



Travel & Subsistence for Employees & Directors – Factsheet

Employers have certain tax, National Insurance and reporting obligations for travelling and subsistence expenditure incurred by or on behalf of employees and often gives rise to many problems. Highlighted below are the main areas to consider in deciding where the tax relief is available on that travel and subsistence

Employees with a permanent workplace

Many employees have a place of work which they regularly attend and make occasional trips out of the normal workplace to a temporary workplace. Often, an employee will travel directly from home to that temporary workplace and vice versa.

An employee can claim full tax relief on business journeys made.

Business journey

A business journey is one which either involves travel:

- from one place of work to another or
- from home to a temporary workplace or
- to home to a temporary workplace

Journeys between an employee's home and place of work which they regularly attends are not business journeys. These journeys are



ordinary commuting and the costs of these have to be borne by the employee otherwise this could be seen as a 'benefit in kind' or it would be noted on the employees wage slip as 'travel allowance' and would be taxed the same tax rate as their salary. The tax implications and the work involved in processing the information usually mean these payments are not the benefit they may seem. An alternative would be if the employee is a regular homeworker and the employer makes their home their place of work they could then reimburse the employee for the journey. We look more at homeworkers later.

Subsistence payments

Subsistence includes accommodation and food and drink costs whilst an employee is away from the permanent workplace. Subsistence expenditure is specifically treated as a product of business travel and is therefore treated as part of the cost of that travel.

Some travel between a temporary workplace and home may not qualify for relief if the trip made is substantially similar to the trip made to or from the permanent workplace. Substantially similar is interpreted by HMRC as a trip using the same roads or the same train or bus for most of the journey.

Temporary postings

Where an employee is sent away from their permanent workplace, the new workplace will still be regarded as a temporary workplace if:

- the posting is either expected to be more or less than 24 months or
- it's expected to be for more than 24 months, the employee is expected to spend less than 40% of working time in the new workplace, the employee must still retain their permanent workplace



Site Based Employees

Some Employees do not have a normal place of work but work at a succession of places for several days, weeks or months. Examples of site based employees include construction workers; safety inspectors, computer consultants, and relief workers.

A site based employees travel and subsistence can be reimbursed tax free if the period spent at the site is expected to be, and actually is, less than two years.

There are anti avoidance provisions to ensure that the employment is genuinely site based if relief is to be given. For example, temporary appointments may be excluded from relief where duties are performed at that workplace for all or almost all of that period of employment. This is aimed particularly at preventing manipulation of the 24 month limit through recurring temporary appointments

Other Employees with no permanent Workplace

Travelling appointments

For some employees, travelling is an integral part of their job. For example, the travelling salesperson who does not have a base at which they work, or where they are regularly required to report. Travelling in subsistence expenses incurred by such an employee are deductible.

Home based employees

Some employees work at home occasionally or regularly. This does not necessarily mean that their home can be regarded as a workplace. There must be an objective requirement for the work to be performed at home rather than elsewhere.



This may mean that another place becomes the permanent workplace for example, and office where the employee regularly reports. Therefore, any commuting costs between home and the office would not be an allowable expense. But trips between home and temporary workplaces will be allowed.

If there is no permanent workplace then the employees treated as a site based employee. Thus, all costs would be allowed including the occasional trip to the employers office.

The home may still be treated as a workplace under the objective test above. If so, trips between home any other workplace in respect of the same employment will be allowed.

How we can help

We provide a comprehensive payroll service as well as a one of consultation service where we can support you in setting up your payroll and outlining your responsibilities.

As your payroll provider we provide support and guidance such as if you what the best option for employee travel reimbursement is and we also produce the P11D 'benefit in kind'