

Tax and Employment Expenses

Background

The following notes are meant to be used as a **reference guide for Tax and employment expenses**. Specific tax advice should be sought in relation to your own personal circumstances before implementing any of the guidance shown below.

'Wholly, exclusively and necessarily in the course of your employment.....'

Three types of expenditure made by employees are deductible from their employment income:

- i. Contributions to a registered pension plan;
- ii. Subscriptions to professional bodies relevant to the employee's job;
- iii. Donations to charity under an approved payroll giving scheme;

Other deductions are more difficult to claim, but it is possible to deduct the following:

- Qualifying travel expenses (any travel which cannot be classified as 'ordinary commuting');
- Expenses incurred wholly, exclusively and necessarily in the performance of the employee's duties;
- Capital allowances on equipment provided by the employee which are used within the performance of their duties. (Not vehicles).

Tax free benefits

The following are examples of tax free benefits and expenses which can be claimed:

- Job related accommodation;
- Meals in a staff canteen (provided that all employees have this benefit);
- The first 15p of luncheon vouchers;
- Personal incidental expenses of up to £5 per night for employees working away from home in the UK, and up to £10 per night if working away from home abroad;
- Subsistence costs for site based employees;
- Provision of a car parking space at, or near work;
- Mileage allowance within the prescribed rates (40p per mile for the first 10,000 miles and 25p per mile thereafter);

- Taxi payments where an employee is required to work later than 9pm, where public transport has ceased, or it would be unreasonable to expect the employee to travel home on public transport;
- Payments made for a past or current employee for the cost of a qualifying training or retraining course;
- Childcare vouchers up to £55 per week;
- £3 per week to cover additional costs of working from home (evidence is required for amounts above £3 per week);
- Air miles and car fuel coupons obtained for business travel;
- Loans under £5,000.

Where employment expenses satisfy the 'wholly, exclusively and necessarily' in the course of performance of employment duties, then it should be reclaimable.

For the avoidance

Cowgill Holloway SBU is currently working in conjunction with tax specialists at Manchester and Cheshire based accountancy firm Sedulo.

For further details on how we can assist you with your tax affairs please contact:

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