



CLIPPER

CONTRACTING GROUP LTD

CLIPPER EXPENSES POLICY

**A summary of expenses you can claim whilst
working for 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 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.

The final part of the guide helps you navigate how to claim for expenses you have incurred on behalf of the end-client for which you will need reimbursing (reimbursable expenses).

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Section A: Summary of Expense Conditions

Expenses Rules

As an employee of Clipper Contracting Group, business mileage can be classed as a tax-deductible expense. To qualify for this, you must meet the Supervision, Direction and Control test, 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. Supervision, Direction or Control Test

From 6th April 2016 to submit expenses for an assignment you must be able to show “*the manner in which the worker provides the services is not subject to (or to the right of) supervision, direction or control by any person*”. Clipper have devised a set of questions to assess this for each assignment that you perform. If this is assessed successfully and you are found not to be under supervision, direction and control (SDC), then you may continue to claim expenses under the temporary workplace rules for your main location for the assignment. If you are found to be under SDC 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. What is a temporary work place?

A temporary workplace is defined by the area you are working in rather than the company you are working for. The moment you know that your workplace is no longer considered temporary, you need to stop claiming expenses for travel and subsistence.

Your assignment qualifies as a temporary workplace if:

- a) You intend to complete future assignments through Clipper.
- b) You know that your assignment is not your last.
- c) You know your current assignment will not last more than 24 months.

3. Significant Location Change

For any new assignments you undertake, there will need to be a significant difference in travel distance and route from your previous assignment in order for the workplace to be classed as temporary. Without a significant change in journey, travel and subsistence expenses will not be allowed.

For example if you worked on a construction site for 16 months and towards the end of the assignment, a new site opened next door and you were asked if you were interested in

working there for a further 9 months, this would take you over the 24 months. As the location had not changed you could not claim travel and subsistence costs for the second assignment.

4. The 24 Month Rule

We've already explained the importance of defining your assignment as a temporary workplace by the intention to carry out multiple assignments. The 24 month rule will also need to be considered when establishing an assignment as being temporary, as this rule governs each and every assignment.

Definition:

Any assignment which is to last longer than 24 months will be classed as permanent and travel and subsistence will no longer be regarded as tax deductible. This rule comes into effect the moment you know that your work period will be longer than 24 months.

If you are aware that the assignment is to last over 24 months at any point in the duration of your employment, and we were not made aware of this, you could be liable for re-assessment by HMRC.

5. The 40% Rule

The 40% Rule is linked directly to the 24 Month Rule. This applies to employees who are mobile and return to a place of work on a regular basis. The 40% Rule only applies when you have a 24 month period to assess.

Definition:

If over a period of 24 months you have spent over 40% of your time at a particular workplace, regardless of any gaps in employment, and you return to that workplace, then your workplace will be considered as permanent and you will not be able to claim travel and subsistence.

The 40% rule only applies when all of the below statements are true:

- a) You have a 24 month period with Clipper to assess (this includes future contracts that you are aware of i.e. if you know that you are on an 18 month contract and have already worked for 6 months with Clipper you will be classed as having a 24 month period to assess)
- b) You undertake a contract at the same place of work as a previous contract.

Undertaking this contract would take your total time spent at that place of work over 40% of the 24 month period.

The moment you know the 40% rule will apply to a particular place of work, the workplace will be considered permanent and you will no longer be able to claim travel and subsistence expenses.

Section B: Summary of Expenses that can be Claimed

1. Business Mileage

Mileage can be claimed for all business related travel where you are using your own vehicle. This includes from home to your temporary workplace, and vice versa where you are deemed not to be under SDC. For those under SDC, no claim will be possible except where there is extra mileage carried out once you have reached your workplace – if this situation is likely to occur then please contact Clipper as the rules become more complex and there may well be an expense claim that can be made

What are the Rules?

You must provide the correct make, model and registration number for your vehicle. It is also important that you send in all of your fuel VAT receipts. Clipper will not approve business mileage if receipts are not received to qualify your mileage claims. Your car must also be insured for business use, be taxed and have a valid MOT certificate (if applicable). These expenses are subject to the 24 Month and 40% Rules.

Cars and Vans (including hybrid & electric):

45p per mile for the first 10,000 miles.

25p per mile over 10,000 miles.

Motor Cycles:

24p per mile.

Bicycles:

20p per mile.

Passenger Allowance:

5p per passenger per business mile is allowed for carrying fellow employees in a car or van on journeys which are also work journeys for them.

To qualify for this allowance we will require:

1. For you to name all the passengers within the car.
2. The passenger to be a Clipper employee.
3. For you to provide us with statements from each passenger to confirm they do travel in this vehicle.

Please note that the passenger cannot claim business mileage on top of this.

Section C: Reimbursable expenses

1. Receipted, rebillable expenses

Where you have incurred an expense in the performance of your assignment for which the end-client is going to reimburse you, it is important as your employer, to be able to prove this expense was genuinely incurred before reimbursing this without any deduction of tax. The below outlines what you may claim, but you'll need to ensure you complete one of our orange expenses claim forms and return it along with corresponding receipts to expenses@clippercontracting.co.uk.

Mileage

Where you have been asked to travel on behalf of the end-client during the assignment (and this is not travel to and from the temporary workplace), you will be able to claim for the mileage you incurred. The rates below are for the use of your own vehicle.

Cars and Vans (including hybrid & electric):

45p per mile for the first 10,000 miles.

25p per mile over 10,000 miles.

Motor Cycles:

24p per mile.

Please contact us if you are performing a role that requires you to visit a number of different locations in one day (multi-site) as other restrictions may apply.

Public transport costs

Expenses for public transport costs covering travel on behalf of the end-client can be claimed. These include ferry costs, bus tickets, taxi fares (not as a general commuting method), train and tube tickets, parking costs, plane tickets, toll charges and congestion charges. Original receipts must be submitted for these expenses to be processed.

Accommodation

Accommodation expenses incurred when working away from a main residence such as short term accommodation in hotels, B&B's or lodgings. The VAT receipt should state the dates of the stay at the accommodation, plus the name, address and the landline telephone number of the establishment.

Meals

When staying away from home overnight for work purposes, the cost of an evening meal and non-alcoholic refreshments can be claimed. Full receipts must be provided to substantiate any claims.