

If you incur expenses for the purposes of your employment, which are not reimbursed by your employer, then you may be able to claim tax relief on these expenses.

## How to make a claim

- If you already complete a self-assessment tax return, then these expenses can be included there each year.
- If you do not complete a self-assessment tax return, then if the expenses you are claiming exceed £2,500 you will need to register and complete a return in order to claim.
- If the expenses are less than £2,500 then a claim can be made by using form P87 which can be found on HMRC's website. Alternatively you can call HMRC.

## Flat rate expenses

These can be claimed if you incur expenditure on the maintenance, repair or replacement of work equipment and specialist clothing. These are agreed with the trade unions and are intended to represent the average annual expense incurred by employees. They are an alternative to claiming actual expenditure and there is no need to keep records, receipts or make annual claims, and any adjustment can be made via your PAYE tax code.

The table of agreed amounts for different industries and occupations can be found at:

<https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim32712> If your occupation is not listed, you may still be able to claim a standard annual amount of £60 in tax relief.

## Mileage, travel & subsistence payments

You can claim relief if you use your own car, van or motorcycle for business mileage (i.e. journeys you undertake in the course of performing your job). However you cannot claim for miles travelled between your home and a permanent workplace. The rates of relief are:

Kind of vehicle	Rate
Car or van	45p per mile for the first 10,000 business miles
	25p per mile after the first 10,000 business miles
Motorcycle	24p per mile (all business miles)
Cycle	20p per mile (all business miles)

If you have a company car, you should not use the above rates and must claim for the actual cost of fuel for business journeys which have not been reimbursed.

Other expenses on which you can claim tax relief in connection with your business journey include:

- Public transport costs
- Hotel accommodation if you have to stay overnight
- Food and drink
- Congestion charges and tolls
- Parking fees
- Business phone calls, fax and photocopying costs

## Professional subscriptions

You can reclaim tax on fees or subscriptions paid personally to approved professional organisations - but only if you must have membership to do your job or it is helpful for your work. The list of approved professional

organisations (known as 'List 3') can be found at:

<https://www.gov.uk/government/publications/professional-bodies-approved-for-tax-relief-list-3>

Any other professional fees incurred may be allowed, but only if the employment involves the practice of the profession to which the fee relates, and the payment of the fee is a condition which must be met if that profession is to be practised.

## Purchasing of equipment

You can normally claim tax relief on the full cost of substantial equipment you have to buy to do your work. This is because it qualifies for a type of capital allowance called annual investment allowance.

This will not apply to small items that will last less than two years, such as uniforms and tools. For such items you can claim for the cost of:

- Repairing or replacing small tools you need to do your job (for example, scissors or an electric drill)
- Cleaning, repairing or replacing specialist clothing (for example, a uniform or safety boots)

Note that you cannot claim relief on the initial cost of buying small tools or clothing for work. The amount you can claim for small items is either the actual cost (you will need receipts) or a flat rate expense (as discussed earlier).

## Other expenses

You may be able to claim relief for any other expenses incurred which are not covered above, under the general rules for deductions. A deduction under the general rules is allowed if:

- The employee is obliged to incur and pay the expense as an employee, and
- The amount is incurred "wholly, exclusively and necessarily" in the performance of the duties of employment.

When looking at the terms "wholly, exclusively and necessarily", the word "necessarily" is the biggest obstacle when persuading HMRC that expenses are allowable.

The question HMRC will ask is "could the employee do the job without incurring that particular expense?". If the answer to this question is "yes", HMRC will argue that the expense is not absolutely necessary and is not therefore deductible from taxable earnings. However, if the answer is "no", the expense will be necessary for the performance of the duties and will therefore be allowable.

Another point to note is that the expenditure must be incurred "in the performance of the duties of employment", i.e. whilst doing the job. Any expenses which are incurred to put an employee in a position to do the job are therefore not eligible for tax relief.

HMRC only allows the relief if everyone who holds the same employment also has to incur the expenditure, i.e. HMRC looks at the requirement of the job itself, rather than the circumstances or preferences of any particular individual doing that job.

HMRC is very strict in applying these rules and, as a result, it is notoriously difficult for employees to get relief for expenses under the general rules.

## Contact us for more information

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