



CLIPPER

CONTRACTING GROUP LTD

CLIPPER DRIVE EXPENSES POLICY

A summary of expenses you can claim whilst working for Clipper Drive Ltd, a subsidiary company of Clipper Contracting Group

Using This Guide

Tax law can be a complicated subject but we aim to keep it as simple as possible. This policy is designed to help you understand what you can and can't claim for as a Clipper Drive employee. Ultimately, our aim is to make you as tax efficient and compliant as possible.

The first part of this guide explains the conditions set by HMRC that define when you can and can't claim expenses against tax. It is very important you understand all of these conditions; failure to meet these conditions will result in you being separately assessed and liable for the tax on taxable benefits you have claimed. Please make sure you read them carefully.

The second part of this guide provides a summary of the different types of tax-deductible expenses and the rules around the circumstances in which they can be claimed.

Section A: Summary of Expenses Conditions

- Temporary Workplace
- Significant Location Change
- Fixed term appointment rule
- Area rule

Section B: Summary of Expenses that can be claimed

- Overnight industry scale rate subsistence

Section A: Summary of Expense Conditions

As an employee of Clipper Drive, you may be able to claim for certain expenses such as the Lorry Drivers industry scale-rates (pre-defined amounts set out by HMRC). To qualify for this, you must satisfy the multisite rule, not use salary sacrifice for expenses, your place of work must be regarded as a temporary workplace and you must be anticipating further assignments through Clipper. Each one of these will be explained in more detail below.

Note that any employee falsifying an expenses claim will face disciplinary action in line with the policy outlined in the employee handbook.

1. Temporary Workplace

Travel and subsistence expenses are applicable to those workers who can show they work at a temporary workplace not a permanent one. Travel to a permanent workplace is just commuting and part of the employees cost of going to work. The rules around this are covered in Sections 338 and 339 ITEPA 2003.

Broadly speaking a lorry driver will travel to a depot to collect and return his employers lorry each day (or number of days dependent on the distance of the particular route). This base will also be the place at which tasks are allocated. Each task will be to deliver the lorry or its contents to a sequence of locations – these unlike the depot will be a sequence of temporary locations allowing travel and subsistence expenses to be claimed once departed from the depot.

There are other rules that need to be taken into account but given the short duration of each task or assignment it is unlikely these tests will need to be taken into account. These tests are

- 24 month rule – the assignment is not expected to last longer than 2 years
- Fixed term appointment rule – a short term assignment in the same place is not applicable to lorry driving as the lorry by its purpose would be expected to move.
- Area rule – the role is not defined by an area, HMRC use an example of a social worker who has an office (permanent workplace) and visits to clients (temporary workplaces) very much as a lorry driver would go to a depot to then travel out to specific deliveries.

If you're unable to show that you move between numerous sites and are based at one or two fixed locations only, HMRC use 40% of your time being in one place as a guide to when a location is a permanent workplace, then you will be unable to claim expenses as these costs will be deemed to be your normal commuting.

Once you know the details of your assignment, please contact Clipper to confirm the details and allow us to fully assess your role. Remember that if the assignment changes, or if you commence a new assignment, then we will need to reassess your status.

2. Fixed Expense Allowance

The second piece of legislation to impact from the 6th April 2016 is the removal of the ability to “salary sacrifice” your expenses. Rather than your expenses varying each week,

we now have to set your pay at the start of the assignment with a fixed allowance for expenses – **this cannot be changed during the course of the assignment.**

Due to the nature of the driving sector, where the locations of a journey are confirmed often at the last minute, we treat each separate trip from the depot as an assignment separately, fixing in the relevant expense for the overnight subsistence type you incur at the time.

Clipper Contracting Group will assist you with the process of completing your expenses claim whilst establishing each assignment. For each week you work, you will identify to us, the number of overnight stays you incur; this is turned into a fixed allowance that is recorded as a company cost. Any valid expenses you claim are deducted from this accrual.

Section B: Summary of Expenses that can be claimed1. Overnight Industry Scale Rate Subsistence (part of fixed allowance)

For those haulage drivers staying away overnight as part of their assignment, you're able to claim under the Road Haulage Association's scale rates.

Overnight subsistence can be given for:

Staying in the sleeper cab = £26.20 rate

The rate may be paid where the employee is having to stay away overnight and sleeps in their sleeper cab within their lorry.

Staying elsewhere = £34.90

The rate may be paid where the employee is having to stay away overnight but cannot sleep in the sleeper cab and has to stay in a B&B or hotel etc. In some circumstances, you may not stay away overnight, in which case this expense is claimable only once per 24hrs.

These rates are standardised, regardless of how much is actually spent and covers all incidental costs such as laundering of sheets as well as food and drink.

When making an expense claim, you will need to provide evidence that you have incurred the cost for food and drink (or accommodation if claiming the higher rate). This can either be a receipt (dated for the relevant day) or a time-stamped photo of your overnight stay in the cab.

Please remember...

You may only claim up to £2500 per annum. Any additional amount you may still claim through your self-assessment tax return.