

Expenses

What are tax deductible expenses?

A tax deductible expense is a cost you have incurred wholly, exclusively and necessarily in performing your employment or assignment duties. HMRC tax law is very strict in the definition of expenses that can be claimed. We must comply with the law when accepting and processing them. To ensure all your claims are valid, we aim to check and verify expenses according to HMRC tax rulings. It is important to remember that claiming for expenses that you have not incurred would be viewed by the Inland Revenue as tax evasion.

Nopalaver Umbrella's Expense Policy:

Nopalaver Umbrella Limited allows contractors to claim two types of business expenses:

1) Billable expenses: Billable expenses are those expenses incurred on behalf of the client that your agency/client has agreed to reimburse. These will need to be submitted to us in a detailed manner and Nopalaver will raise an invoice for the amount. The agency/client will usually verify these expenses with the appropriate sources and remit the amount to Nopalaver. Once received, these will be reimbursed to you tax free, provided they meet the criteria on the following pages.

2) Non-billable expenses: You incur non-billable expenses while you are performing the duties of your assignment – e.g. the cost of travel to a temporary workplace. This kind of expense can only be claimed in accordance with HMRC tax rulings. The amount of non-billable expenses you claim is deducted from your gross income, which reduces the taxable amount your salary is based upon. As a result, you benefit from a reduction in the amount of tax and national insurance you pay. Your expenses are NOT paid in addition to your income.

To ensure your expense claims are processed and paid as quickly as possible, you need to make sure of the following:

- All claims must be for expenses incurred wholly, exclusively and necessarily in performing your employment/assignment duties.
- You may only make one claim per period (i.e. once a week/month).
- You may only claim expenses incurred during the period you are claiming.
- You may NOT claim for expenses incurred prior to joining Nopalaver Umbrella Ltd.
- You may NOT claim expenses relating to travel and subsistence for a place of work that you have been attending, or know you will be attending for more than 24 months.
- You may NOT claim expenses relating to travel and subsistence if this is your first and only assignment via Nopalaver Umbrella Ltd.
- You always submit all the necessary documentation associated with a particular claim, if it is required.

NB: When an assignment ends, we will use as much of the total unclaimed expenses against this final wage as is possible, any unclaimed expenses will be retained to use against future assignments. At the end of the tax year, tax relief on any outstanding/unused expenses may be claimed back via Self Assessment or a form P87.

REMEMBER: If you have not spent it or cannot prove that you have spent it, you cannot claim it!

You are to retain all receipts for any expenses that you claim. Certain receipts may need to be submitted to Nopalaver Umbrella Ltd if requested or to HMRC if we are to be audited. Failing to prove the cost you have claimed during an HMRC investigation would result in you having to pay the underpaid tax; if HMRC considered that you were trying to avoid paying tax, by falsifying expense claims, you could also be fined.

Claimable expenses:

Please see below information for expenses that would be acceptable to HM Revenue and Customs, provided they are incurred wholly, exclusively and necessarily in the performance of your duties. Expenses MUST be submitted, with supporting receipts where applicable, to Nopalaver Umbrella Ltd by **Wednesday Midday** of EVERY week.

Travel:

- You can claim the cost of travel to and from your temporary place of work or between sites at a rate of 45p per mile for the first 10,000 miles and then 25p per mile thereafter. **You MUST retain all fuel receipts for VAT purposes and send them to us at Nopalaver Umbrella Ltd.**
- You can also claim for parking, toll and congestion charges.
- Parking costs, Rail, Bus and Air travel to your temporary place of work can be claimed, but receipts are required.
- You must NOT claim for parking fines, speeding fines, TAX/MOT costs or repairs/parts for you vehicle, (these are covered in the 45p/25p per mile allowance).
- A mileage allowance can also be claimed for travel by motorcycle and bicycle at rates of 24p per mile and 20p per mile, respectively.

Temporary Accommodation:

- The cost of hotel or bed and breakfast accommodation can be claimed as an expense, when working away from home and staying at a temporary abode. There are no set allowances for accommodation, but the cost must be deemed to be 'reasonable'.
- Receipts must clearly show the address of the accommodation, the payee, the amount and the date.

Rented Accommodation:

- Where you rent accommodation close to your temporary place of work, then the cost (including gas, electricity, council tax, but excluding water rates) can be reclaimed provided that you maintain and continue payment for a main residence elsewhere in the UK.
- A copy of the rental agreement and receipts for the payment of the rent MUST accompany the claim.
- There may be a restriction on the amount you can claim where the rental cost is higher than it would be just for business purposes – for example where you rent a larger property so that your family can stay with you, the allowable rental may be restricted to the level that you would have paid for a property suitable for just you.

Subsistence:

Whilst working at a temporary location, you may claim the cost of meals and drinks in accordance with HM Revenue and Customs benchmark scale rates, as follows:

- Up to £5 Breakfast Rate when leaving home earlier than usual and before 6am to travel to your temporary place of work and you incur a cost on breakfast eaten away from home. This does not apply if you regularly leave home before 6am, perhaps because you work an early shift.
- **PLUS** up to £5 meal allowance ('one meal rate'/'five hour rate') when away from home or normal place of work for a period of at least 5 hours and have incurred a cost on a meal.
- **OR** up to £10 meal allowance ('two meal rate'/'ten hour rate') when away from home or normal place of work for a period of at least 10 hours and have incurred a cost on a meal or meals.
- Up to £15 'Late evening meal rate' (irregular late finishers only) where you have had to work later than usual, finishing work after 8.00 pm having worked your normal day and have to buy a meal which you would usually have at home.
- Note, if you are able to claim under the five or ten hour rule, the late meal allowance could also be paid if you finish work after 8.00 pm and buy a meal that you would usually have at home. However, if you regularly finish work late because, for example, you normally work the afternoon or evening shift, you would not be entitled to use the late evening meal rate.

- The above subsistence allowances are intended to reimburse you for the costs incurred – note the requirement that you must have incurred a cost on a meal – you cannot claim where you have brought a packed lunch from home or bought ingredients to make up a packed lunch.
- The above are based on the benchmark scale rates the Revenue have issued. You are nevertheless entitled to claim more than this if you have incurred more and provide a receipt.

Whilst working away from home and staying overnight in temporary/rented accommodation, you may claim the reasonable cost of meals (and drinks with the meal) that you incur provided you submit the hotel/B&B/restaurant receipt with your expense claim. Alternatively, you may claim for meals not taken at the hotel/B&B on the basis of the benchmark subsistence allowances above, provided you have incurred a cost on a meal. Note that preparing a meal for yourself at rented accommodation is unlikely to be considered to be incurring a cost on a meal.

If you are staying in rented accommodation, you can claim for other costs connected with the accommodation and subsistence only to the extent that you can demonstrate that there is an additional expense compared to being at home, in which case you can claim the whole of that expense, not just any extra cost.

OIE

Overnight Incidental Expenses of up to £5 per night (£10 per night for overnight stays outside the UK) are only allowable if staying away from home. This is to cover various expenses such as personal telephone calls, newspapers, laundry and other sundries etc.

Clothing:

Tax relief is only available on items that are deemed “specialist” or “protective” clothing. For example overalls, boots, gloves & helmets because the industry you work in requires it. You may NOT claim for everyday clothes. All receipts must be provided.

Laundry

You may make a claim for costs you incur where you are required to have specialist or protective clothing cleaned (receipt required from a recognised launderette or dry cleaners).

Tools:

Only small tools (cost less than £100) essential to your current role can be claimed. HMRC will need to be able to verify that it is a necessary expenditure for you to complete your job, and you must complete a detailed expenses claim and submit it along with the original receipt, in order to receive the tax relief.

Telephone

- Business calls, only, in connection with the employment, can be claimed provided the itemised telephone bill, with the business calls suitably identified, is submitted with the expense claim form.
- Calls to home cannot be considered as business calls no matter what the purpose (but see OIE above for calls whilst staying away from home).
- No claim can be made for home or mobile rental, nor for Pay As You Go top ups etc. In addition, if a business call falls within the allowance under a contract i.e. there is no specific cost of making that business call, then no claim can be made.
- No claim can be made for the cost of the phone itself.

Training:

- Training courses must be wholly, exclusively and necessarily relevant to the performance of your duties under your existing contract. For training to qualify as tax deductible it has to be undertaken in order for you to complete/continue your work for the company.
- If the training is undertaken to progress your career or improve your skills then this WOULD NOT qualify, as it is considered to be a personal benefit.

Subscriptions:

- HMRC will permit you to claim, as an expense, the cost of fees and subscriptions paid to appropriate professional bodies or learned societies.
- For further information visit: www.hmrc.gov.uk/list3

Stationery, Postage, and Consumables:

Any office consumables (printer ink, pens etc.) or stationery used wholly, exclusively and necessarily in connection with your employment/assignment may be claimed. The cost must be reasonable and supported by a receipt.

VDU Eyesight tests for VDU Users:

A VDU eye test (up to the value of £15) may be claimed if accompanied by a valid receipt.

****IMPORTANT PLEASE READ**:**

We will check your expenses claim each week. Anything which we consider would not be permitted by HMRC will be automatically disallowed.

Whilst receipts are not required for some claimable items, HMRC requires us to audit a selection of expenses at points during the tax year. Our aim is to audit 10% of contractors on a quarterly basis. Therefore if you are pre-selected to be audited we will require that you send in receipts to support any claim you have made. It is therefore worth keeping all receipts for your records, so that they can be sent to us in the event that you are selected. It is also worth noting that any underpayments of Tax and NI would have to be paid back by you personally if your expenses were claimed incorrectly.