



490

Employee travel

A tax and NICs guide for employers

Contents

	page
Introduction	2
Whether or not travel qualifies for relief	6
Ordinary commuting and private travel	10
Safeguards against abuse	26
The amount of relief	32
National Insurance contributions	37
Special tax rules on foreign travel	41
Tax rules on other types of travel and related expenses	47
Employers' reporting requirements	55
Dispensations and PSAs	59
Employer compliance	62
Employees' responsibilities	66
Appendix A - Table of reporting requirements	70
Appendix B - List of HMRC publications	73
Glossary	74
Index	77

490

This guide sets out HM Revenue & Customs' (HMRC) approach in applying the legislation on employee travel.

The guide itself has no binding force in law and does not affect any right of appeal by either party.

- 1.3 Overview
- 1.7 The basis of tax relief for employee travel and subsistence
- 1.8 Some outline examples

- 1.1 This guide describes the tax and National Insurance contributions (NICs) treatment of business travel by employees. It explains what counts as 'business travel' and, for employees other than those using their own vehicles, the kinds of expenses which qualify for relief. See booklet 480 *Expenses and benefits - a tax guide* chapter 16 for information about relief for mileage expenses in an employee's own vehicle.

It applies to all employers who pay travel expenses whether:

- by reimbursing employees' business travel costs
- by paying directly for business travel on behalf of employees, or
- by providing travel facilities for employees.

- 1.2 References throughout the guide to 'employees' apply equally to 'office holders', where income from the office in question is subject to tax as employment income.

Travel expenses include subsistence costs attributable to the journeys.

Overview

- 1.3 Broadly, employees are taxable on all the income they receive from their employment including pay, benefits in kind (such as company cars) and any expenses payments (including payments relating to business travel).

- 1.4 Tax relief is available in two ways:
- by **exemption** - certain payments or benefits in kind that an employee receives are exempt from tax. This means they are not taxable. Where a payment or benefit in kind is exempt, employers do not need to report the amount to us and employees do not have to apply for relief
 - by **deduction** - certain amounts can be deducted from an employee's total income before arriving at the amount on which he or she will be taxed. Where relief is available by deduction, the employer must report expenses payments or benefits in kind to us, and employees need to apply to their HMRC office for further relief.

This guide uses the term 'relief' to cover both relief available by exemption and relief available by deduction.

- 1.5 It is important to remember that the tax rules determine the amount on which relief is due. They **do not** determine the level of payment or provision an employer can or should make. So the full cost of a business journey may be more or less than the expenses paid or met by the employer.

- 1.6 The same general rules apply where an employee personally pays for the travel or where the cost of the travel is met by the employer, or a third party by reason of the employment.

For example, the same general rules apply where:

- the costs are reimbursed, or
- the costs are met directly on the employee's behalf, or
- vouchers (such as travel tickets) or credit tokens are provided to the employee, or
- travel facilities (such as accommodation) are provided direct to the employee.

The basis of tax relief for employee travel and subsistence

1.7 Employees are entitled to relief for the full cost they are obliged to incur travelling in the performance of their duties or travelling to or from a place they have to attend in the performance of their duties - as long as the journey is not ordinary commuting or private travel. There are special rules for working out the relief on motoring expenses paid to employees who use their own vehicles for business travel, see paragraph 9.13 on page 58.

Some outline examples

1.8 The examples below show how the rules work in some typical situations. The cost figures are illustrative.

Example

Abner is a lathe operator whose permanent workplace is in Bacup. One day he has to travel to a temporary workplace in Glossop to look at a new machine.

He is entitled to relief for the full cost of his journey because it is a journey to a temporary workplace.

Example

Aisling lives in Tunbridge Wells and each day drives to her permanent workplace in Ashford where she works as a trainee accountant. She gets no relief for the cost of this journey because it is ordinary commuting.

Example

Alan lives and works in Truro but goes to Penzance for the weekend to surf. He takes some work with him to finish it off for Monday morning.

He is not entitled to relief for the cost of his journey to Penzance because it is private travel.

Example

Anne normally works at her employer's offices in London, travelling each day from home in Oxford at a cost of £30 a day. One day she has to visit a temporary workplace in Hereford, travelling directly between there and her home. The cost of the return journey is £34. Anne is entitled to relief for the full cost of her business travel, £34.

Example

Austin is an installation engineer who works at the premises of his employer's various clients throughout the United Kingdom. He has no permanent workplace and attends each temporary workplace for a short period only. One week he travels between his home in Dover to a temporary workplace in Gloucester, staying in a hotel for four nights and, then returning to Dover. The cost of the return journey is £130. The cost of subsistence (four nights in the hotel plus meals) is £300.

Austin is entitled to relief for the full cost of his business travel, £430.

National Insurance contributions

- 1.9 For National Insurance contributions (NICs), the position depends on how the travel costs are met. Where payments in respect of business travel are reasonable they will be excluded. So there would be no question of a NICs liability where an employer makes a travel payment which does no more than reimburse an employee for the **full** cost of business travel. However, if an employer reimburses the cost of, or directly pays for, travel arrangements which do more than that, there is a Class 1 liability to be accounted for through the payroll in the pay period in which the payment is made. As for tax, there are special rules for working out the NICs on motoring expenses paid to employees for using their own vehicles for business travel – see paragraph 6.3 on page 38.
- 1.10 Where an employer arranges or provides travel facilities for an employee, if the benefit is exempt from tax it will also be exempt from Class 1A NICs. Where Class 1A NICs are due they must be accounted for in the same manner as any other Class 1A NICs which the employer is due to pay.

Further guidance on NICs is given in Chapter 6 of this guide.

- 2.5 Travel in the performance of the employee's duties
- 2.7 Travel to a place where attendance is in the performance of duties
- 2.9 Travel between employments
- 2.10 Travel between separate employers within a group
- 2.11 Joint projects

- 2.1 The rules allow relief for the full cost of business travelling expenses, except that there are special rules for working out the relief on motoring expenses paid to employees who use their own vehicles for business travel, see paragraph 9.13.

Business travelling expenses are travelling expenses which involve two types of business journey:

- journeys which employees **have to** make in the performance of their duties, and
- journeys which employees make to or from a place they **have to** attend in the performance of their duties - but not journeys which are ordinary commuting or private travel.

- 2.2 Relief is available only where travel is in the actual performance of the duties or where it is necessary - in a real sense - for the employee to attend the particular place on that occasion to perform the duties of their employment.

- 2.3 There is no relief for any costs relating to ordinary commuting (apart from the exceptional case where an employee's home is a workplace for tax purposes, see paragraph 3.29). In general terms, ordinary commuting means travel between home and a permanent workplace. The next chapter explains in more detail what is meant by 'ordinary commuting' (see paragraph 3.2) and 'permanent workplace' (see paragraph 3.9).

- 2.4 There is also no relief for any costs relating to private travel. In general terms, private travel is a journey made for private rather than work purposes. The next chapter explains in more detail what is meant by 'private travel' (see paragraph 3.32).

Travel in the performance of the employee's duties

- 2.5 The sort of travel that qualifies for relief on this basis is travel that is 'on the job', as distinct from travel 'to the job'. The most common example is travel between one workplace and another in connection with a single employment. The cost of such travel is incurred in actually carrying out the duties of the employment.

Example

Baljit travels from her permanent workplace to visit a client and back again.

Relief is available for the full cost of this travel because it is in the performance of Baljit's duties.

For guidance on cases where one of the workplaces is the employee's home, see paragraph 3.28.

- 2.6 Another example is where travel is integral to the performance of the duties. Typical examples are a commercial traveller, or a service engineer who moves from place to place during the day carrying out repairs to domestic appliances at clients' premises. Such employees are sometimes described as having travelling appointments.

Example

Barry is employed as a tree surgeon. He travels each day to visit anything up to 20 customers or potential clients. He has no permanent workplace and performs the duties of his employment at customers' homes. Travel is an integral part of his job. Relief is available for the cost of all Barry's business travel.

Travel to a place where attendance is in the performance of duties

2.7 This category covers journeys an employee makes to or from a place he or she **has to** attend to carry out duties of that employment. A typical example might be where an employee has to travel directly between home and a temporary workplace such as a client's office. But it is important to remember that no relief is available for the cost of ordinary commuting or private travel.

Example

Belinda is a purchaser for a major retailing company. Although she has a permanent workplace in Doncaster, she has to spend several days each month visiting suppliers all over the country, often travelling directly to and from home. Relief is available for the full cost of her business travel to suppliers, but not for her travel to her permanent workplace in Doncaster because that is ordinary commuting.

2.8 The essential point is that to get relief for the cost of travel, the employee's attendance at the temporary workplace has to be necessary in the sense that it is dictated by the requirements of the duties of the employment and not, in any way, by the personal convenience of the employee. Similarly, an employer cannot turn an ordinary commuting journey into a business journey by requiring an employee to stop off on the way to carry out business tasks such as making phone calls. Paragraphs 4.3 to 4.5 explain this in more detail.

Travel between employments

2.9 Generally, where someone has two employments, the duties of which are performed at different places, there is no relief available for the cost of travelling between those places.

But relief is available in the case of people who:

- hold employments with more than one company in a group (see paragraph 2.10), or
- have more than one job and the duties of one of them are performed wholly or partly overseas (see paragraphs 7.4 to 7.7).

Example

Chester has two separate employments. Each morning he travels from his home in Godalming to his job as a shop assistant in London. Each evening he travels directly from that workplace to Guildford where he works in a bar. He travels home to Godalming at the end of the day. There is no relief available for the cost of Chester's travel to and from or between his two jobs.

Travel between separate employers within a group

2.10 Someone who is a director and/or employee of two companies within a group of companies may be entitled to relief for the cost of a journey between workplaces for the performance of the duties of those separate offices or employments. For this purpose companies will be regarded as being members of the same group if one is at least a 51% subsidiary of the other, or both are at least 51% subsidiaries of a third company.

Example

Chloe is an employee of company A. She is also an employee of companies B and C. Company A has a 51% holding in company B and a 51% holding in company C. Relief is available for the cost of Chloe's travel between various workplaces for the performance of duties of the three employments.

Example

Christopher is an employee of company X and company Y and a director of company Z. Company Z is an 80% subsidiary of company Y and company Y is an 80% subsidiary of company X. Company X has no direct holding in company Z. Relief is available for the cost of Christopher's travel between company X and company Y and between company Y and company Z. In each case the direct 80% holding makes the companies part of the same group. Relief is also available for the cost of travel between company X and company Z - although there is no direct holding, the indirect holding of 64% (80% x 80%) qualifies for the purpose of the group test.

Joint projects

- 2.11 Two or more employers may act together on a particular project. Sometimes they will form a joint enterprise for this purpose. An employee of either of them whose duties require him or her to act on behalf of the joint enterprise is entitled to relief for business travel.

Example

Bricks Inc and Mortar Inc work together on a project to build a new industrial development. They operate through a company Project Inc (set up solely for this purpose) in which they each have a 50% holding. Claire is responsible for managing the project. At all times she remains and acts as an employee of Bricks Inc. Project Inc pays Bricks Inc for Claire's services.

Claire is entitled to relief for the cost of her travel between Bricks Inc and Project Inc and between either of these companies and Mortar Inc – not because they are members of a group (they are not), but because she is travelling in the performance of the duties of her employment with Bricks Inc.

- 3.1 An employee cannot have relief for the cost of a journey which is ordinary commuting or private travel. Paragraphs 3.2 to 3.28 explain what journeys are ordinary commuting. Paragraphs 3.31 and 3.32 explain what journeys are private travel.

What is ordinary commuting?

- 3.2 For most employees, ordinary commuting is the journey they make most days between their home and their permanent workplace. However, for some employees the position is more complicated. The term 'ordinary commuting' means any travel between a permanent workplace and home, or any other place which is **not** a workplace. A workplace is a place where the employee's attendance is necessary for the performance of the duties of that employment.
- 3.3 So, in general, there is no relief for the cost of travel between an employee's permanent workplace and
- an employee's home, or
 - any other place the employee visits for non-work reasons; or
 - any place where the employee performs the duties of another job.
- 3.4 Any journey between an employee's permanent workplace and home, or any other place where the employee's attendance is not necessary for the duties of that employment, is ordinary commuting - for which no relief is due.

Example

Dermot's employer sometimes requires him to attend his permanent workplace outside normal working hours - for example, at the weekend. This means he incurs extra costs on bus fares, the cost of meals eaten at his desk and sometimes even the cost of overnight accommodation near his workplace. No relief is available for any of this expenditure because all journeys between home and his permanent workplace are ordinary commuting. It makes no difference that Dermot's employer requires him to make the journeys or that they are made outside his normal working hours.

- 3.5 An employee cannot turn what is really an ordinary commuting journey into a business journey simply by arranging a business appointment somewhere on the way just to get relief. To get relief the employee must be able to show that the attendance at the particular place on that occasion was necessary - in a real sense - for the performance of the duties of that employment and was not just a matter of personal convenience.
- 3.6 Similarly, an employer cannot turn an ordinary commuting journey into a business journey by requiring an employee to stop off on the way to carry out business tasks such as making phone calls. See paragraphs 2.8 and 4.3 to 4.5.
- 3.7 Where someone other than the employee pays or provides for their ordinary commuting (by reimbursing the costs, by paying directly for the travel or by providing travel facilities) and this arises from or by reason of the employment, the payment or provision is taxable. Reimbursements must be included as gross pay for PAYE purposes. All such payments and benefits should be reported on form P11D. The tax charge arises irrespective of whether the payment or provision is made by the employer or by a third party.
- 3.8 There is an exemption for certain benefits provided through a travel plan. A travel plan is a package of practical measures designed to reduce car use for journeys to and from work, and for business travel. Travel Plans are put together by employers, and can be adapted to suit the particular needs of individual sites.

Examples of what could be included in a travel plan include:

- a works bus provided by an employer that is available to all employees generally to transport them to and from work;
- cycles or cycling safety equipment.

Example

To encourage staff to move to a new site at an out of town industrial development, an employer lays on a free bus service for his employees. Because the bus service is available to all employees generally to transport them to and from work there will be no tax charge.

Permanent workplace

- 3.9 It is usually clear whether or not a place is an employee's permanent workplace (and, therefore, whether a journey to that place is ordinary commuting). A place where an employee works is a permanent workplace if he or she attends it **regularly** for the performance of the duties of the employment. But it will not be a permanent workplace if it is a temporary workplace. A temporary workplace is somewhere the employee goes only to perform a task of **limited duration** or for a **temporary purpose**.

Paragraph 3.10 explains 'attends regularly', paragraphs 3.11 to 3.24 explain 'temporary workplace', 'limited duration' and 'temporary purpose'.

Regular attendance at a workplace

- 3.10 An employee attends a permanent workplace if the attendance is frequent, follows a pattern, or it is the place the employee usually attends for all or almost all of the period for which he or she holds or is likely to hold that employment. The proportion of an employee's working time spent at a particular workplace is a factor in determining whether or not it is treated as a permanent workplace. But it is not the only factor. Even if the employee attends the workplace only on one or two days a week, if it is on a regular basis, the workplace may still be a permanent workplace.

Temporary workplace - Attendance for a limited duration or temporary purpose

- 3.11 A place is a temporary workplace if an employee goes there only to perform a task of limited duration or for a temporary purpose. So even where an employee attends a workplace regularly, it will be a temporary workplace and, therefore, not a permanent workplace if the employee attends for **the purpose of performing a task of limited duration or other temporary purpose**.

Limited duration: the 24 month rule

- 3.12 As explained in paragraph 3.11, a place which an employee attends for the purpose of performing a task of limited duration or for some other temporary purpose is a temporary workplace. But there is a special rule which prevents a workplace being a temporary workplace where an employee attends it in the course of a period of continuous work which lasts, or is likely to last, more than 24 months.
- 3.13 A period of continuous work is a period of work throughout which the duties of the employment are performed to a significant extent at that place. For the purposes of operating this rule we regard duties as performed to a significant extent at any workplace if an employee spends 40% or more of their working time at that place.
- 3.14 The test is whether the employee has spent, or is likely to spend, 40% or more of their working time at that particular workplace over a period of more than 24 months. Where that is the case the workplace is a permanent workplace so travel between there and home is ordinary commuting for which there is no relief.

Example

Doris has worked for five years at her employer's head office in Warrington. She is sent by her employer to perform duties at a branch office in Wigan for 18 months. Relief is available for the full cost of Doris's travel between home and the temporary workplace in Wigan.

Example

Duncan has worked for his employer for 10 years and is sent to perform full-time duties at a workplace for 28 months. There is no relief for the cost of travel to and from the workplace, because his attendance there is known from the outset to be for more than 24 months so the workplace is a permanent workplace. His home to work travel is therefore ordinary commuting for which no relief is available.

Example

Dymphna has worked for her employer for three years and is sent to perform full-time duties at a workplace for 28 months but the posting is unexpectedly ended after 18 months. No relief is available for the cost of travel between her home and the workplace, because her attendance is expected to exceed 24 months (though in fact it does not). The workplace is therefore a permanent workplace and the journey is ordinary commuting.

Example

Earl has worked for his employer for three years. He is sent to perform full-time duties at a workplace for 18 months. After 10 months the posting is extended to 28 months. Relief is available for the full cost of travel to and from the workplace during the first 10 months (while his attendance is expected to be for less than 24 months) but not after that (once his attendance is expected to exceed 24 months).

Example

Edina has worked for her employer for seven years and is sent to perform full-time duties at a workplace for 28 months. After 10 months the posting is shortened to 18 months. No relief is available for the cost of travel to and from the workplace during the first 10 months (while her attendance is expected to exceed 24 months) but relief is available for the full cost of travel during the final eight months (once her attendance is no longer expected to exceed 24 months).

Example

Edward lives and works in New Brighton where he is employed as an engineer. His employer sends him to work in Wrexham for 1½ days a week for 28 months. For the rest of the week he continues to work in New Brighton which remains a permanent workplace.

In considering whether Edward is entitled to relief for travel between home and Wrexham it is important to look at the amount of time he expects to spend there each week and for how long he expects to be in Wrexham. Because he expects to be in Wrexham for less than 40% of his working time, albeit over a period longer than 24 months, and he retains a permanent workplace in New Brighton, Wrexham is a temporary workplace for Edward and he is entitled to relief for the cost of getting there and back.

Example

Effie is employed as a food scientist by a manufacturer of ice cream cones. She lives in Porthmadog and works in Dolgellau. Her employer opens a new plant in Llandrindod Wells. Effie is sent to work there four days a week and expects to be there for 30 months. She is not entitled to relief for travel from home to Llandrindod Wells because she is spending more than 40% of her time at the new plant and expects to be there for more than 24 months. It is therefore a permanent workplace. Effie is not entitled to relief for travel from home to Dolgellau for the one day a week she goes there because the Dolgellau plant remains her permanent workplace.

Example

Ellery is employed as a financial adviser working in Brighton. His employer sends him to an office in Bournemouth for one day a week over a 10 month period. He travels to Bournemouth directly from his home in Hastings. Ellery is entitled to relief for his travel to Bournemouth because he has gone there for a temporary purpose. He does not expect to spend more than 40% of his time there nor does he expect to be going there for more than 24 months.

Example

Eloise, a computer consultant, is the only employee of a company which she controls. She is a specialist in banking systems.

She spends 18 months working full-time at the headquarters of a merchant bank in Lombard Street in the City of London. She then moves next door to design a new computer system for a different bank where she expects to stay working full-time for 22 months.

After that assignment she moves to work at a bank close by on Cheapside for 17 months.

Eloise is not entitled to tax relief for her travel from home to these workplaces, because the nature of her work is such that she expects to work continuously in the 'Square Mile' albeit on the premises of different banks. So her travel from home to work will be broadly the same every day, year in year out (see paragraph 4.6).

Example

Elwyn is employed as a speech therapist at a hospital in Devizes. His employer sends him to Reading for three days a week to supervise a new department there.

He expects to be in Reading for 18 months. Elwyn is entitled to relief for his travel from home to Reading. Although he is spending more than 40% of his time in Reading he does not expect to be there for more than 24 months so Reading is a temporary workplace.

Example

Emily is employed as a seal doctor at a zoo on the south coast. She is sent to Morecambe to supervise a seal sanctuary for one day each month. She has done this for five years. Although Emily goes to Morecambe for more than 24 months she does not spend more than 40% of her working time there and she retains a permanent workplace on the south coast.

So she is entitled to relief for her travel from home to Morecambe.

Example

Emmett lives in Knaresborough and has a part-time job working two days a week in Harrogate as a telephonist for an insurance company. He is asked to spend one of his two working days covering for a colleague at a branch in Ripon for a period of 32 months. Emmett is not entitled to relief for travel between home and Ripon because, while he spends only one day a week in Ripon, this is more than 40% of his working time and he expects to be there for more than 24 months. Emmett is not entitled to relief for the journey he makes between home and Harrogate on the other day he works because Harrogate remains a permanent workplace.

- 3.15 Usually it will be clear whether or not an employee expects to spend more than 40% of their working time at a particular workplace over a period of more than 24 months. Where there is some uncertainty cases should be decided on their facts. An obvious starting point is what the employer has told the employee. Another point to consider may be whether the employee has moved home as a result of the change in workplace. An employee may be less likely to relocate for a posting that is expected to last under 24 months than for one that is expected to last longer. That is not to say, if someone does move home as a result of a change of workplace, it necessarily means they expect the new workplace to be permanent, or that if they do not move home they necessarily expect the new workplace to be temporary. Moving home is not a test, it is only one factor to be taken into consideration - but it is an important one.

Breaks in attendance

- 3.16 A period of continuous work can remain continuous even where there is a break in attendance.

Example

Erica is employed as a computer consultant. She works full-time at a site for 18 months developing a new computer system. The work is then extended for another 18 months at the same workplace, for the roll-out of the new computer system. The roll-out is subject to a separate contract between the employer and client.

As long as Erica did not expect to be working on the site for more than 24 months she is entitled to relief for the cost of travelling from home to the site. Once her employer enters into a new contract Erica expects to be working on the site for more than 24 months so from that point she is not entitled to relief for her journey from home to the site.

Example

Ernest is employed to work full-time on a construction project which is expected to last for six years. Each time Ernest gets close to having worked on the site for nearly two years his employer moves him to another workplace for a week before returning him to the long term project site. Despite these moves, Ernest is spending a significant amount of his working time (more than 40%) at one site and the period during which he is doing so is greater than 24 months. So Ernest is not entitled to relief for his travel from home to the site.

Example

Etaoin is employed as a human resources consultant. She works full-time at a client's site for 17 months developing a new staff appraisal system and then deals with unexpected priority work elsewhere for three months. She then returns to the client's site for a further six months to co-ordinate the roll-out of the new system - as had been planned from the outset of the project.

So Etaoin expects to spend all her working time at the client's site for 23 months (17 + 6). She is entitled to relief for her travel from home to the site during the first 17 months because she does not then expect to be at the site for more than 24 months. She is not, however, entitled to relief for her travel from home to the client's site for the further 6 months. That is because she now expects to spend more than 40% of her working time at that site over a period longer than 24 months, (17 + 3 + 6 = 26 months).

Example

Ola's employer pays a mileage rate of 70p a mile for business journeys calculated by comparing the cost of the journey from his home to the temporary workplace with what it would have cost if the journey had started and finished at his normal workplace. HMRC's approved mileage rate for the first 10,000 miles is 40p.

One day Ola drives straight from home to a temporary workplace 20 miles away. From there he goes eight miles to his normal office and finally returns home that evening, a further distance of 15 miles.

Applying the 'lesser-of' basis, Ola's employer pays him £11.20 for the journey, that is, for the 16 mile round trip between his normal office and the temporary workplace.

The NICs position is:

Payments made	16 miles x 70p = £11.20
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For NICs purposes

Ola is allowed	28 miles x 40p = £11.20
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So Ola and his employer will not have to pay NICs.

Type of payment	Reporting for tax	Reporting for NICs
A Employer reimburses or otherwise meets up to the full cost of business travel and such payments and/or provision is subject to a dispensation.	Nothing to report.	Nothing to report.
B As in A above but not subject to a dispensation.	Amount paid or provided to the employee (including VAT) must be reported on <i>P11D</i> and copied to employees.	Nothing to report.
C Employer makes payment (or provision for travel) and the payments (or the value of any provision for travel) are more than the full cost of the business travel. PSA in place.	Nothing to report.	If payment exceeds the full cost of travel, NICs will be due on the excess and on any tax payable by the employer under the PSA. The NICs must be accounted for by 19 October after the end of the tax year (same as the PSA).
D As in C above but no PSA in place.	Everything paid or provided to the employee, and any amount repaid (made good) by the employee, must be reported on <i>P11D</i> and copied to employees. Where payment exceeds full cost of travel PAYE should be operated on the full amount.	If payment exceeds the full cost of travel, Class 1 NICs will be due on the excess and should be accounted for in the pay period. Any Class 1A NICs due in respect of the value of any provision for travel should be accounted for on the <i>P11D(b)</i> .
E Employer pays a round sum or a scale rate for business travel which an Inspector agrees is clearly designed to do no more than meet expenses actually incurred. The payment is not covered by a dispensation or PSA.	Full amount paid to the employee must be reported on <i>P11D</i> and copied to employees.	Nothing to report.
F Employer provides a travel voucher <i>for example an air or rail ticket</i> and this provision is not covered by a dispensation or PSA.	The cost of providing the voucher, including VAT must be reported on <i>P11D</i> or <i>P9D</i> and copied to employees.	If the voucher is for business travel there will be nothing to report. If the vouchers are for private use Class 1 NICs will be due on the cost of providing the voucher and should be accounted for in the pay period.

Glossary

This glossary explains in broad terms, words and phrases used in this guide. For more detailed and comprehensive explanations see the legislation or HMRC publications referred to below.

Approved Mileage Allowance Payments - introduced from 6 April 2002. This is the maximum amount per mile that can be paid tax and NICs-free, to someone who uses their own vehicle for work

Board and lodging - this is a technical term for food and accommodation used by an employee working abroad. It is not used for any other purpose in this guide.

Business journey - any journey:

- necessarily undertaken in the performance of the employee's duties, or
- to or from a place the employee **has to** attend in the performance of the duties of the employment, and excluding ordinary commuting.

Cash equivalent - the measure of the taxable amount where employees are provided with benefits in kind.

Company car - a car made available (without the transfer of property in it) to:

- an employee, or
- a member of their family or household

by reason of the employee's employment, which is available for private use. See paragraph 5.19.

Credit token - a credit card or other token which gives rise to a charge to tax under Section 94 ITEPA 2003.

Dispensation - a notice given to an employer by an Inspector of Taxes that HMRC is satisfied that no income tax is payable in respect of certain specified expenses payments and benefits. See paragraphs 10.1 to 10.9.

Domicile - broadly speaking, this is the country where, in law, a person is regarded as having their permanent home. See leaflet IR20 *Residents and non-residents - Liability to tax in the United Kingdom*.

Duties - the tasks an employee has to carry out in doing their job. The duties of a particular job are determined by the objective requirements of the job.

Earnings - the income of an individual who holds an office or employment. They include all salaries, fees, wages, profits and incidental benefits of any kind. See Section 62 ITEPA 2003.

Employment income - the part of the Taxes Act under which tax is charged on income from offices or employments. See Section 6(1) ITEPA 2003.

Fuel benefit charge - the measure of the taxable benefit where an employee is provided with fuel for a company car. See paragraph 5.19.

Full cost - the full cost of a business journey is the total expense incurred when an employee makes a business journey. It includes the cost of necessary subsistence but does not include incidental overnight expenses.

Incidental overnight expenses - personal expenses which are incidental to an overnight stay on business or on work related training. See paragraphs 8.2 to 8.6.

Ordinarily resident - an employee is ordinarily resident in a country if he or she is resident there year after year. See leaflet IR20 *Residents and non-residents*.

Ordinary commuting - travel between an employee's permanent workplace and home, or any other place where the employee's attendance is not necessary for the performance of the duties of that employment. See paragraphs 3.2 to 3.27.

P11D - a form employers complete giving details of benefits in kind and expenses payments made to employees who, taking into account the value of those benefits, earn £8,500 or more per year. (There is a shorter form, *P9D*, for employees who earn less than £8,500 per year.)

P11D(X) - an application form for a dispensation.

P45 - a form completed by employers when an employee ceases to work for them showing details of the amount paid and tax deducted under PAYE in the tax year. The employee receives a copy of these details on form *P45(1A)*.

P60 - a form completed by employers at the end of the tax year showing details of the amount paid and tax deducted under PAYE.

P87 - a form to help people, who do not get a Tax Return, to claim tax relief for job expenses. Employees can ask for this, or HMRC office may issue it (with form *P810*) to people who have a deduction for expenses in their PAYE tax code.

PSAs - an agreement between an employer and HMRC under which the employer settles in a single annual payment the income tax liability on minor or irregular expenses and benefits provided to employees. See paragraphs 10.10 to 10.12.

Permanent workplace - any place which an employee regularly attends in the performance of the duties of the office or employment but which is not a temporary workplace. See paragraph 3.9.

Private travel - travel between an employee's home and any place that is not a workplace or between any two places that are not workplaces. See paragraph 3.31.

Private use - use of a car or van for journeys other than business journeys.

Resident - an employee must normally be physically present in a country to be resident there. An employee will always be resident in the UK if he or she is here for 183 days or more in the relevant tax year. See leaflet IR20 *Residents and non-residents*.

Round sum allowance - a payment made to employees who make business journeys where the amount paid is a flat rate rather than a reimbursement of actual expenses incurred or a scale rate payment.

Scale rate - an allowance paid to employees who make business journeys where the allowance is based on, for example, a fixed amount for each mile travelled or a fixed amount for each night spent away on business.

Subsistence - meals or accommodation that are necessary as a result of making a business journey. Subsistence does not include Incidental Overnight Expenses. See paragraphs 5.4 to 5.5.

Tax year - the tax year runs from 6 April in one year to 5 April in the next.

Temporary workplace - a place which an employee attends in the performance of the duties of their employment and for the purpose of performing a task of limited duration or for some other temporary purpose. See paragraph 3.11.

Vouchers - all vouchers which give rise to a tax charge under Sections 81 and 87 ITEPA 2003. Vouchers include travel tickets.

Workplace - a place where an employee's attendance is necessary in the performance of the duties of their employment. See paragraph 3.2.

Index

24 month rule	3.12
A	
agency workers	3.19
anti-avoidance	
general	4
travel merely to obtain relief	4.5
areas	
duties defined by reference to	3.33
scope of relief	3.35
audit	
see employer compliance reviews	
avoidance	
general	4
B	
bases	
depots and bases	3.25
breaks in period of continuous work	3.16
C	
car parking	5.7 & 8.24
cars	
costing journeys	5.16
sharing	8.19
use of own car for work	9.13 & 12.11
change of workplace	
effect on entitlement to relief	4.6 - 4.9
company cars and vans	5.19
compliance reviews	11.3
continuous period of attendance	
breaks in attendance	3.16
continuous period of work	3.13

D	
deduction	
relief by way of deduction	1.4
depots and bases	3.25
detours	5.11
directors acting for professional practice	8.11
directors	
who are not paid	8.14
disabled people	8.22
dispensations	
consequences of error in operation of dispensation	11.13
effect of	10.2
general	10
how to get one	10.3
scope of	10.6
disruption to public transport caused by strikes	8.15
domicile	7.2

E	
emergency call-out expenses	3.40
employees	
obtaining tax relief for expenses	12.9
leaflet for	Appendix B
record keeping responsibilities	12
using their own cars for business travel	12.11
who do not get tax returns	12.8
employer compliance reviews - what happens	11.5
employer reporting requirements	9
exemption	
relief by way of	1.4

F	
first class travel	5.14
Fixed term appointments	3.18
foreign travel	
employee has two jobs	7.4
people carrying out part of their duties abroad	7.6
special rules	7
full costs	5.1

G	
geographical area – see areas	
groups of companies	
employments in same group	2.10

P	
P11D	9.1
P11D(b) – see Glossary entry	
P9D – see Glossary entry	
PAYE settlement agreements	10.10
PAYE	
reimbursement expenses incurred	9.9
reimbursement of travel expenses	9.8
permanent workplace	
definition	3.9
more than one	3.20
passing on way to temporary workplace	3.39
regular attendance	3.10
workplace ceases to be	3.38
personal incidental expenses	
aggregation	8.6
amounts	8.4
must be reimbursed by employer	8.3
rules for exemption	8.2
private incidental expenses	5.8 & 8.2
private travel	
definition	3.31
no relief	2.4
PSAs	10.10
publications	
by HMRC	Appendix B
public transport	
disrupted by strikes	8.15
 Q	
qualifying travelling expenses	2.1

R

record keeping	
what is required of employers	11.2
regular attendance at a workplace	3.10
relief	
accompanying spouse	8.23
amount	5
basis of	2.1
car parking	8.24
directors acting for professional practice	8.11
directors who are not paid	8.14
disabled people	8.22
employer has to attend temporary workplace	4.4
extra costs of foreign travel	7.10
for emergency call-out	3.40
foreign travel	7
full cost of business travel	5.1
in the performance of the duties	2.5
joint projects	2.11
journeys treated as ordinary commuting or private travel	4.10
journeys that are substantially ordinary commuting	4.13
late night travel home	8.16
'necessary rule'	3.5
none for travel between employments	2.9
not domiciled in the UK	7.9
offshore oil and gas workers	8.25
only against earnings from same employment	5.2
only for expenditure actually incurred	5.3
people carrying out all duties abroad	7.4
people coming to UK from abroad	7.8
people coming to UK from abroad, 60 day rule	7.9
private expenditure	5.10
personal incidental expenses	5.8 & 8.2
removal expenses	8.9
round sum allowances	9.6
scale of expenditure	5.14
training courses provided by employers	8.7
travel between two employers within a group	2.10
travel to a place to perform duties	2.7
where duties defined by an area	3.33
working rule agreements	8.27
removal expenses	
expenditure which qualifies for relief	8.10
reporting requirements	
exceptions to general rule	9.3
general	9.1
summary	Appendix A
residence and domicile	7.2
round sum allowances	9.6

S

safeguards against abuse	4
scale of expenditure	5.14
self assessment Tax Returns	12.2
spouses travel	8.23
stand-by	
employees on	3.42
subsistence	
cost of business travel	5.4
must be attributable to business travel	5.5

T

taxis	
late night travel home	8.16
temporary purpose	3.11
temporary workplace	
definition	3.11
'duties performed to a significant extent' (40% rule)	3.13
final posting	3.18
no requirement to return	3.17
24 month rule	3.12
tickets	1.6, 5.13 & 9.4
training courses provided by employers	8.7
travel expenses	
paid by third party	3.7
travel	
choice of route	5.11
detours	5.12
employer provided facilities	9.11
incorrect choice of route	5.13
payments treated as earnings for NICs purposes	6.1
public transport disrupted by strikes	8.15
travelling appointment	
travel in the performance of duties	2.5
twenty four month rule	3.12

V

vouchers

tickets

1.6

W

working rule agreements

8.27

workplace

change involving significant effect on journey and cost of journey

4.8

changes to

4.6

more than one at the same time

3.20

