



WHICH EXPENSES MAY BE ALLOWABLE? TAX-DEDUCTIBLE EXPENSES GUIDELINES FROM NOVA CONTRACTING LTD

Reducing your tax liability

As an employee under an umbrella arrangement working on numerous temporary assignments, you are entitled to reduce your Tax Liability by claiming back expenses that you have to pay in connection with your work. HM Revenue & Customs states that expenses claimed must be incurred wholly, exclusively and necessarily in the performance of your duties as an employee of Nova Contracting Ltd. Tax laws are very strict in defining which expenses may be claimed. The total of your expenses will be shown on your form P11D. We send this to the Revenue at the end of each tax year. If the Revenue chose to review your individual case and ruled that some of the expenses you have been paid should be treated as taxable, you would have extra tax to pay.

The following guidelines are to help you identify the various expenses you can claim in relation to carrying out your duties for each temporary assignment.

Remember that if HMRC were to check your claim, you would need to be able to justify the business nature of the expenses you have claimed.

WHAT CAN YOU CLAIM FOR?

1) Travel

Travelling expenses associated with work including travel by car, ferry, bus, tube, and train. Receipts are required for all expenses incurred, including VAT receipts for petrol/diesel even when you are claiming mileage allowance. The start point and destination and reason for the journey, dates of travel and car details must be completed on each form. These details help justify the business reason for the journey if the Revenue challenge you on it. The start and end of the journey should be specific enough for the Revenue to check the mileage using eg Multimap. Postcodes are ideal.

****IMPORTANT****

**You must submit VAT fuel receipts to back up your mileage claims.
For every 100 miles claimed, we must have a receipt for a
minimum of £15 with your Nova reference number written on the
back**

As an employee of Nova Contracting Ltd it must be your intention to have a series of temporary assignments on separate worksites. This is important, because if you only used Nova Contracting Ltd for a

single assignment the Revenue would probably not regard your worksite as temporary, and therefore no travel expenses would be allowable. You would be in the same position as people who have permanent jobs and who have to pay for their own home to work travel.

If you have any questions about this whatsoever, please contact our customer services team on 0844 209 0800 for further guidance.

For the first 10,000 business miles travelled, the allowance will be paid at 40p and the remaining business mileage will be paid at 25p per mile. Parking costs will also be covered if supported by an original receipt.

***** AS PROOF OF OWNERSHIP OF YOUR VEHICLE, IF YOU HAVE NOT ALREADY SUPPLIED IT, WE REQUIRE BY RETURN, A COPY OF YOUR VEHICLE REGISTRATION DOCUMENT (V5) FOR ANY CLAIM, (THIS ENABLES US TO VALIDATE OWNERSHIP TO THE INLAND REVENUE IF APPROACHED). *****

****NB. NO MILEAGE CLAIMS CAN BE PROCESSED WITHOUT THIS****

If you travel with other Nova contractors in your vehicle, you can claim for an additional 5p per mile for each additional person. However, it must be a Nova contractor and the details of their name and Nova reference number MUST be entered onto the claim form under the section titled "Travel Details".

2) Meal allowance

If you work more than 5 miles away from your permanent address or temporary workplace, you are entitled to claim for meals taken during the course of your working day on the following basis

- If you are away for **less** than 10 hours, you can claim only for lunch at a rate of £5.
- If you are away for **more** than 10 hours, then you can claim for lunch and either breakfast at £5, **or** an evening meal for £5 as appropriate
- If you are staying away over night, you can claim for all three meals at the £5 per meal.

NB: If you spend more than £5 and have a receipt, then you may claim the full amount spent. Please note that the Revenue carry out 'employer compliance reviews' in which they check such evidence.

Please note that if your accommodation receipt covers a meal too (for example bed and breakfast), then you cannot claim a further £5 for that meal.

3) Daily Allowance

You can claim a 24 hours allowance for incidental expenses when you have to stay away from your permanent address. This is paid at £5.00 per night away for stays in the UK and £10.00 per night for stays abroad and in Ireland. If you are staying with relatives or friends, you can still claim this 24 hours allowance.



4) Accommodation

If you are staying away from your permanent address, a receipt (ideally on headed paper) must clearly show the proprietor's name, address and telephone number. They should preferably be VAT Registered and provide a VAT receipt. If your stay in the accommodation is for three months or more, we may need to ask you for proof of your permanent home address to show that this one is only temporary. You can claim a daily allowance when staying in accommodation (See 3 above). If you are staying with relatives or friends, you can claim accommodation expenses, as long as you are able to provide a valid receipt. As a form of receipt, you will need to provide the name, address and telephone number of the person you have stayed with, along with the amount paid.

5) Tools and Clothing

Tools may be claimed for, but must be of an industrial nature and solely for use during your work. A VAT Invoice/Receipt must be supplied, showing items purchased and the shop or supplier. Clothing covers safety or specialised items such as fluorescent jackets, protective overalls and steel toe-cap boots.

You can claim for cleaning and laundering of protective clothing. This will be paid at the rate of £2.20 per overall. A maximum of 2 items per day for each day worked is claimable.

6) Telephone

You can only claim for business calls. Highlight them on your itemised bill and submit the original bill with the expense claim form. Rental of a landline and purchase of a mobile phone are **not** covered, nor are "pay as you go" vouchers.

7) Professional Fees/Course Fees

You can claim for courses, books or medical tests relating to your occupation, as well as membership of professional bodies. You must submit supporting documents or invoices with each claim.

* * * * *

HOW TO FILL IN YOUR EXPENSE CLAIM FORM

To maximize your income you should send your expense claims to us on a regular basis, **preferably weekly**. When we receive your expense claim form, we check it to make sure there are no errors or missing receipts, then we enter the information onto our computer system ready for the next available payment date.

To help us to process your claim smoothly, please remember the following points when submitting your expense claim form.

- Complete ALL details on BOTH pages including name, Nova reference number and full dates
- Include all original VAT receipts for all items claimed
- Receipts must be originals, cannot be faxed & must accompany the claim form
- Include all details on the mileage sheet: car details, destinations details and reason for journey, dates of journey – as in the example below.

MAKE	MODEL	CC	REGISTRATION NUMBER	MILES CLAIMED	MILES CLAIMED TO DATE
FORD	ESCORT	1600	AB 06 ABC	120	240

DATE	End Client	Worksite	Start, finishing destination & reason for journey	Odometer reading	No of Miles	Amount Claimed
15/04/07	Asda	Killingbeck, Leeds	LONDON (Potters Bar) -BIRMINGHAM (Snow Hill)	33344	100	£40
20/4/07	Tesco	Roundhay, Leeds	Leeds LS1, LS12, LS4, LS14, Leeds LS1 (Various sites within Leeds)	33464	20	£8

See the difference on your payslips

Expenses are not paid on top of your weekly income, instead they reduce the amount of your income that is taxable and so reduce the PAYE tax and NICs that you pay. How much difference you see will depend on what rate of tax you pay, but for a basic rate taxpayer you would save 22% tax and 11% NICs on the expenses. Because the expenses also reduce the amount of employer's NICs that Nova Contracting Ltd has to pay at 12.8%, you will also see this reflected as an increase in your take-home pay.

Send expense claims regularly

To give us time to process your expenses for the current week, you must submit them to us by noon Wednesday at the latest, then they will be offset the next pay day (Friday). If you send two or more weeks of forms together they may not be able to be offset all in the same week. In this case they will be carried forward each week until all the expenses have been allocated.

If you have any queries about your expenses please do not hesitate to contact the expenses department on **0844 209 0800**. We will be happy to talk about filling out the expense claim form and answer your questions.