



Backoffice works with thousands of contractors in many different working environments. What each of you have in common is that you have given us the responsibility for helping you to receive the best possible take home pay from your contracting work, while offering you a safe and compliant service.

Every week you are asked to submit an expenses claim that will help us to support you in this. What you tell us in this Expenses form will affect how much tax you pay, and make sure that we are taking advantage of all the applicable tax benefits that your position offers you.

Backoffice is fully compliant with HMRC expense rulings giving you the confidence to claim expense items with the Inland Revenues full support and our professional guidance.

With every definitive guide there must be a section dedicated to rules and requirements. This User Guide will advise you of contractor rules, items which can be claimed and receipt requirements.

Simply follow these rules as you create your weekly claims, ensuring you are up-to-date with all regulations concerning claimable expenses and procedures.

This guide covers the claiming of **Schedule E Expenses only**. If you require details on Client Rechargeable expenses please contact Consultant Support on [expenses@backoffice4u.co.uk](mailto:expenses@backoffice4u.co.uk)

## **SCHEDULE E EXPENSES**

Schedule E Expenses are expenses that are incurred whilst performing your business duties that can be claimed and used to reduce you tax and NI liabilities.

These expenses are claimed on a **weekly basis** using the Backoffice expense facilities described in this document.

### **Backoffice Expense Procedure**

Expenses are paid as part of payroll. If you make a large claim or the claim is greater than your next payroll amount should be, we will split the expenses over multiple payroll runs. This is because after your expenses have been taken into account, your wage could fall below the national minimum wage. The implication of this is that it may affect your future ability to claim state benefits which are dependent on your national insurance contributions (such a pensions). Backoffice will make sure that the minimum national insurance contributions are made so that these benefits are protected for you. If we do not use all of your expenses on one payroll run, we will automatically carry unused amounts forward for you.

### **Backoffice Disclaimer**

Please note that Backoffice will **NOT** be liable for any direct or indirect payments that arise as a result of expenses claimed by you. We will Endeavour to ensure that all claims are valid but we will not accept responsibility should any tax or National Insurance charges be levied to you now, or in the future, for expenses disallowed by the relevant tax authorities.

Any underpayment of tax and national insurance as a result of erroneous claims will therefore result in you being personally responsible for the liability.

Any underpayments are due immediately and will be collected at the first opportunity.

Although Backoffice will endeavor to validate your expense claims within 5 working days of your claim submission, we cannot guarantee this. Your claim will be validated and used at the earliest opportunity available.

## Golden Rules for Making Expense Claims

The following is a list of rules that must be adhered to when you are claiming expenses:-

- All expense claims must be for expense that you have incurred wholly, exclusive and necessary in performing of your business duties.
- You cannot claim for any expenses incurred before you started to use our service.
- Travel to work and subsistence expenses cannot be claimed when you have worked, or when you know you will work, more than 2 years at any one location. (for further confirmation regarding two year ruling please contact the Expense Team)
- We will not verify and use your claim until we have received all the necessary documentation that is associated with that claim (i.e. a signed cover sheet and receipts for expense items that require receipts).
- Where receipts are required we must have the **original** receipts and not a photocopy. The expense will not be allowed if you cannot produce an original receipt.
- Duality rules – Any item which has a dual purpose can not be claimed. For example clothing purchased for work has the dual purpose in that you must wear clothing anyway – therefore can not be claimed as tax relief.
- ***Once we issue P60's (towards the end of May) we then don't allow any expense re-claims from a previous financial year.***
- In the event of a contract termination the greatest possible amount of the Schedule-e total will be used against the concluding payment. Any remaining totals of a part-used claim will be lost upon contract termination. Approved claims which are fully unused will have the original receipts returned upon request. Allowing you to claim the outstanding expenses through the Inland Revenue via Self Assessment.

## MILEAGE

### 2.0 Mileage

Mileage can be claimed for all business related travel including to and from work and between work sites. You can claim **40p for the first 10,000 miles** using your car and **25p there after.**

The following mileage rates can be claimed:

Vehicle Type	First 10,000 miles per annum	10,001+ miles per annum
Cycle	20p	20p
Motorbike	24p	24p
Car	40p	25p

**ALL** contractors must retain valid VAT receipts for petrol/diesel/LPG consumption. These will need to be sent in to Backoffice each week with a claim and the process will be as follows.

At the submission of the claim for validation (as is now) a new mileage claim sheet will be displayed for printing. This is in addition to the current expense declaration that is produced for other claim terms. The contractor must attach his/her mileage VAT receipts, clearly showing that fuel was purchased, to this sheet and sent to Backoffice no later than Tuesday 17:30.

The table below shows the **TYPICAL** value of receipts you will need to provide for every 100 miles claimed.

Engine Size	Petrol / 100 miles	Diesel / 100 miles	LPG / 100 miles
Up to 1400cc	£11.00	£10.00	£7.00
1401cc to 2000cc	£13.00	£10.00	£8.00
Over 2000cc	£18.00	£14.00	£11.00

**BackOffice retain the right to carry out random checks on mileage claims to confirm they comply to HMRC regulation and verify accuracy in the distance claimed.**

## **SUBSISTENCE (Food/Drink Allowance)**

### **Subsistence**

Subsistence are basically meal costs incurred whilst working at a temporary workplace, such as meals, drinks etc.

### ***Daily Subsistence***

One Meal Rate (Away from home/place of work for a minimum 5hrs)	<b>£5</b>
Two Meal Rate (Away from home/place of work for a minimum 10hrs)	<b>£10</b>

In Addition you may claim the following

Breakfast Rate (Irregular Early Starters Only, Before 6am)*	Additional <b>£5</b>
Evening Meal (Irregular Late Finishers Only, After 8pm)*	Additional <b>£15</b>

\*Early & Late additions are only relevant outside regular working pattern

Subsistence allowance may include 1 alcoholic beverage only.

Receipts must be retained and sent to Backoffice to substantiate your weekly subsistence claim.

The maximum daily claim totals **£25**

### **Personal Incidental**

An additional expense claim for laundry, newspaper & a phone call may only be claimed should you have to stay away for 1 or more nights, and may claim up to a maximum of £5.00 per night.

## GENERAL EXPENSES

**3.0 Car Hire Charges** - You may claim for the reasonable cost of your car hire charges when the expense is solely incurred for business purposes. You must provide the original receipt.

You may not claim for any speeding, parking or clamping fines.

**3.1 Rail, Bus, Taxi and Air Travel** - Rail, bus, taxi and air travel costs to and from your home to your place of work. Receipts are required for this expense. We will accept original travel tickets and online confirmation receipts provided by low cost airlines.

**3.2 Parking Charges** - Parking charges can be claimed. You must provide the original receipt for this expense for each date you have claimed.

**3.3 Associated Travel Costs** - You are able to claim the cost of road/bridge tolls, tunnel fares and congestion charges if they relate specifically and exclusively to your assignment. We will audit that the charges match working days and personal travel must not be claimed for. Original receipts are required for all items except toll fees.

### 3.4 Accommodation

There are two categories of accommodation costs:

**3.4.1 Accommodation** - All overnight accommodation claims **must** be accompanied by a relevant receipt for the claim to be verified.

Accommodation & Breakfast costs must not exceed the following

London	<b>£95</b>
Everywhere Else	<b>£75</b>

**3.4.2 Accommodation Rental** - When claiming accommodation rental costs your rental agreement **MUST** meet the Inland Revenue Dual Purpose rules. These state that the property concerned must just be claimed for the working days and **NOT** for non working days. Rental charges covering both business and personal use will need to be claimed pro-rata either monthly or weekly. **\*A copy of the tenancy agreement will need to be provided and a copy held on your BackOffice file\***

### 3.5 Telephone

You may claim for the **full amount** of business calls made while undertaking your work duties. Claiming business calls from either private home, personal mobile or overnight accommodation telephones will be accepted. All original receipts are required such as itemised bills, top-up or hotel receipts.

You can not claim for line rental, phone equipment or any private calls. You can not claim for Internet charges.

### **3.6 Office consumables and stationery**

You may claim for a practical amount of office consumables and stationery purchased in conjunction with your business duties. This total must be of a reasonable amount and we require all original receipts to validate your claim. Items such as paper, pens, postage, printer cartridges, notepads and staples can be claimed under this category.

#### **3.6.1 Professional Subscriptions –**

A full list of allowable subscriptions can be found <http://www.hmrc.gov.uk/list3>. Receipts are required for this claim.

### **3.7 Eyesight Tests**

It is possible to claim up to £15 in expenses towards the cost of an eyesight test where this is necessary for the initial or continued use of visual display equipment in your assignment(s). A qualified optician must carry out the eyesight test and a receipt for the provision of the test must be supplied. **\*The value of glasses/contact lenses/surgery cannot be claimed\***

### **3.8 Manuals and Text Books**

You may claim for the reasonable amount of manuals and text book costs incurred wholly, exclusive and necessary for business purposes.

### **3.9 Training & Tuition**

Training & tuition costs can be claimed where it is “**work related**” (see below for a definition of “**work related**”).

To ensure any claim is allowable we require:

- a receipt for the full amount for the training & tuition
  - your current job description
  - the name of the training course/tuition
  - a description of the course/tuition.

In addition to claiming the cost of the training & tuition any “**related costs**” (see below for a definition of “**related costs**”) can also be claimed.

The definition of “**Work-related training**” is training for your current employment or a “**related employment**” where the training course or other activity is designed to impart, instil, improve or reinforce any knowledge, skills, or personal qualities which:

- are, or are likely to prove, useful to you as an employee when performing your duties, **or**
- will qualify or better qualify you to undertake the employment, or to participate in charitable or voluntary activities arising through your employment.

The term includes a wide-range of practical and theoretical skills, so long as those skills are relevant to your employment. Where leadership team skills are appropriate to you, participation in activities such as Outward Bound, Raleigh International, or Prince's Trust will qualify.

Examples for clarification are:

1. Taking a Microsoft Word course to improve word processing skills would be allowed if your work required you to produce any kind of documentation or correspondence. The majority of IT related employment would obviously qualify for this kind of training whilst perhaps a long distance lorry driver would struggle to prove the course was "work related".
2. Taking a Microsoft Project Manager course would be allowed for project managers, team leader, supervisors and anyone in a proven leadership or management capacity whilst perhaps a call centre first line support engineer would again struggle to prove that it was "work related".

The definition of '**Related Employment**' is training which is undertaken with an employment or prospective employment in view where:

- any office or employment held with your employer or which is to be held with your employer or a connected person
- any such office or employment to which you have or can realistically expect to have a serious opportunity of being appointed.

The intention here is to include all genuine training, in a range of competencies, which you need to advance your career, or to achieve a career move. Training in leisure type activities, unless exceptionally an activity which has a genuine connection with your work duties, is not allowable.

The definition of "**Related costs**" is any expenditure related to the training you are claiming for. Examples would be travel, accommodation and subsistence costs when staying away from home to undertake the course. "**Related costs**" should be claimed under the appropriate sections within the expense claim and NOT within the training category (e.g. Subsistence should be claimed within the Subsistence section).