



# WE CONTRACT® EXPENSES POLICY

## FOR UMBRELLA EMPLOYEES





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## EXPENSES POLICY

This document outlines the expenses you are allowed to claim as an employee working for We Contract. These guidelines will help ensure you are compliant with HMRC legislation.

In summary, there are two distinct categories of expenses: qualifying travel expenses i.e. the amount paid for travel which is necessary in the performance of duties by employees of We Contract, and other expenses incurred “wholly, exclusively and necessarily in the performance of the duties of the employee”. This means that no expense incurred for private or non-business purpose is allowable. Expenses will only be processed once you have accepted the terms of employment.

Any employee found to be falsifying any expense claim can face disciplinary action and will need to be reported to HMRC, therefore if you have any questions as to whether you can claim for an expense or what you can claim for, please ensure you speak with our operations team.

The amount and type of expenses that you can claim will depend upon your Employment Contract, your job role and whether or not you are subject to, or to the right of, supervision, direction or control (SDC) as to the manner in which you perform your duties. In any case each claim which you make is on the basis that it is not expected that your current assignment will be your last, and by submitting a claim for approval you understand that you are confirming the same.

### WHAT IS THE SDC ASSESSMENT?

We Contract has taken time to create an assessment that adheres to HMRC guidelines and ensures an accurate conclusion as to whether you are eligible to claim expenses.

On speaking with We Contract, we may ask you a predetermined set of open ended questions that will be analysed to determine your SDC status. Alternatively you may be emailed the questionnaire to complete and submit online. We recognise that you may speak with us before you begin working so it will then be followed up by We Contract 2 weeks later, once you are in your role, to ensure the SDC status given at the time of onboarding is correct.

#### YOU ARE **NOT** SUBJECT TO, OR TO THE RIGHT OF SDC

Where we have confirmed to you that in your current assignment you are not subject to (or to the right of) SDC, you are able to claim for any work-related mileage (including the cost of car parking etc).

For fully re-imbursed expenses that your agency / client have allowed you will need to ensure that your initial claim is completed online at [www.we-contract.com](http://www.we-contract.com) and ensure you use your phone to capture images of your receipts to support claims in order for these to be processed tax free. Without such evidence they will be subject to tax.

We will only accept original, genuine or scanned receipts. Each claim which you make is on the basis that it is not expected that your current assignment will be your last, and by submitting the claim for approval you understand that you are confirming the same.

#### YOU ARE SUBJECT TO OR TO THE RIGHT OF SDC

The Finance Bill confirmed that tax relief on travel and subsistence would be removed for temporary workers that are subject to Supervision, Direction and Control (SDC) from April 2016.

Where we have confirmed to you that **you are subject to SDC** only certain mileage expenses can be claimed. This means that you are only able to claim for ‘site to site’ mileage, I.E you are unable to claim from home to work. You are able to claim for the cost of car parking tickets or other similar expenses incurred.

If the expenses claimed in a particular week exceed the amount of funds available to We Contract to meet your employment costs, the excess will not be reimbursed in the same week, but may be carried forward on the same assignment only and paid from in future weeks if funds are sufficient.





## OTHER CLASSIFICATIONS

### “DEPOT” BASED WORKERS

If you start your working day by attending a client depot or base and from there receive instructions on your work and journeys for the day, journeys to/from the depot may be claimed, but not your journey to/from home to the depot or base.

### “MULTI-SITE” WORKERS

If you travel to multiple client sites during a day, but are not required to attend a depot or base, journeys between client sites may be claimed, but not the first journey of the day from home to the first client site or the last journey home from the final client site.

### “SITE-BASED” WORKERS

Different rules apply to site-based workers. If the client requires you to work at various sites during an assignment, but there is no certainty at the outset of the assignment which sites you will attend, you may be regarded as a site based worker such that your journeys to/from home to client sites can be claimed. To confirm

## OTHER EXPENSES

In 2016, HMRC made changes regarding the expenses that you are able to claim. Please see below for a list of allowable expenses.

If your agency fully reimburses your expenses then all below can be processed as tax free by We Contract. If your agency is not reimbursing these expenses then only mileage is claimable through We Contract with all other allowable expenses claimed via a P87 form.

If you are required to complete a P87, it will be up to HMRC’s discretion as to whether any Tax relief is given on these. We Contract has no influence on this decision. **Expense claims via HMRC can be submitted using this link.** If you are unsure, remember to consult with We Contract.

We recommend reading this document after joining We Contract and referring to the relevant section(s) below when necessary:

- Travel
- Subsistence
- Accommodation
- Personal Expenses
- Business Entertainment
- Protective Clothing
- Eyesight Tests
- Tools and Equipment
- Stationery, Phone, Internet, Etc.
- Training
- Professional Subscriptions
- Capital Expenditure
- Incidentals

These sections detail business related expenses based on current tax legislation and the specific regulations defining tax deductible expenses. Please contact us if you have any questions about expenses.



## TRAVEL

Only qualifying travel expenses are allowable and as mentioned dependant on your SDC status. These are mileage costs that employees are obliged to incur in performing their duties as employees.

We will require these expenses to be submitted by email, or by completing an expense claim form along with a copy of the claim to your agency where applicable. Receipts supporting these expenses must be retained and supplied where appropriate.

HMRC specifies that travel to and from a site is an allowable expense if the period of time at the site is expected to be no more than 24 months, which includes any time spent on-site prior to the current assignment. This is classed as a temporary workplace, as opposed to a permanent workplace. Travel costs relating to commuting to and from a permanent place of work and private travel are not claimable.

If at any time the assignment is extended beyond 24 months, no further travel to and from the site is tax allowable from the point at which it becomes known that attendance is to extend beyond this period.

If for example We Contract agree a 30 month assignment from the outset, no expenses can be claimed against the assignment as it is classed as a permanent workplace from day one. The same rules apply to any subsistence and accommodation costs.

One exception to the above principle is where the worker works on more than one site in the course of a single assignment that is expected to be for more than 24 months. Travel between the sites is an allowable expense. Also, **if you spend less than 40%** of your time at any related site other than the one deemed to be your permanent place of work and you travel directly to that site from home or lodgings, that travel expense is allowable.

Regardless of whether your workplace status is permanent or temporary, travel in the ordinary course of business (**not commuting**) is allowable.

### ROAD TRAVEL – USE OF PRIVATE VEHICLES

An employee may claim a cost per mile for allowable business journeys in his or her own vehicle. There is a distinction between the first 10,000 miles in any tax year and any subsequent miles. The HMRC approved rates that may be claimed are as follows:

Type of Vehicle	First 10,000 miles	10,000+ miles
Cars & Vans (including those powered by electricity)	45p per mile	25p per mile
Motorcycle	25p per mile	24p per mile
Bicycle	20p per mile	20p per mile

The cost of parking, toll and congestion charges are also allowable, but fines (e.g. parking or speeding) cannot be claimed.

All employee's using their own vehicle are responsible for ensuring they have the appropriate insurance to drive the vehicle in respect of business use.

### COMPANY VEHICLES – ALLOWABLE MILEAGE RATES

Where an employee meets the cost of fuel for business journeys undertaken in a vehicle made available by the end client the following rates may be claimed. Note these rates may not be paid if your assignment provides that only approved mileage rates for private vehicles can be claimed:

Petrol & LPG Engine Size	Petrol – Amount Per Mile	LPG – Amount Per Mile	Diesel Engine Size	Diesel – Per Mile
1400cc Or Less	10 pence	7 Pence	1600cc or Less	8 Pence
4101CC to 2000cc	12 Pence	8 Pence	1601cc to 2000cc	10 Pence
Over 2000cc	19 Pence	13 Pence	Over 2000cc	11 Pence

### RAIL OR AIR TRAVEL

The cost of train or air fares for business related journeys is allowable, including the cost of first class travel, but they must be supported by a valid receipt or ticket.

### OTHER TRAVEL COSTS

The cost of car hire and the related mileage costs may be claimed as an expense on provision of the relevant paperwork. Travel to an interview is not classed as allowable as the assignment must be agreed, secured and have commenced before expenses can be claimed.

### OVERSEAS TRAVEL COSTS

As with travel in the UK, the cost of overseas travel is allowable where employees are obliged to incur the expense in performing their duties of employment.



## SUBSISTENCE [MEALS]

If your travel costs qualify as allowable under the 24 month (temporary workplace) rule, then meals taken during the journey, whilst at your workplace or at your temporary accommodation (including meals out, pre- packed food and refreshments with the meal) are all allowable.

This is subject to your SDC status, I.E subsistence is only able to be claimed if you are not subject to SDC.

If an employee claims for pre-packaged food, this claim is only valid if purchased on the day that the claim relates to (after the journey has commenced).

The costs claimed in relation to meals and refreshments must be reasonable and receipts must be provided.

If an employee in rented accommodation prepares their own meals, the reasonable cost of the food element is an allowable expense. Such a claim should be supported by supermarket receipts, with the relevant food element clearly marked.

Where the employee has dined with colleagues, only the share of the total cost that pertains to the employee is allowable.

Where receipts are submitted in relation to meals overseas, appropriate identification and explanation of the receipts must be provided in English.

As an alternative to claims in accordance with the above policy where receipts are required, unreceipted subsistence expenses can be claimed provided the below criteria are met:

Description	Amount
One meal rate (more than 5 hours)	£5
Two meal rate (more than 10 hours)	£10
Three meal rate (more than 15 hours)	£15

If you are working after 8pm and have claimed either the one meal or the two meal rate then you may claim an additional allowance of £10.

Note that although you need not submit your receipts with your claim, you must retain your receipts and provide them to We Contract for review on request.

Please note that claims cannot be made where any of the following apply:

- The employee has been working at their permanent workplace.
- No meal has been purchased.
- The employee has brought food from home such as packed lunches.



## ACCOMMODATION

If an employee's travel costs qualify as allowable, then the cost of hotel accommodation for nights spent away from home on business may also be claimed.

The cost of maintaining a rental property is also allowable provided that the use of the property is necessary for business purposes and a permanent residence is being maintained elsewhere. Where rental property expenses are claimed we may ask for evidence of ongoing costs at your home location. Secondary utility bills such as council tax can also be claimed for the rental property, however other utility bills such as electricity, water and gas can only be claimed as secondary costs if your primary residence remains occupied.

Where a rental property is not used exclusively for business purposes, the proportion of costs relating to the period of private usage is not allowable. In such cases, it will be necessary to determine the appropriate split of private and business usage and claim only for the business use.

Where accommodation has been claimed, you will be unable to claim a 'staying with friends or family' overnight allowance or hotel scale rates.

## DRIVER OVERNIGHT ALLOWANCES

Any reimbursed driver overnight allowances must be consistent with the amounts agreed between the RHA and HMRC and may only be reimbursed where there is a fixed expenses arrangement in place or as client billable expenses.

## PERSONAL EXPENSES

An employee making a business trip may spend money on such items as private telephone calls, laundry or newspapers. These are not specifically allowable expenses under the normal tax rules as HMRC regard them as personal rather than business expenditure, however employees staying overnight while away on business or on allowable work-related training are entitled to claim expenditure of this type by means of a Personal Incidental Allowance, even though such expenditure would not be allowable in its own right as subsistence.

These allowances can be claimed to a maximum of £5 per night in the UK and £10 per night overseas (including Eire), averaged over the number of nights away. Although we would recommend keeping receipts, no receipts need be produced but an expense must have been incurred and must be described on the expense claim form e.g. the cost of a newspaper. The allowance cannot be claimed if no expense has been incurred.

Personal costs incurred while away from home on business, for example the cost of child care, are not allowable.

## BUSINESS ENTERTAINMENT

The cost of entertaining clients or anyone else is not allowable.



## **PROTECTIVE CLOTHING**

The cost of the upkeep, repair and replacement of protective clothing and uniforms is allowable where the employee's duties require such items to be worn.

## **EYESIGHT TESTS**

The cost of eyesight tests is allowable. If glasses are required as a result of the test, then the cost is also allowable if the prescription is specifically for work computer use. If it is a general prescription for general use the element which relates to computer use is allowable.

## **TOOLS AND EQUIPMENT**

The cost of the upkeep, repair and replacement of tools and equipment is allowable where these items are wholly, necessarily and exclusively used in one's work – no element of personal use of tools or equipment is allowable.

Whether or not a particular tool or piece of equipment is classed as work related, and therefore allowable, depends on the particular circumstances of each assignment.

## **STATIONERY, PHONE, INTERNET, ETC.**

The cost of stationery, postage, printing, photocopying and phone calls, etc. is an allowable business expense, provided that these are wholly, exclusively and necessarily incurred in the performance of the duties of employment, and provided that receipts or other documentary proof is made available. Allowable costs may include telephone calls made from home and mobile phone costs. Again, each item of expenditure must be business-related and an itemised bill highlighting business calls should be provided. The cost of submitting weekly hours and expense claims by email or post is not allowable. The cost of line rental of a personally owned telephone, or mobile is not reclaimable.

No claim can be made for the costs of personally subscribed broadband facilities, as these as these packages are a fixed cost irrespective of the level of use so there is no additional cost of business use.

## **TRAINING**

The cost of an employee's work-related training courses is an allowable expense and must be supported by an invoice or receipt. This is restricted to genuine training which an employee would NEED to improve or reinforce existing knowledge and skills, which will prove useful to an employee when performing his or her duties or advancing his or her career. If the training is not linked to existing income and/or it is to gain new skills, then this is not classed as a deductible expense. If you are under SDC then you will submit these expenses to HMRC via a P87 form, which We Contract can help you complete.





## PROFESSIONAL SUBSCRIPTIONS

The cost of subscription fees payable to professional bodies is usually allowable in accordance with the role and where it is a statutory condition of employment. Please check the HMRC website for up-to-date details of allowable subscriptions.

## CAPITAL EXPENDITURE

Permission must be obtained before making capital expenditure purchases such as tablets or laptops. Any item purchased must be for the purpose of the current assignment and the item must not be used for private use. Once purchased the item will remain the property of We Contract and the item is expected to be returned to We Contract at the end of your assignment. At the end of employment a fair market price may be agreed to transfer ownership to the employee.

## BILLABLE EXPENSES

All client billable expenses must be detailed on the client timesheet. All client billable expenses will be subject to VAT when invoiced to the client. Billable expenses will only be re-imbursed to the employee upon completion of a valid expenses claim with supporting receipts.

## INCIDENTALS

Other expenses not specifically identified above may be allowable, depending on individual.

## HOW TO MAKE A CLAIM

On our website you will find an Expenses Claim Form where you will also be able to detail your mileage and other expenses. When completing the Expense Claim Form, please attach original receipts for each entry in order for your claim to be accepted.

Claims should be sent in every week and only relate to the days you actually work and will be verified by our expenses team upon receipt of your timesheet. If there are a limited number of claims then monthly submission is acceptable.

In order for your claims to be processed, your signed expenses form and receipts must reach us by 10am Wednesday of the week you are due payment. The form must be completed correctly by you as the employee. Please note if the forms are completed incorrectly then they will be returned to you and the claim will not be processed that week. If any claims are received after Wednesday they may not be processed in time for your payment.

Claims made that are found to be falsified will result in disciplinary action against you. For further information on the disciplinary procedure please see the employee handbook.





## SUMMARY

Please note that all expense claims must be fully supported with relevant documentation and receipts. We Contract take our role as your employer seriously and anything not permitted by HMRC will be automatically disallowed. We also conduct frequent expense audits for complete compliance. If you are uncertain as to whether or not you should claim an expense, please do not hesitate to contact us. You can speak to us on the telephone or via email.

Also note that, if any allowable expenses were not claimed during your employment with We Contract, then the tax relief can be claimed directly from HMRC via a P87 form. Please also contact us for the detail on how to do that.

