it is to gain new skills, then this is not classed as a deductible expense. If you are under SDC then you will submit these expenses to HMRC via a P87 form, which ICS can help you complete.

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.

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.

13. 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. We also conduct periodic expense audits for complete compliance. If you are uncertain as to whether or not you should claim an expense, please do not hesitate to contact us. You can speak to us online, on the telephone or via email.

Also note that, if any allowable expenses were not claimed during your employment with ICS Umbrella then the tax relief may be claimable directly from HMRC via a P87 form. Please contact us for the detail on how to do that.

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