



## Guide to Claiming Business Related Expenses

### INTRODUCTION

As an Apex Umbrella employee on our Motion contract, you will have an overarching contract of employment which guarantees the same rights as any other permanent employee – Sick pay, Statutory Parental pay, Holiday pay and Pension. Your contract allows you to take on various assignments and for these to be treated as temporary workplaces.

### AM I ABLE TO CLAIM BUSINESS RELATED EXPENSES?

Any employees who have completed an SDC (Supervision, Direction or Control) test, which has found that you are not subject to, (or to the right of) SDC dependant on that the answers were completed correctly on the test and the answers reflect what is materially happening on the assignment and that the assignment or working circumstances have not changed since it was completed. If it is found that the answers have been completed incorrectly or circumstances have changed and you are the subject to, (or to the right of) SDC this guide will no longer apply to you.

You are not able to claim business related expenses when you are a subcontractor or when a workplace is a permanent workplace.

### SUPERVISION, DIRECTION OR CONTROL TEST

From 6th April 2016, the type of expenses that can be paid by umbrella companies to their employees will be determined by the employee's supervision, direction or control (SDC) status. Workers who are not subject to (or to the right of) supervision, direction or control of any person have been able to claim travel expenses. Apex has created a comprehensive SDC test which will be conducted and assessed on an assignment by assignment basis. This sets out questions to assess each of these that you perform. Upon a successful SDC assessment in which you are found to not fall under supervision, direction or control, you then may claim travel expenses as tax relief. If it is found you do in fact fall under SDC then you will be unable to claim expenses as these costs will be deemed to be your ordinary commute.

### WHAT IS SDC? (SUPERVISION, DIRECTION OR CONTROL)

**Supervision** – Is someone overseeing a person doing work, to ensure that person is doing the work they are required to do and it is being done correctly to the required standard.

**Direction** – Is someone making a person do his/her work in a certain way by providing them with instructions, guidance, or advice as to how the work must be done.

**Control** – Is someone dictating what work a person does and how they go about doing that work.



## WHAT IS TAX RELIEF?

Tax relief reduces the amount of tax you have to pay. The amount of tax relief you get will not be the same as the amount of expenses you have claimed for. You will get tax relief based on the rate at which you pay tax.

**For example:** if you claim £60 and paid tax at a rate of 20% in that year, you'll get tax relief of £12.

## SUBMITTING EXPENSES

For expenses to be processed along with your wages, each week we will require you to submit your expense claim form along with the necessary VAT receipts.

The simplest way to do this is via our expense portal that can be found on our website [www.apex-contracting.co.uk](http://www.apex-contracting.co.uk) or complete a paper expense claim form which can be posted to Apex with your original VAT receipts. If you require paper expense claim forms, they can be found in our resources section of our website or please contact Apex, and these will be posted out to you.

**Note:** We require expense claims to be submitted/received by Tuesday Midnight.

## RECEIPTS

Apex requires sight of original VAT receipts that show in detail the goods/services purchased. Credit/bank card statements cannot be accepted. Apex will not approve expenses before sight of original VAT receipts.

## ORDINARY COMMUTING & PERMANENT WORKPLACE

Travel and subsistence expenses are only available provided the journey is not ordinary commuting or private travel. No relief is available for ordinary commuting, which is travel between home (or a place that is not a workplace) and a 'permanent workplace'.

## THE 24-MONTH RULE & THE 40% RULE

There is a range of criteria for determining if a workplace is temporary or permanent, but in general a workplace will always be a permanent workplace if the worker:

- goes to the same workplace over the course of a period of continuous work which lasts or is likely to last more than 24 months, or
- goes to the same workplace for all or almost all of the time for which the worker is likely to hold (or continues to hold) the same employment



**Note:** If you are made aware that an assignment is going to last more than 24 months and we were not made aware of this, you **must** notify us immediately as the workplace will be a permanent workplace.

The 40% rule is used in conjunction with the 24-month rule. The rule applies when you are a mobile worker who has returned to a regular place of work on a consistent basis over a 24-month period. If it is found that you have spent over 40% of your time at a specific workplace over 24 months, irrespective of gaps in employment, and you return to said workplace then the workplace will be considered a permanent one and you will not be able to claim travel and subsistence. The rule will also apply in the below circumstances:

- You have worked at one specific workplace for 10 months and are then notified of the workplaces desire to give you an additional assignment for a further 14 months. Upon accepting this assignment, you will cease to be able to claim travel and subsistence.
- You have received an assignment for one workplace in which the duration is over 24 months and you intend to work solely at this workplace. You will be unable to claim travel and subsistence.

**Definition:** A period of continuous work is defined as a period over which the duties of the employment are performed to a significant extent at that place. Where it is likely 40% or more of your working time will be at that place, that workplace is not a temporary workplace and so it is a permanent workplace.

## THE AREA RULE

The area rule is used in conjunction with the 24-month rule and the 40% rule. In order for yourself (a mobile worker) to be able/continue to claim travel and subsistence, new assignments in which you undertake will need to take place in a different geographical area.

**Geographical Area:** When defining a geographical area there are numerous factors to take into account and it is for that reason we (Apex) define the area in our policy as any sites within a 10 mile radius of one another to be within the same geographical area.

**Scenario:** You have worked at Site A for a duration of 19 months. Now Site B has opened, and you have been asked if you are interested in working there for 5 or more months. Site B is in the same geographical area as Site A. This will now take you over the 24-month period and will mean that your workplace is a permanent one.



## MILEAGE – (OUTSIDE OF FIXED ALLOWANCE)

Mileage can be claimed for all business-related travel while working at a temporary workplace. This is permitted between an employee's home and places they must attend for work purposes.

### Type of vehicle    Rate

Car or van	45p per mile for the first 10,000 miles 25p per mile after that
Motorcycle	24p per mile
Cycle	20p per mile

**Note:** these are the amounts upon which any potential claims are processed at.

### MILEAGE: RECEIPT AMOUNT REQUIRED (As of 1 December 2020)

Engine size	Petrol - amount per mile	LPG - amount per mile
1400cc or less	10 pence	7 pence
1401cc to 2000cc	11 pence	8 pence
Over 2000cc	17 pence	12 pence

### Engine size                      Diesel - amount per mile

1600cc or less	8 pence
1601cc to 2000cc	10 pence
Over 2000cc	12 pence

**Note:** these are the amounts in which we calculate how much in receipts are required in order for ourselves to verify the journey and accept any potential claims.

**HMRC reviews rates quarterly on 1 March, 1 June, 1 September and 1 December. These rates will be updated on our website [www.apex-contracting.co.uk](http://www.apex-contracting.co.uk) accordingly.**

### Examples:

- i. If you were to claim for 100 miles in a 1600cc or less engine sized Diesel car, the required VAT Diesel receipt would be at least £8.00



- ii. If you were to claim 100 miles in a 1400cc or less engine sized Petrol car, the required VAT Petrol receipt would be at least £10.00.
- iii. If you were to claim 100 miles in a 1400cc or less engine sized LPG (Liquefied Petroleum Gas) car, the required VAT fuel receipt would be least £7.00.

### **ADVISORY ELECTRICITY RATE**

The Advisory Electricity Rate for fully electric cars is 4 pence per mile. Electricity is not a fuel for car fuel benefit purposes.

### **MILEAGE CALCULATOR**

For assistance in calculating the value needed in VAT receipts to cover mileage claims please refer to our Fuel Calculator which can be found on our website [www.apex-contracting.co.uk](http://www.apex-contracting.co.uk).

### **FIXED EXPENSE ALLOWANCE**

Further legislation changes to apply from 6<sup>th</sup> April 2016 prevents expenses being paid free of tax and NIC's (National Insurance Contributions) as part of a 'salary sacrifice' arrangement or at an unapproved scale rate. Rather than your expenses varying each week, we now must set a fixed allowance for the amount of expenses claimable at the start of your assignment which cannot be amended for the duration of the assignment. For this reason, it is vital that you estimate your expenses accurately. All expenses except mileage are covered by this rule.

Fixed expenses must not be as high as your set allowance as this will mean that we will not be able to pay these out, even as income.

### **OTHER TRANSPORT COSTS – (PART OF FIXED ALLOWANCE)**

Expenses for other transport costs that have occurred getting to and from your temporary workplace can be claimed; These include public transport such as train, underground, tram, coach, bus and ferry journeys, road tolls and parking, taxi fares and air fares.

**Original receipts must be submitted along with these claims to be processed.**

### **ACCOMMODATION – (PART OF FIXED ALLOWANCE)**

Accommodation expenses that have been incurred while working at a temporary workplace away from home are claimable – hotels, B&Bs or lodgings. **For these, VAT receipts are required that detail the date of stay, the name, address and contact details of the establishment.**

### **INCIDENTAL OVERNIGHT EXPENSES – (PART OF FIXED ALLOWANCE)**

If you are staying away from home overnight, £5 per night for overnight stays are permissible – for example newspapers, laundry, and home phone calls.

**Original receipts must be submitted along with these claims to be processed.**



## **OVERNIGHT SUBSISTENCE – (PART OF FIXED ALLOWANCE)**

Up to £25 in subsistence expenses that have occurred due to staying in accommodation while working at a temporary workplace are claimable, provided the cost of any meals are not also included in an accommodation payment. (Allowable expenses can include the cost of a meal and the cost of a reasonable level of refreshments with the meal).

## **SUBSISTENCE – (PART OF FIXED ALLOWANCE)**

A meal is defined as a combination of food and drink. Costs that have occurred for such and that are consumed within the working day are claimable at the below rates depending on the below qualifying conditions.

- The travel must be in the performance of an employee's duties or to a temporary place of work, on a journey that is not substantially ordinary commuting.
- The employee should be absent from his normal place of work or home for a continuous period in excess of five hours or ten hours.
- The employee should have incurred a cost on a meal (food and drink) after starting the journey and retained appropriate evidence of their expenditure.

<b>Minimum journey time</b>	<b>Maximum amount of meal allowance</b>
5 hours	£5
10 hours	£10
15 hours (and ongoing at 8pm)	£25

**Note:** Since the legislation changes in April 2019 receipts for subsistence is no longer required. It is recommended you retain appropriate receipts to show that you have incurred an expense on the occasions that you receive subsistence tax relief. Apex conducts an audit on a sample of claims each week and request evidence in the form of receipts.

## **TOOLS, PROTECTIVE CLOTHING & SAFETY WEAR – (PART OF FIXED ALLOWANCE)**

The cost of repairing or replacing equipment that you need to do your job is claimable, along with the cost of genuine protective clothing and safety wear that is worn as a matter of physical necessity because of the nature of the job and where you must bear the cost is also claimable. These amounts are claimable as a fixed rate expense and this amount depends on your job and the industry you work in. Please refer to HMRC's "List of industries and occupations" table to see the amount in which you can claim for.



**Original receipts must be submitted along with these claims to be processed.**

### **EYESIGHT TESTS – (PART OF FIXED ALLOWANCE)**

If your job involves repetitive use of computer monitors or any other screens, then you can make a claim of up to £20 towards your test in the form of a tax relievable expense. In order to be able to claim for this we need receipts from an approved optician.

**Original receipts must be submitted along with these claims to be processed.**

### **BUSINESS PHONE CALLS – (PART OF FIXED ALLOWANCE)**

As an Apex employee you can claim for any calls from your mobile phone which relate to work purposes. In order to process any claims from yourself, **we require work-related calls which fall outside of your call package to be highlighted and itemised. We also require the original bill not a copy or photocopy.** Only the cost of work-related calls which fall outside your call/minutes allowance will be given back to you in the form of a tax relievable expense.

### **PROFESSIONAL FEES & SUBSCRIPTION EXPENSES**

You can claim tax relief on fees or subscriptions for some professional organisations if:

- HMRC has approved them
- being a member of the organisation is relevant to your job

If the organisation has been HMRC approved they can tell you how much tax you can claim back. You cannot claim tax back on life membership subscriptions, or for fees or subscriptions you:

- do not need to do your job
- have not paid yourself
- have paid to professional organisations that are not approved by HMRC

Please check this list to check if your organisation has been approved by HMRC:

[HMRC Approved Professional Fees & Subscription List](#)

If your organisation is shown on the list, you can get tax relief by claiming this on a P87 form or by entering the amount in box 19 of the [SA102 page](#) if you need to complete a Self-Assessment tax return.

### **P87 OR SELF-ASSESSMENT TAX RETURN**



As costs vary and as we operate in line with the legislation regarding fixed expense allowance, it may be advisable that you claim income tax relief for your employment expenses via the P87 form or via a Self-Assessment tax return via HMRC.

Any unclaimed expenses relating to expenses incurred wholly, necessarily, and exclusively in the performance of your business duties where the expense is above and beyond the fixed expense allowance is still claimable via your tax return or a P87.

## **AUDITING**

All expense claims are validated by our team before being processed. We conduct regular audits on any expenses which have been approved and these are carried out by an alternative member of staff than who originally authorised the expenses.

Areas the audit will check:

- SDC – A review will be carried out confirming an employee’s SDC status.
- Receipts – Clear VAT receipts must be provided where applicable.
- Miles Travelled – Accurate mileage for any distance must be given.
- Mileage – Fuel receipts must cover mileage paid out.
- Fixed Expenses – A check will be carried out which will ascertain whether the employee has exceeded the fixed cap set within their SDC test. Also, we will audit the set cap and ensure this has not been overstated.
- Legitimacy – Any and all expenses will be checked to make sure that they have been incurred wholly, exclusively, and necessarily whilst the employee is carrying out their duties.

Upon an audit concluding that the expenses should have not been authorised, this will be amended and may affect employee’s ability to claim future expenses via ourselves.

Apex’s company policy requires an audit on a sample of claims each week and with such may request evidence in the form of receipts. The number of expense claims audited on a weekly basis may vary based on the number of claims which have been received, however no less than 15% of claims will be audited.

## **FRAUDULENT, FALSE OR DUPLICATE EXPENSES**

Upon review/audit of any expenses which are found to be either fraudulent, false or a duplication, Apex will seek to take disciplinary action with immediate effect.