



Foremans (UK) Limited A Guide to Expenses



Expenses

Why claim expenses?

In order to comply with HMRC guidelines expenses should only be paid out to employees without deduction of tax if they are incurred “wholly, exclusively and necessarily” in the performance of your business duties.

You can, for example, deduct your legitimate travel and subsistence expenses from your taxable income before calculating your income tax with **no tax** consequences. These can be paid from your Limited Company if the site at which you work at is considered to be a temporary workplace, i.e. you expect to work there for less than two years.

Most expenses that are incurred wholly exclusively and necessarily for the purpose of your business can be claimed. It is important to remember that expenses should only be claimed where a cost has been incurred by you.

What are legitimate expenses?

You can claim for business journeys:

- **Mileage**

Mileage from your permanent workplace (home) to your temporary workplace at HMRC approved mileage rates:

Approved mileage rates for privately owned vehicles

2015/16	First 10,000 business miles in the tax year	Each business mile over 10,000 in the tax year
Cars & Vans	45p	25p
Motor Cycles	24p	24p
Bicycles	20p	20p

Provided that your mileage is reimbursed at the above rates the mileage details do not require reporting to HMRC.

- **Travel**

Other travel expenses (with receipts) for example train and bus fares.

Expenses incurred due to business travel - receipts required:

- hotel accommodation
- meals
- tolls
- congestion charges
- parking fees
- business phone calls, fax or photocopying costs





- **Subsistence**

Lunch can be claimed at a daily rate as long as you are working away from home. You can claim for a set amount as long as you incur the cost.

If you are on site for more than 5 hours then you can claim up to £5 per day without providing receipts.

If you are on site for more than 10 hours then you can claim up to £10 per day without providing receipts.

If you find that you are spending more than your daily allowance on lunch then you can claim the full amount back as long as you retain a receipt.

What if I do not have the receipts?

HMRC recognises that expenses up to the maximum of £5 per day are reasonable when away from your permanent workplace.

What are business journeys?

Business journeys are when, as part of your job:

- you have to travel from one workplace to another.
- you have to travel to or from a certain workplace because your job requires you to

Business journeys do not include:

- ordinary commuting - when you travel anywhere that is not a workplace and a place which counts as a permanent workplace.
- private journeys - which have nothing to do with your job.

What incidental overnight expenses can I claim?

Should you be staying away from home then you can also claim your evening meals. Receipts will need to be retained.

Personal Incidentals:

If you are staying away from home you can claim for incidentals:

- £5 per night in the UK
- £10 per night internationally.



Foremans (UK) Ltd
Professional Umbrella Solutions

**Accommodation:**

If you are staying away from your place of residence, in a hotel or B&B then accommodation can be claimed. You should retain a receipt to be able to claim.

Are there any other expenses I can claim?**Work Clothing:**

Health and safety clothing can be claimed as long as it is job specific, e.g. Hard hat, High visibility vest, Work boots, overalls etc. A VAT receipt should be retained for these claims.

You cannot claim for ordinary work clothing, for example clothing that could also form part of an 'everyday' wardrobe.

Professional Fees and Courses:

These can only be claimed if they are a necessary for you to complete your role in your workplace. You can also claim for costs associated with updating or enhancing an existing skill that is relevant to your business.

All professional fees claimed must coincide with the HMRC agreed list. Supporting documentation should be retained along with a receipt.

Postage and Stationery:

Must be required for you to complete your role in your workplace and there should be no personal gain. Receipts should be retained.

Telephone:

Generally, telephone line rental can not be claimed.

Business calls can be claimed as long as they are highlighted on an itemised bill.

Mobile Telephone:

Mobile line rental, call packages or top ups can not be claimed when the phone is in the Director's personal name.

Business calls can be claimed as long as they are highlighted on an itemised bill.

A mobile phone contract in the name of the business is, however, an allowable expense.





Use of Office at Home

You can claim £4 per week if you use part of your home as an office, either to perform the duties required by your contract or to carry out administrative work on behalf of your business.

Tools

You may be able to claim the cost of buying, replacing or repairing small tools needed to do your job.

What records do I need to keep?

HMRC will expect to see the following records for each business journey

1. Purpose of the journey (for business)
2. To and from
3. Mileage
4. Date
5. Amount paid / reimbursed
6. Type and make of vehicle

HMRC will also expect accurate records and receipts, where appropriate, of other business expenses claimed.

In order to simplify the record keeping and ensure all records are maintained we would advise that you complete an expense sheet each week. We would always recommend retaining original receipts where applicable.

Do I need to report expenses received to HMRC?

Foremans LLP will, as your company accountant, prepare a P11d statement of benefits and expenses for you at the end of each tax year. The P11d will note any reimbursed expenses from the company excluding mileage. We will also provide a draft letter, explaining that the expenses should not be taxed, to be signed and sent by you to HMRC.

Should you require any further assistance with expenses please contact one of our advisors on **01244 625 555**.