



## Important Info...

As part of the service we offer to our clients, we have agreed with HM Revenue and Customs, a number of expenses that you may treat as allowable against tax and do not require supporting receipts.

### Examples of these expenses are:

- £7.50 per day for lunch subsistence
- £25.00 per night for overnight meal subsistence
- £2.00 per week for use of home as office

Look out for the ✓ in this guide which highlights these non-receiptable expenses.

In order to claim these expenses please ensure you complete and submit a Key Expense Claim Form.

*\*Please ensure you satisfy the qualifying conditions as outlined in these Allowable Expenses Guidelines, when claiming these expenses.*

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# Key Questions

- **Why am I eligible to off-set Allowable Expenses against income tax?**

As a temporary worker attending a temporary workplace for a limited amount of time, you are considered “site-based” and you are therefore permitted to off-set legitimate business expenses against income tax.

- **What is an Allowable Expense?**

To qualify as a legitimate business expense, an item of expenditure must be incurred, wholly, necessarily and exclusively in the performance of your duties.

- **Why should I claim Allowable Expenses?**

Claiming Allowable Expenses will reduce your taxable income, reducing the overall amount of tax and National Insurance you pay - therefore increasing your net take-home pay.

- **What Allowable Expenses may I claim?**

The Allowable Expenses are limited in nature. Details of which expenses you may claim during your assignment are provided in this guide.

- **How do I claim Allowable Expenses?**

To claim Allowable Expenses, please complete the details of your expense claims on the relevant sections of the Expense Claim Form, including all related receipts where applicable. When claiming mileage, please ensure you record the number of miles on the Expense Claim Form. You are required to keep a record of your business journeys, please see page 4 for further information. All Expense Claim Forms should be submitted to Key Portfolio in accordance with your pay cycle.

- **What should I do if I work through more than one recruitment agency?**

To ensure the expenses you claim are off-set against the correct agency assignment to which they were exclusively incurred, please ensure you complete an Expense Claim Form for each agency you work through,

*e.g. you work through two agencies in a single five day week and wish to claim the £7.50 per day for lunch. You work through Agency 1 for two days of the week and through Agency 2 for three days. You must complete **TWO** Expense Claim Forms ensuring the claim for Agency 1 has two days lunch allowance and the claim form for Agency 2 shows three days lunch allowance.*

- **What happens if I incur a particular expense that relates to work done through more than one agency?**

You should pro-rata the value of the single expense by the number of days worked through each agency,

*e.g. you work through two agencies and incur travel expenses by purchasing a weekly travel card valued at £15.00. You work through Agency 1 for two days of the week and through Agency 2 for three days. You must complete **TWO** Expense Claim Forms dividing the cost of the expense as follows:*

**Weekly Travel Card = £15.00** (divided by 5 days = £3.00 per day)  
**Agency 1 = £6.00** (£3.00 x 2 days)  
**Agency 2 = £9.00** (£3.00 x 3 days)

# Introduction to Allowable Expenses

Due to the nature of your employment status, you are entitled to off-set certain expenses against income tax whilst working for Key Portfolio. These allowable expenses are deducted from your gross income before tax and National Insurance is calculated and are effectively paid to you “tax free”.

This guide details the expenses which are considered by HM Revenue & Customs (HMRC) as tax deductible and are therefore not likely to incur any future tax and National Insurance liabilities. The allowable expenses are limited in nature, therefore in the event that you expect to incur expenditure on any items not included within this guide and which you consider should be tax deductible, you should firstly contact us and discuss your potential claim with our **Client Care Team on 0845 371 0303**.

HMRC require Key Portfolio to submit a form “P11d” at the end of each tax year (5th April) that details all expenses paid to you during the previous tax year. However, any expenses for which Key Portfolio have an HMRC approved dispensation do not fall into this category and are not required to be reported on the P11d. The P11d is open to review by HMRC who in some cases may reject expense claims that they do not feel were incurred wholly, necessarily and exclusively in the performance of your duties. If this does occur, you will receive an additional tax bill some time after 5th April.

The expenses are divided into four categories for convenience and you may qualify to make claims under one or more of these categories:

- 1 Site-based workers**.....page 4-5
- 2 Any worker required to stay away from home on business**...page 6-7
- 3 Miscellaneous expenses that apply to all workers**.....page 8-9
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Whilst the facility to off-set certain expenses against tax and National Insurance is a welcome benefit, we advise caution against illegitimate claims. Key Portfolio are extremely experienced in policing expense allowances and therefore advise you to ensure that any claims you make are reasonable, “bona fide” and adhere to the rules detailed in this guide.

# Category 1

## Site-based workers

In order to qualify to claim any expenses detailed within **Category 1**, you have to be considered as a site-based worker. To be considered a site-based worker, you must fulfil both of the following criteria:

**You have not been nor do you expect to be at the same Client site for more than 24 months. (Your previous permanent employment site must be included in the consideration of this criterion).**

**AND**

**You must work at more than one site during your contracting career.**

### ● Mileage

If you use your own vehicle to travel between your home and Client site, you are entitled to claim a mileage allowance in accordance with HM Revenue & Customs Approved Mileage Rates.

**Please refer to the table below for the applicable rates:**

2007/08	First 10,000 Miles in Tax Year	Over and Above 10,000 Miles in Tax Year
Cars & Vans	40p per mile	25p per mile
Motorbikes & Scooters	24p per mile	24p per mile
Bicycle	20p per mile	20p per mile

To advise Key Portfolio of the amount of miles you are claiming, simply record your vehicle type and total miles on the Expense Claim Form.

**You are not required to provide receipts for mileage claims.**

**However, please be aware that HMRC require you to keep a log of your business journeys. We suggest you record the following information:**

- Date of Journey
- Journey Start Location
- Journey End Location
- Total Miles

**Key Portfolio do not require sight of these records.**

### ● Fares to Work

You are entitled to claim the cost of public transport to and from your Client site if this is your preferred method of travel.

**Original tickets must be submitted where receipts are unavailable.**

### ● Parking

Receipts must be submitted for off-street parking. Please advise Key Portfolio if you cannot obtain a receipt for parking and please ensure you keep a record of parking meter payments.

**Receipts or a record of parking payments must be submitted with your claim.**

### ● Lunch Subsistence ✓ *available as a non-receipted round-sum allowance*

The reasonable costs of lunches whilst at work are allowable as they are attributable to attendance at the work site. You may claim a non-receipted round-sum allowance approved by HMRC at the rate of £7.50 per day.

**If you do not claim the round-sum allowance, your claims must be supported by receipts and costs must be reasonable.**

### ● Evening Meal Subsistence

If you work beyond your “normal evening meal time” you may claim the reasonable cost of an evening meal, once again supported by receipts. However, if these claims become regular, then your “normal evening meal time” will be deemed to have changed and therefore this particular expense will no longer be allowable.

**Receipts must be provided with your claim.**

## PLEASE BE AWARE

As soon as you know that a contract will be your last, no further site-based expenses can be claimed (*from the time that you become aware*).

If you will be based at only one site throughout your contracting career or expect to remain at a single site for more than 24 months, you may not claim any of the above expenses. However, travel costs whilst away from home on business can be claimed (*please see the following page*).

## Category 2

### Any worker required to stay away from home on business

#### ● Hotels, Bed & Breakfast's (B&B's) and Rented Accommodation

The cost of Hotels or B&B's and rented accommodation (*including utilities, excluding water rates*) can be claimed provided that you maintain and continue to pay for a main residence elsewhere in the UK. You must return to your main residency each weekend.

Your initial accommodation expense claim must be accompanied by your rental agreement. Once Key Portfolio is in receipt of your rental agreement, you are not required to provide rental receipts with any further accommodation expense claims associated to that address. However, if you are unable to provide a rental agreement, receipts must be submitted with each claim for accommodation. Please also ensure that once your rental agreement has expired, you provide Key Portfolio with confirmation of the rental extension.

If you maintain and continue to pay for a main residence elsewhere in the UK, but you do **NOT** return to it each weekend, you may claim only the weekday costs of a Hotel or B&B or up to five sevenths of the cost of rented accommodation.

If you do not maintain and continue to pay for a main residence elsewhere in the UK, then none of the costs of the Hotel, B&B or rented accommodation can be claimed.

**Receipts or a rental agreement must be provided with your claim.**

● **Overnight Meal Subsistence** ✓ *available as a non-receipted round-sum allowance*

You are entitled to claim the reasonable costs of all evening meals whilst working away from home on business. You may claim a non-receipted round-sum allowance approved by HMRC at the rate of £25.00 per night spent away from home on business.

When staying in a hotel, if your bill includes the cost of an evening meal, please ensure you do not claim the £25.00 per night round-sum allowance.

**If you do not claim the round-sum allowance, your claims must be supported by receipts and costs must be reasonable.**

● **Personal Incidental Expenses (PIE)**

This is meant to cover incidental expenses incurred while away from home overnight such as laundry, telephone calls, newspapers, etc.

The maximum that can be claimed as tax allowable is £5.00 per night but you need to ensure that you do not claim more than £5.00 accidentally, *e.g. if you claim £5.00 and then have a newspaper cost on your hotel bill which takes you over the limit, the whole amount will then become taxable.*

**Receipts are not required for this claim.**

# Category 3

## Miscellaneous Expenses that apply to all workers

The expense categories listed below are applicable to all types of temporary worker:

- **Use of home as office** ✓ *available as a non-receipted round-sum allowance*

Provided that a part of your home is set aside for use as an office, you may claim a suitable amount for the additional cost that this entails. If requested, you must be prepared to provide evidence of the additional costs covered by this claim. You may claim a non-receipted round-sum allowance of £2.00 per week.

**Receipts are not required with this claim.**

- **Telephone and Internet**

You are entitled to treat the costs of any business calls and internet charges that are incurred wholly, necessarily and exclusively in the performance of your duties as tax allowable. Please be aware that the costs of telephone & internet line rentals/monthly subscriptions **CANNOT** be claimed as tax allowable. An itemised bill must be provided to Key Portfolio with the relevant business call charges clearly highlighted.

HMRC **DO NOT** recognise Pay As You Go mobile phones for business use and therefore no claims can be made for Pay As You Go calls.

**A highlighted itemised bill must be provided with your claim.**

- **Car Hire**

The receipted cost of car hire can be claimed provided it is for business use and claims are made for working days only. No mileage allowances can be claimed whilst using a hire car. However, petrol costs for the business use of the hire car may be claimed on production of receipts. Should a hire car be used for more than 30 days in a tax year, there is a risk that HM Revenue & Customs will treat this as a company car and you will suffer the very onerous benefit-in-kind charge levelled on company cars.

**Receipts must be provided with your claim.**

- **Postage, Faxing and Photocopying**

Only the costs specifically related to your work may be treated as tax allowable.

**Receipts must be provided with your claim.**

### ● Stationery

Only stationery costs specifically related to your work may be treated as tax allowable.

**Receipts must be provided with your claim.**

### ● Training Courses

Training courses are tax allowable if the course provides an extension of existing knowledge and not a completely new skill. Any expenses connected with attending the training course are also tax allowable. Please check with us in the first instance as issues such as location may well change the status of the expense.

**Receipts must be provided with your claim.**

### ● Books and Journals

Books and Journals that are wholly, necessarily and exclusively required in the performance of your duties can be treated as tax allowable.

**Receipts must be provided with your claim.**

### ● Subscriptions

Subscriptions to organisations are tax allowable if they satisfy two criteria:

**The organisation appears on the HMRC list of permitted subscriptions.**

**(Details can be found on the HMRC website at [www.hmrc.gov.uk/list3/list3.htm](http://www.hmrc.gov.uk/list3/list3.htm))**

**AND**

**Membership is a requirement of your job.**

**Receipts must be provided with your claim.**

# Category 4

## Expenses for Non-UK Nationals

Non-UK nationals coming to the UK to work are allowed to treat a range of expenses as tax allowable. In order to qualify, the non-UK national must fulfil either of the two requirements below:

**The non-UK national was not resident in the UK in either of the two tax years preceding the tax year in which the date of arrival falls. The UK tax year spans 6th April to 5th April.**

**OR**

**The non-UK national was not in the UK for any reason, at any time in the two years ending on the day immediately preceding the date of arrival.**

If the non-UK national fulfils either of the two requirements above, they may only treat the following range of expenses as tax allowable for a maximum period of five years from the date of their arrival.

**A non-UK national who satisfies the set criteria may treat the following as tax allowable expenses:**

● **Travel**

Non-UK nationals are entitled to treat as tax allowable, the full cost of journeys from the country where they usually live to the place where they are working in the UK and back home after carrying out those duties - there is no limit to the number of journeys to which the employee can get relief.

**Travel tickets must be provided where receipts are unavailable.**

● **Travel for family members**

If the non-UK national's work in the UK keeps him or her in the UK for 60 days or more - the cost of a spouse and children travelling from their home to visit or accompany the non-UK national to the place where he or she is working in the UK and their return journey is tax allowable. However, the non-UK national can only get relief for up to two return journeys in each tax year for his or her spouse and/or children.

**Travel tickets must be provided where receipts are unavailable.**

● **Accommodation**

Accommodation costs incurred by the non-UK national are tax allowable. However, if the non-UK national comes to the UK with a spouse and or children and incurs additional costs to accommodate their family, only the equivalent costs to house themselves can be considered tax allowable. For further guidance on this subject please contact our **Client Care Team on 0845 371 0303**.

**Receipts or a rental agreement must be provided with your claim.**

● **Subsistence**

Subsistence costs to include all receipted meals but excluding the purchase of groceries.

**Receipts must be provided with your claim.**

# Disallowable Expenses

The following expenses **CANNOT** be treated as tax allowable:

- Computer consumables (*unless, wholly, necessarily and exclusively used for business purposes*)
- Computer equipment
- Furniture and fittings
- Clothing (*except protective wear and uniforms*)

If you have any further queries on claiming expenses, please contact our Client Care Team on 0845 371 0303.

## Direct Expenses

Any expenses that are reimbursed to you in full by your Agency or Client are known as “Direct Expenses”. Direct Expenses are paid to you without deduction to reimburse your actual expenditure and these costs can therefore **NOT** be claimed for tax relief in addition.

If you have any further queries on claiming expenses, please contact our **Client Care Team on 0845 371 0303**.

**All expense claims, along with any required receipts must be posted to:**

**Key Portfolio Ltd  
Key House  
18 Seaward Place  
Centurion Business Park  
Glasgow  
G41 1HH**

However, if your expense claim **ONLY** contains non-receiptable expenses, you may fax it to: **0845 371 0304**,

**Copies of our Expense Claim Form can be obtained by:**

- Visiting our website at [www.mykeypay.com](http://www.mykeypay.com)
- Calling our Client Care Team on **0845 371 0303**