



MD ACCOUNTANCY

TEAM LIMITED

**BACK
TO BASICS**

**TRAVEL &
HOMEWORKING**





Travel and Working From Home Expenses in a Hybrid World

When employers pay travel or home working expenses to staff, they must be satisfied that expenses would be tax deductible – If not the amounts should be taxed through the payroll.



TRAVEL

The travel rules have always been complex, but hybrid working has added to the complexity.

The cost of travel and incidental costs qualify for tax and NIC relief when employees / directors have to travel between different workplaces / appointments or other business activities.



TRAVEL CONTINUED...

Home to Office travel is considered commuting and is not tax deductible unless:

- “Office” qualifies as a temporary workplace OR
- “Home” qualifies as a workplace

If an employee is working from home and goes into the office one day a week the office is not a temporary workplace

If the contract of employment states that the employee works from home but is required to attend occasional meetings, it makes the office a temporary workplace and travel and related subsistence are allowable.

When travel is allowable for tax, so are the incidental costs of travel, these include:

- subsistence
- accommodation
- incidental overnight costs

In order to reimburse an employee or director’s expenses tax free, an employer has the options, to reimburse using:

- HMRC's benchmarked scale rates or
- Actual expenses as formally claimed by the employee.

A scale rate payment may be paid to an employee as a reimbursement of expenses without the need for ongoing receipts, but it may only be paid to an employee who incurs an actual expense.

Scale rates exist for:

Car and Van mileage in own car: 45p per mile for the first 10,000 miles, 25p thereafter.



PAYMENTS BY EMPLOYERS FOR HOMEWORKING ARRANGEMENTS



Employers adopting home working arrangements can consider making payments to employees to reimburse their additional household expenses.

There must be a contractual arrangement that the employee works from home (not a flexible one that they can if they wish). This may also apply if the arrangements involves hybrid or flexible working. Providing the homeworking is regular or follows a pattern the days worked from home can vary week to week

While Employers can reimburse reasonable additional household expenditure incurred by an employee in carrying out the duties of the employment at home, in practice the amounts may be difficult to quantify. Therefore HMRC accept that £6 per week or £26 per month can be paid to an employee working regularly at home without the employer having to justify the amount paid. In that case the employee does not have to keep any records to demonstrate the additional expenditure.



PAYMENTS BY EMPLOYERS FOR HOMEWORKING ARRANGEMENTS CONTINUED...

Required to work from home

An employee who is required to work from home may claim the additional costs of home working from their employer. If the employer does not reimburse these costs a deduction may instead be claimed on their tax return or via HMRC online, they may claim the actual cost of claim the fixed homeworking allowance.

Working from home on a voluntary basis

If an employee works from home on a voluntary basis, they may be reimbursed a set homeworking allowance of £6 per week by their employer, but no claim is possible if the employer does not reimburse expenses.

Please note that home working creates responsibilities for the employer which should be considered carefully, and suitable policies and procedures need to be in place to protect both the employee and the employer. You should seek advice where needed.

Questions and Further Information

If you have any questions, or would like further information about anything contained within this Back to Basics factsheet, please speak to a member of our team who will be happy to assist you.

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