

## Temporary workplace relief – are you overpaying UK income tax?

### Who should read this article

- UK employees who are not permanently based at one work location;
- UK employees on a graduate scheme who spend time particularly in the first few years of their training contract working in multiple locations;
- UK employees who currently do not file UK tax returns and do not currently claim back any tax relief on certain expenses incurred in working at the multiple locations (travel, subsistence, accommodation etc);
- UK employees who do not currently have their business expenses reimbursed in full by their employer;
- UK employees who receive a cash allowance to cover some of the expenses. This allowance would be taxed via the payroll and therefore is not tax efficient and you may still be due a tax refund.

### Summary

Under the current UK tax legislation, where an employee is attending a temporary workplace for a limited duration, the cost of certain expenses can be reimbursed free of tax/NIC. The expenses include for example, accommodation, subsistence and travel expenses to and from their temporary workplace.

However, there are instances where for example your employer does not reimburse these expenses and therefore this is an additional cost to you as an employee. Depending on your circumstances e.g. your employment contract, working patterns, support provided by employer etc, you could

be due back an income tax refund from HMRC. For example, assuming your qualifying temporary expenses were £1,000 a month over 24 months, you could be due back a tax refund of between £4,800 - £10,800 depending on your UK marginal tax rate.

This article provides an overview of some of the key tax rules and the recommended next steps if you think you may be entitled to a refund.

### Temporary Workplace Relief – UK tax rules

For the temporary workplace rules to apply, an employee must be attending a particular workplace for a limited duration or a temporary purpose.

A “limited duration” is defined as a place where an employee intends to spend 24 months or less. For example, this is particularly common in the hospitality/construction sectors that operate graduate schemes where employees are required to spend up to 2 years working at different locations during their training contract.

Please note, there are instances where a work location would not be considered temporary such as for example under the fixed term appointment rules. The fixed-term appointment rule prevents a workplace being a temporary workplace where an employee attends, or is likely to attend, it in the course of a period of continuous work for all or almost all of the period that they are likely to hold the employment.

It is therefore important to ensure you review the UK tax rules in line with your circumstances to ensure you are entitled to a tax refund prior to making a claim to HMRC.

### Temporary Workplace Relief - Qualifying Expenses

The expenses reimbursed/provided under the temporary workplace rules must be incurred by the employee in attending the temporary

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Advising companies and individuals on UK Employment, Expatriate and Personal Taxes

workplace and primarily includes the following: -

- Accommodation costs i.e. rent, utility bills etc;
- Subsistence costs including for example lunch taken at the temporary workplace; and
- Transport costs in travelling to and from the temporary workplace.

## Next Steps

- 1) **Time Limit** - Depending on when the expenses were incurred, as a starting point its worth determining whether it is still possible to claim back a tax refund from HMRC. You normally have up to 4 years after the end of the tax year the expenses relate to.
- 2) **Expenses records** – In order to prove a claim, HMRC may ask for records of the expenses being incurred. Certain expenses such as accommodation are easier to prove in comparison to subsistence/travel expenses. Provided you have at least a sample of the expenses, this may be sufficient for HMRC to review and approve the refund.
- 3) **Claiming the refund** – Depending on the tax year you are looking to make a claim for, it may be possible to file a return online or alternatively an application would need to be made in writing to HMRC.
- 4) **Seeking professional tax advice** – If you are not familiar with the UK tax rules, it would be worth seeking professional tax advice to maximise your chances of making a successful refund claim. E-Tax consulting can support you and further details on our firm are provided below. If this is an area you are interested in exploring further, please complete the questionnaire at the link below and a member of our team will be in touch.

[https://1drv.ms/xs/s!ApF-bJ\\_Zk6l2g3lfZggoInqCZJpF](https://1drv.ms/xs/s!ApF-bJ_Zk6l2g3lfZggoInqCZJpF)

## About E-Tax Consulting

E-Tax Consulting was set up in 2016 to provide employment, expatriate and personal tax services. With over 11 years of Big 4 experience, we are ideally placed to provide high quality advice which is competitively priced. We value all our clients and to demonstrate our commitment, we guarantee the following: -

- **Exceptional client service** - Guaranteed same day response times to client queries without compromising on quality.
- **In-depth tax knowledge** - Over 10 years' experience working for the largest professional services firms. We provide advice to manage our clients risks whilst remaining practical and commercial.
- **Collaborative approach** - Free introductory call/meeting to better understand your needs and how we can support you.
- **HMRC contacts** - We have a wealth and breadth of experience in negotiating large settlements and securing tax refunds from HMRC across all areas of employment, expatriate and personal taxes.
- **Competitive pricing** - We value our clients and our pricing structure is competitive and on substantial projects is dependent on the feedback we receive from our clients.
- **Tailored advice** - We do not adopt a one size fits all approach and our advice is tailored to your specific circumstances.

## Contact Us

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