

# Expenses and Benefits

## Summary of Tax rules in relation to Expense and Benefits

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## **1.1 Introduction**

This document is intended to provide only a summary of some of the tax rules relating to expenses and benefits. Some of the expenses and benefits referred to are not provided at the University. The rules in the Travel and Other Expenses, Benefits, Hospitality and Gifts Policy may be different to the tax rules and will take precedence over them.

### **1.1.1 Expenses**

An expense is a cost incurred by an employee which is submitted to the university for reimbursement. An expense is subject to tax and national insurance unless:

1. the expense is incurred wholly, exclusively, and necessarily in the performance of the duties of the employment and
2. the employee was obliged to incur the cost and
3. the expense is not in relation to a salary sacrifice arrangement and
4. the employer has a process to check that the expenses were both incurred and not subject to tax.

There are specific reliefs for different expenses.

A BUFDG e-learning course about tax on Expenses, called Expenses in HE is available at this link.

### **1.1.2 Benefits in kind**

A benefit in kind is any benefit that is not included in the employee's salary. A benefit is a benefit or facility of any kind. It includes everything that confers a special bounty (reward or gift) of any kind on the recipient.

All benefits are taxable unless they qualify for tax relief. All taxable benefits are reportable to HMRC.

A BUFDG e-learning course about tax on Benefits, called Benefits in HE is available at [this link](#).

### **1.1.3 Record-keeping**

Employers should keep a record of:

1. the date and details of every expense or benefit they provide
2. any information needed to work out the amounts they record on end-of-year forms
3. any payment an employee contributes to an expense or benefit
4. any correspondence with HMRC.

## **1.2 Accommodation**

The conditions for exemption that might be available in respect of job related accommodation for University employees are:

1. necessary for the proper performance of employee's duties or
2. customary to be provided to allow employee to better perform their duties or
3. provided for security reasons for a specific threat.

## **1.3 Assets**

A benefit arises if either

1. the employer transfers ownership of an asset to an employee or
2. the employer purchases an asset from an employee for an amount that is greater than the asset's market value or
3. an asset is made available to an employee for private use.

## **1.4 Bank charges**

A reimbursement of an employee's bank charges is exempt if the bank charges are the employer's fault, for example the employer paid the employee's salary late.

## **1.5 Childcare vouchers**

Exempt up to a maximum of £243 per month, provided employees joined the scheme by 4th October 2018.

## **1.6 Clothing**

### **1.6.1 Uniforms**

The provision of uniforms is exempt. Uniforms should show a University logo, and they should be worn only at work.

### **1.6.2 Protective clothing**

The provision of protective clothing is exempt. It must be genuinely protective clothing that is worn as a matter of physical necessity because of the nature of the job. This will typically cover items such as overalls, protective gloves, and boots.

## **1.7 Company cars**

This category includes cars that are leased under the My Car scheme.

If the employer provides an employee with a company car that is available for private use there is a benefit.

If private use is prohibited and there is no private use there is no benefit. But home to office journeys are private use.

If the employee is a homemaker, any travel from home to a client or to a temporary workplace would be considered business travel and there would be no benefit.

### **1.7.1 Pool cars**

Pool cars are not available for private use, so no benefit arises from using a pool car. All of the following conditions must be satisfied for a car to be treated as a pool car.

1. Available to and used by more than one employee.
2. Availability to the employee must be by reason of their employment.
3. The car must not ordinarily be used by one employee to the exclusion of others.
4. Any private use must be merely incidental to its business use.
5. The car must not normally be kept at or near an employee's home unless it is kept on the employer's or provider's premises.

### **1.7.2 Fuel benefit charge for Company car**

The fuel benefit charge is nil where fuel is provided for private use in a company car and the employee is required to make good or fully reimburse the whole of the expense and does so or fuel is only provided for business travel.

### **1.7.3 Charging electric cars**

There is no fuel benefit charge for electric cars. If an employer allows cars to be recharged from a vehicle charging point at work, there is no taxable benefit and no fuel benefit charge. If an employer pays for a charge card to allow individuals unlimited access to local authority charging points, there is no taxable benefit.

## **1.8 Company vans**

Van benefit applies when a van is made available to an employee or to a member of her family or household without any transfer of property in it, by reason of employment, and the van is available for private use, and there is actual private use.

If van is used only for business journeys or as a pool van or is classed as an emergency vehicle or a heavy goods vehicle (those with a design weight of over 3,500kg) or private use is nil or insignificant there is no benefit charge.

Where private use is prohibited and there is no private use other than insignificant private use there is no benefit charge. Insignificant private use includes taking rubbish to the tip once or twice a year, regularly making a slight detour to drop a child at school, stopping at a newsagent on the way to work, or calling at the dentist on the way home. Use which is not insignificant includes doing supermarket shopping each week, taking the van on a week's holiday, or using the van outside work for social activities.

Where there is ordinary commuting, but the restricted private use condition is met there will still be a benefit, but the cash equivalent of the benefit is reduced to £nil, but it is necessary to report it on the P11D.

The restricted private use condition is met if:

1. the commuter use requirement is satisfied throughout the year (or the part of the year on which the van is available to the employee) or the extent to which it is not satisfied during that period is insignificant and
2. the business travel requirement is satisfied throughout the year (or the part of the year on which the van is available to the employee).

The commuter use requirement is satisfied at any time if:

1. the terms on which the van is available to the employee at the time prohibit its private use otherwise than for the purposes of ordinary commuting or travel between two places that is for practical purposes substantially ordinary commuting, and
2. neither the employee nor a member of the employee's family or household makes private use of the van at the time otherwise than for those purposes.

The business travel requirement is satisfied at a time if the van is available to the employee at the time mainly for use for the purposes of the employee's business travel (EIM22735).

In other words, the primary reason that the employee has the use of the van at all is because they need it for business travel in the normal course of their job. The business travel requirement is not satisfied if a person is allowed private use of a van which they do not primarily need and use for business travel.

The business travel requirement must be satisfied at all times in the year when the van is available to the employee. "Insignificant" has no relevance to this requirement.



A business journey is a trip made as part of work, for example, travelling to appointments or to a temporary workplace.

### **1.8.1 Pool van**

No benefit arises from use of a pool van. All of the following conditions must be satisfied for a van to be treated as a pool van.

1. Available to and used by more than one employee.
2. Availability to each employee because they need it to do their job.
3. The van must not ordinarily be used by one employee to the exclusion of others.
4. Limited private use is allowed but it must be merely incidental to a business journey, for example driving home to allow for an early start the next morning.
5. The car must not normally be kept at or near an employee's home.

### **1.8.2 Zero emissions van**

The van benefit charge for these vans is zero.

## **1.9 Computer and office equipment, workshop furniture, tools, stationery, telephone and internet connections**

Exempt if:

- provided on the employer's premises and
- the employee uses it in performing the duties of the employment, and any use for the employee's private purposes is not significant.

If equipment is either given to an employee or loaned to an employee, or used by an employee for private purposes, a benefit arises.

## **1.10 COVID-19 and homeworking**

If employees are working at home due to covid-19 either because their workplace has closed or because they are following advice to self-isolate. Furloughed workers who are eligible for the Coronavirus Job Retention Scheme are not affected.

### **1.10.1 Broadband**

If the employee already pays for broadband any payment by the employer is not exempt.

If broadband is needed and is not available already, a reimbursement of a broadband fee is exempt, provided that it is for business use and private use is limited.

### **1.10.2 Laptops, tablets, computers, office supplies**

Exempt if mainly used for business use and private use is not significant.

### **1.10.3 Reimbursing expenses for office equipment to employee who buys them to work at home**

Exempt if private use is not significant.

### **1.10.4 Transfer of ownership of office equipment purchased by employer from employer to employee**

This is a taxable benefit.

### **1.10.5 Office equipment purchased by employee where employer has reimbursed employee for the expense**

Unless the employer has specified that the employee must transfer ownership to the employee, this equipment is owned by the employee. If the employer allows the employee to keep the equipment there is no benefit.

## **1.11 COVID-19 tests**

Exempt.

## **1.12 Cycle to work**

Employer owned bicycles and cyclists' safety equipment is exempt if the following conditions are met:

the benefit is available to all employees

more than 50% of use must be work-related

the bicycle or equipment must not be transferred to the employee from the outset.

If the bicycle or equipment is transferred to the employee at the end of the scheme a taxable benefit arises on the fair market value.

## **1.13 Employee suggestion schemes**

Awards may be exempt subject to certain conditions.

Encouragement awards for good suggestions are exempt up to £25.

Financial benefit awards for suggestions that will save or make an employer money are exempt up to £5,000, subject to other limits.

## **1.14 Entertaining**

### **1.14.1 Business entertaining**

Business entertaining is exempt.

There must be a genuine business reason to entertain. The entertainment may be of customers, suppliers, or other business connections in the course of the employee's duties. There does not have to be actual business done, but there does need to be a business requirement, e.g., to discuss a business project, or to maintain existing or new business contacts.

A record should be maintained of the amount spent on a particular occasion, the nature of the entertainment, the persons entertained, and the reasons for the entertainment.

It is necessary to consider the ratio of employees to non-employees attending. If the ratio is 50:50, it looks like staff entertaining.

### **1.14.2 Staff entertaining**

In the circumstances listed below the cost of staff entertaining is exempt.

#### **1.14.2.1 Annual parties**

The cost of an annual event is exempt, provided that it meets the conditions below.

The event must either be open to all employees at a particular location or there can be separate parties for every department at one location. Where there is more than one location it can be an annual event that is open to all employees at one location.

The cost must be not more than £150 per head. This cost includes VAT, and includes the costs of the venue, catering, transport, and accommodation, including room decoration.

The limit of £150 is not an allowance. This means that if the limit is exceeded the whole amount is taxable.

The tax is chargeable on the cost per head in respect of the employee and any members of their family and household, including partners, boyfriends, and girlfriends, who attend as guests.

The event must be annual. It must occur once a year on a recurring basis. It must not be a one-off event.

#### 1.14.2.2 Canteen

The cost of free or subsidised meals, provided on the employer's premises, are exempt if the conditions listed below are met.

They are on a reasonable scale.

They are available to all employees at a particular location.

## **1.15 Equipment or services provided to disabled employees so they can do their work**

Exempt.

## **1.16 Examination awards**

One -off cash awards for exam success should be recorded through the payroll.

## **1.17 Food and groceries**

Food or groceries with no resale value that given to employees should be reported on form P11D.

## **1.18 Health and wellbeing benefits**

The benefits listed below are exempt.

1. One health screening assessment during a tax year
2. One medical check-up during a tax year
3. where an employee is required to use a visual display unit as part of her normal duties:
  - an eyesight test
  - the cost of spectacles or contact lenses required solely for VDU use
4. some types of welfare counselling
5. The provision of a sports or recreational facility is exempt only if it:
  - is available generally to all the employees
  - is not available to members of the public generally
  - is used wholly or mainly by employees or former employees and members of their families or household
6. Medical treatment outside the UK for an employee who is working overseas and needs treatment.
7. Medical treatment or insurance related to injuries or diseases that result from an employee's work.
8. Medical treatment to help an employee return to work. Exempt up to £500 for costs for an employee to return to work.

The employee must have either:

- been assessed by a health care professional as unfit for work (or will be unfit for work) because of injury or ill health for at least 28 consecutive days or
- been absent from work because of injury or ill health for at least 28 consecutive days.

Private medical insurance is not exempt.

## **1.19 Home internet access**

Exempt if provided for the sole purpose of enabling the employee to perform her duties and private use is not significant.

**1.19.1 Employer pays supplier direct**

Report at section K in the P11D.

**1.19.2 Contract between employee and supplier, employer pays supplier direct**

Report at section B in the P11D.

**1.19.3 Contract between employee and supplier, employer reimburses employee**

Deduct and pay PAYE tax and Class 1 NI through payroll.

## **1.20 Home telephone**

If the phone is used for business calls only the cost is exempt.

**1.20.1 Contract between employer and supplier where the phone is used by employee for both private and business calls**

Report the cost of the line rental plus all call charges at section K in the P11D.

**1.20.2 Contract between employee and supplier, employer pays supplier direct**

Report at section N in the P11D.

**1.20.3 Contract between employee and supplier, employer reimburses employee**

Deduct and pay PAYE tax and Class 1 NI through payroll.

The employee can report the cost of the business calls on her Self-Assessment tax Return or submit a claim online.

## **1.21 Homeworking**

### **1.21.1 Tests for homeworking**

Two tests must be satisfied for homeworking to exist.

1. There must be arrangements between the employer and the employee and
2. The employee must work at home regularly under those arrangements.

The arrangements apply where the employee either works at home frequently or follows a pattern. They do not apply where the employee works at home on an informal basis.

### **1.21.2 Homeworking expenses**

Homeworking expenses include equipment, services, or supplies that the employer provides to employees who work at home, e.g., computers, office furniture, internet access, pens and paper, and additional household expenses, such as gas and electricity charges.

#### **1.21.2.1 Equipment, services, supplies**

Exempt if only used for business purposes or any private use is insignificant.

If they are provided for both business and private use, report at section K in the P11D.

#### **1.21.2.2 Additional household expenses**

Exempt if all of the following apply.

1. The employee needs to work at home either because the equipment they need is not available in the workplace or their work means they have to live too far away from the workplace to travel there every day.
2. The amount the employer pays is not more than the additional household expense or is not more than the weekly limit (currently £6 per week). If the employer covers costs over the weekly limit the employer needs to be able to prove that the payments are no more than the additional household expense.

## **1.22 Loans**

Interest on loans which when combined are less than £10,000 throughout a tax year is exempt.

## **1.23 Long service awards**

Where given in a form other than money, and subject to meeting other conditions, a long service award is exempt. The employee must have worked for the employer for at least 20 years. The award must be worth less than £50 per year of service. The employer must not have given the employer a long-service award in the last 10 years.

## **1.24 Mobile phones**

### **1.24.1 Employer has contract with supplier**

The provision of a mobile phone solely for business use, and private use is insignificant, is exempt.

The provision of one mobile phone for private use is exempt.

Any additional phone provided which may be used either solely or incidentally for private use is taxable.

Other devices which have telephone functionality, e.g., Sat. Nav., tablets, and laptops, do not qualify as mobile phones.

### **1.24.2 Contract between employee and supplier, but employer pays supplier**

The cost should be reported at section B on the P11D.



### **1.24.3 Employee uses own phone and employer reimburses employee**

If the employee uses her personal mobile phone for business calls and does not have to keep a record of these, and the employer reimburses the employee for the full cost of the bill, as the employer is reimbursing the cost of private calls, the reimbursement should be included in the employee's monthly salary in the payroll.

If a record of the business calls is kept, the cost of the calls can be apportioned between business and private calls, with no tax payable on the business calls.

### **1.24.4 Employer pays for top-up vouchers for employee's pay as you go phone**

The employer should report the vouchers at section C on the P11D.

## **1.25 Parking**

The provision of parking spaces or payment of parking charges for parking for cars, motorcycles, or bicycles at or near the employee's workplace is exempt.

The payment of parking charges for business journeys is exempt.

## **1.26 Pensions**

Employer contributions into pension schemes that are registered with HMRC are exempt.

Employer provided pension advice is exempt, subject to certain conditions.

## **1.27 Personal bills for goods and services**

If the employer pays the bill directly, report on form P11D. If the employer reimburses the employee, record the reimbursement through the payroll.

## **1.28 Professional subscriptions**

Professional subscriptions paid to approved professional organisations are exempt.

## **1.29 Public Transport**

Payments by an employer to help finance a bus route that gives employees free or reduced-rate transport between their homes and work or between workplaces are exempt.

Season ticket loans are covered by the rules relating to loans (see 1.22).

## **1.30 Relocation expenses**

If all of the following conditions are met £8,000 of qualifying expenditure is exempt.

The employee is starting employment, changing their employment duties, or changing the location of their employment duties and

the relocation must be to allow the employee to live within reasonable travelling distance of the place where they will normally perform their duties and

the employee's former residence must not be within a reasonable travelling distance of that place.

Qualifying relocation costs include costs of buying or selling a home, moving costs, buying certain things for a new home, bridging loans.

Non-qualifying costs that the employer reimburses to the employee should be recorded through the payroll.

Non-qualifying costs that the employer pays directly should be recorded in form P11D.

## **1.31 Scholarship, bursary, exhibition or other educational endowment for an employee's family member**

Exempt only if the scholarship is 'fortuitous'. This means that there is no direct connection between the employee working for the employer and their family member getting a scholarship.

A scholarship is fortuitous if all the following apply:

- the person with the scholarship is in full-time education
- the scholarship would still have gone to that person even if their family member didn't work for the employer
- the scholarship is run from a trust fund or under a scheme
- 25% or fewer of the payments made by the fund or scheme are for employment-linked scholarships.

## **1.32 Training**

Staff training that is work-related is exempt. The training must help the employee to undertake her duties in a better way. The exemption covers travel and subsistence if the training takes place at a site other than the employee's workplace. The exemption does not include staff entertainment events after the training.

## **1.33 Travel and subsistence**

This category of expense includes travel, overnight accommodation, subsistence, parking charge, tolls, congestion charges, and business phone calls.

### **1.33.1 Business travel**

Business travel is exempt. The employee must be obliged to incur the expense travelling in the performance of their duties or travelling to or from a place they have to attend in the performance of their duties.

Business travel is not ordinary commuting, that is, travel between a permanent workplace - see 1.33.2 - and home, or private travel.

The employer must pay either the employee's actual costs or a flat rate (either a benchmark rate, or a bespoke rate approved by HMRC).

Incidental overnight expenses, e.g., newspapers, laundry,, phone calls home, are exempt if the amount paid is no more than £5 per night for travel within the UK, or £10 per night for travel outside the UK.

It is necessary to keep a record of when and why the employee travelled and keep receipts.

## **1.33.2 Permanent Workplace**

### **1.33.2.1 Definition of a permanent workplace**

A workplace is somewhere an employee attends in the performance of their duties.

A permanent workplace is a workplace which the employee attends regularly and is not one that meets the definition of a temporary workplace (see ).

Regular means:

1. frequent or
2. it follows a pattern such as once a fortnight or
3. all or almost all of the time that the employee holds the employment.

Even if an employee attends a workplace only 1 or 2 days a week the workplace may still be a permanent workplace.

Travel between home and a permanent workplace is called ordinary commuting and it is not exempt.

### **1.33.2.2 More than one permanent workplace**

An employee can have more than one permanent workplace at the same time. For example:

1. if an employee's management duties require that she visit another office of her employer once a fortnight
2. employees required to split their time between 1 or more offices
3. senior staff who visit other locations

In order to determine whether there is more than one permanent regular workplace consider the following:

1. is there regular travel to another workplace?
2. Does the employee perform a significant proportion of their duties there?
3. Do they regularly use office facilities?
4. Do they undertake core duties there?
5. What does the job require?

The cost of travel between two permanent workplaces is exempt.

#### 1.33.2.3 Living accommodation – permanent workplace

If an employee is working at a permanent workplace and their employer provides them with living accommodation owing to COVID-19, the cost is taxable, unless the normal conditions for exemption of the cost of living accommodation are met.

### 1.33.3 Temporary workplace

#### 1.33.3.1 Exemption

The cost of travel to and from a temporary workplace is normally exempt.

But where the travel to the temporary workplace is not significantly different to the ordinary commuting journey the cost of the travel to the temporary workplace is not exempt.

Exemption applies only:

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1. where the employee has to attend a temporary workplace on a particular occasion to carry out the duties of the employment and
2. when travel or attendance is necessary.

The fact that it is easier for the employee or suits them better cannot be the factor that determines exemption. For example, if an employer allows an employee to work at the home of her aunt who is unwell so that the employee can look after her aunt, the cost of travel to or from her home and the aunt's home is not exempt. Even though she carries out the duties of her employment there, her attendance at her aunt's home is not an objective requirement of the duties of her employment

### 1.33.3.2 Passing a permanent workplace on the way to a temporary workplace

If the employee does not stop at the permanent workplace the cost of the entire journey is exempt.

If the employee stops and performs substantive duties at the permanent workplace there are 2 journeys: from home to the permanent workplace, and from the permanent workplace to the temporary workplace. The cost of the second journey is exempt, but the first journey is ordinary commuting.

### 1.33.3.3 Temporary workplace definition

A workplace is temporary if an employee only goes there to perform a task of limited duration or for a temporary purpose, even if the employee attends regularly. Limited duration means an employee attends a workplace for a limited period of time to carry out a particular task or project.

A workplace is not temporary if the employee attends it in the course of a period of continuous work which lasts or is likely to last more than 24 months (or all or almost all of the time the employee holds the employment if shorter). Continuous work means that the employee spends 40% or more of their working time at that workplace.

So, if an employee has an end date for working at a workplace, and that end date is more than 24 months from the date they start working at the workplace, it is necessary to consider whether they will work at the workplace for more than 40% of their working time, in order to determine whether the workplace is temporary or permanent. If an employee works at a workplace for 1 day a week for 28 months, that workplace is temporary.

If attendance is expected to last 28 months, but after 12 months you know it will only last 20 months, you can treat the workplace as temporary from the date that you know attendance will be less than 24 months. If attendance is expected to last 10 months but after 6 months this is extended to 3 years the workplace will be treated as permanent from the point at which you know it will be more than 24 months.

An employee can attend a workplace regularly and perform duties there which are not of a limited duration without it becoming a permanent workplace, providing that each visit is for a temporary purpose where attendance is for a particular reason rather than part of a series of visits for continuation of a particular task. For example, where an employee carries out a safety check each week at another workplace, the jobs performed on each visit are self-contained, so the purpose of each visit considered alone is temporary. But, if an employee is regularly carrying out their full range of duties in another office and these are ongoing and continuous, attendance is not for a self-contained purpose, so the workplace is not a temporary workplace.

#### 1.33.3.4 Furlough and temporary workplace

If an employee was furloughed when they were travelling to a temporary workplace, the period of furlough is part of continuous work. A period of working from home is also part of continuous work. The workplace stops being temporary from the date when attendance is expected to be more than 24 months.

#### 1.33.3.5 Living accommodation – temporary workplace

If an employee is working at a temporary workplace and their employer provides them with living accommodation owing to COVID-19, the cost is exempt, but the amount should be reported on the P11D, even if the value of the benefit is nil.

### **1.33.4 Geographical Areas**

Some employees have a job where their duties are defined by a geographical area, for example, a salesman who has no physical office but deals with all the customers in a particular area. Where the employee has no other permanent workplace the geographical area will be their permanent workplace.

The following conditions need to be satisfied.

1. The employee has no other permanent workplace
2. The employee attends the area regularly in the performance of their duties

3. The employee has a job where his duties are defined by reference to a geographical area.

If the area was treated as a workplace it would be a permanent workplace.

The cost of travel and subsistence when travelling within the boundary of the geographical area, and to other workplaces outside the boundary, while performing the duties of the employment, are exempt.

If the employee lives within the boundaries of the geographical area the cost of travel from the employee's home to the places they attend to carry out the duties of their employment is exempt.

But if the employee lives outside the boundary of the geographical area, their journey from their home to the boundary of the geographical area is ordinary commuting.

### **1.33.5 Home-based employees**

Typical examples of home-based employees are:

1. employees who do all their work at home
2. employees who work partly at home, and partly in an office
3. employees who regularly travel but do some work at home and
4. employees who work at home on an ad hoc basis.

As for all employees travel between home and a temporary workplace is exempt.

Travel to a permanent workplace is not exempt unless the location of the employee's home is dictated by the requirements of the job. This situation is rare because where an employee lives is usually a matter of personal choice.

### **1.33.6 Fixed term appointments**

For employees who are employed for a fixed term of under 24 months it is necessary to consider whether the employee performs or is likely to perform duties of their employment 40% or more at a particular workplace over a period of 80% or more of the likely duration of the employment. If these tests are satisfied the workplace is permanent.



### **1.33.7 Depots and similar bases**

Treated as permanent workplace if:

1. Employee attends regularly and
2. The main reason the employee goes there is because it is the place from which the employee works or where tasks are routinely allocated or
3. It is the main or only place from which the employee works or from where tasks are routinely allocated.

### **1.33.8 Mileage payments to employees for using their own vehicle for business travel**

These payments are exempt, provided they are Approved Mileage Allowance Payments.

The employee must keep records of the business mileage they travel, including dates, start and end points, miles covered, and the reason for the journey.

The approved amount is the business miles x rate per mile for vehicle type.

Up to 10,000 miles:

Cars and vans	45p per mile
Motorcycles	24p per mile
Cycles	20p per mile

Over 10,000 miles:

Cars and vans	25p per mile
Motorcycles	24p per mile
Cycles	20p per mile

### **1.33.9 Mileage payments to employees for using a company car for business travel**

These payments are exempt, provided they are either no higher than the advisory fuel rate, or if they are higher than the advisory fuel rate but the employer is able to show that the fuel cost per mile is higher. HMRC reviews these rates quarterly on 1st March, 1st June, 1st September and 1st December.

### **1.33.10 Passenger payments**

Exempt if paid to employees carrying passengers for business journeys using either their own car or van or a company car or van.

The maximum amount that is exempt is:

number of business miles travelled minus number of business miles where no passenger is carried x approved rate (currently 5 pence per mile).

### **1.33.11 Record keeping**

Employers must ensure that adequate records are kept to demonstrate that payments satisfy the conditions for exemption. The employer should have a system in place to verify the accuracy of employee records and should keep records of date and reason for the journey, the starting point and destination, the miles travelled, and the amount of mileage allowance payments made.

### **1.33.12 Travel from workplace to home when working late**

If all of the following conditions are met payments for travel expenses will be exempt.

The employee must work later than usual and until at least 9 p.m.

This must happen irregularly.

By the time the employee has finished work either public transport has stopped, or it is not reasonable to use it.

The transport is by taxi or similar road transport.

### **1.33.13 Car-sharing arrangement**

If a car-sharing arrangement stops because of unforeseen and exceptional circumstances that are related to covid-19, and the employer either provides transport or reimbursement of the expense of travel from the employee's home to workplace, this may be exempt.

### **1.33.14 Limit for number of exempt journeys for late-night travel and relating to car-sharing arrangements**

The total number of exempt journeys cannot exceed 60 in a tax year.

### **1.33.15 Tickets and Travel Cards**

If a ticket or travel card is provided solely for business travel, the cost of the ticket is exempt.

If a travel card is provided to enable an employee to travel primarily for private purposes, the cost is a benefit.

If a travel card is provided for business travel but the employee also uses it for private journeys, the value of the benefit is calculated as the cost of the travel card minus the real or notional costs of the business journeys that the card is used for. If the value is less than nil there is no benefit.

## **1.34 Trivial Benefits**

A trivial benefit must meet all of the following conditions.

It must cost £50 or less per employee to provide. The £50 is not an allowance.

It is not cash or a cash voucher. A cash voucher is directly exchangeable for cash at the voucher's face value, e.g., a postal order or travellers' cheques

It is not a reward to an employee for their work or performance.

The employee is not entitled to the benefit as a contractual obligation.

Trivial benefits might arise where a gift is provided for staff welfare purposes, e.g., a gift to celebrate a birthday, the birth of a child, or a bereavement.

Food and drink provided for a purpose related to work, e.g., a working lunch, a buffet provided for a monthly meeting, or lunch provided for a seminar or training session provided in house, is not a trivial benefit.

The cost of leaving drinks or a retirement party may be trivial for all employees except the leaver if the cost is not more than £50 per head.

If the same benefit is provided on several separate occasions during a tax year, multiples of that benefit are a single benefit. For example, if a sandwich costing £2 is given to an employee on 45 occasions during a year, the total cost is £90, and so it will not be a trivial benefit.

For directors, office holders, and employees who are members of a director's or officeholders family or household there is an annual cap of £300 that can be exempt.