



Contractor Umbrella - Guide to Agency Rechargeable/Expenses

What Expenses Can I Claim?

Changes that came into force in April 2016 mean that HMRC now assume that if you provide your services through an employment intermediary then you are subject to supervision, direction or control, (SDC), or the right of SDC by the end client.

Each engagement is now to be treated as a separate employment and each workplace regarded as a “permanent” workplace, so travel between your home and the workplace is regarded as ordinary commuting and any travel costs do not attract tax relief.

The legislation however does not prohibit the ability to claim for chargeable expenses. These are the costs that you incur on behalf of your client, such as travelling to another client office, which are then paid back in full to you via your agency.

Chargeable expenses will be invoiced and added to your invoice value by us direct to your agency / end client. You therefore receive the full value of the expense back *provided that the expense is allowable for tax purposes.*

Please note that if you are claiming any business mileage as an expense then you must ensure that you have the appropriate insurances in place to cover you for business usage, Contractor Umbrella will not be responsible for any claims whilst on business travel

Examples of chargeable expenses can include:

- **Travel:** This includes business mileage, car hire, or public transport use if you're travelling to a temporary workplace.
- **Parking & Tolls:** Toll Road charges or parking fees.
- **Food, Drink & Accommodation:** Daily subsistence while working away from home, such as meals out and overnight accommodation, providing the value of the expense is in accordance with your agency/Umbrella Company's policy of reasonable rates.
- **Equipment:** Tools & equipment purchased for use wholly, exclusively and necessarily in the performance of your duties. This may also include computer hardware & software.
- **Work Wear:** Clothing that is essential and specific to your job.
- **Training:** Any approved courses relating to your contract/assignment.
- **Professional Subscriptions:** Memberships and subscriptions to professional bodies related to your role.
- **Business Calls:** Telephone calls made specifically for business purposes.
- **Working From Home:** If you work from home on a regular basis, you may be able to claim a small proportion of your home utility bills, such as your gas, electric and broadband costs.



Rechargeable expenses can be both allowable and non-allowable for tax relief purposes, depending upon the nature of the expense you're claiming for.

To be considered allowable, they must adhere to the following criteria:

- It has been incurred wholly, exclusively, and necessarily for the purpose of your contract/assignment/employment duties.
- You can provide evidence of the expense in the form of receipts.
- Your permanent place(s) of work has been verified, and you can provide details of and reasons for the purpose of the travel/expense you're claiming for.

How do I submit my expenses claim to Contractor Umbrella

You can submit your expense claims using our online portal.

If the agency or client includes the reimbursement of any expenses in payments made to Contractor Umbrella, you must provide a copy of the agency or client expense form along with all VAT receipts before these expenses can be paid to you.

You will be required by the agency to submit a claim to them including all supporting evidence and receipts. At the time of making this claim you should also complete our Expenses Claim Form. As you will have to provide the receipts to the agency, take a photograph of the receipts so you can attach these to our claim form. If we are invoicing your agency, as opposed to the arrangement being on a self-billing agreement, you must let us know so we can add the relevant amount to the invoice we produce.

Please be aware that you must submit your expense claim to us by the WEDNESDY following the period you are claiming for otherwise we cannot guarantee that the expenses will be processed

Rules

Contractor Umbrella must ensure the expenses meet HMRC definitions of temporary workplace and wholly, necessarily, and exclusively for business purposes, and we may require a little more information around why the expenses were incurred.

HMRC definition - workplace that an employee attends for the purpose of performing a task of limited duration or for some other temporary purpose is a temporary workplace. But there is a further rule that prevents a workplace from being a temporary workplace where an employee attends it during a period of continuous work that lasts, or is likely to last, more than 24 months



If we are not satisfied that the expense is allowable, the Client Billable Expense will be treated as our income and distributed to you in accordance with your employment contract. Contractor Umbrella decision on this matter will be final.

1. You must submit your claims before your payroll is due.
2. Your expense claim must be submitted by close of business on the Wednesday following the period you are claiming for.
3. Even if your agency is self-billing we still need you to upload the expense claim directly with us and provide receipts, even if this has been provided to your agency.
4. Claims must be for a period where you did work.
5. All expense claims must be for reasonable expenses that you have incurred wholly, exclusively and necessarily in performing your business duties.
6. You cannot claim for expenses incurred before you became an employee of Contractor Umbrella Ltd.
7. You must upload copies of the **VAT receipts** to correspond with your claim including fuel receipts for mileage claims.
8. All expenses will be taxed unless we have received all necessary and correct information by the relevant deadlines and are satisfied with the legitimacy of the claim. Contractor Umbrella decision is final.

Claiming Expenses Through HMRC

If you are submitting a claim for allowable expenses that **cannot be reimbursed** – these claims will not be approved by Contractor Umbrella.

You will need to claim this from HMRC through self-assessment at the end of the tax year.

This is the mechanism by which you can claim for a deduction against your taxable income for expenses incurred whilst attending a temporary workplace that have not been reimbursed to you. There is a £2,500 limit on a claim when using a P87.

The Self-Assessment Employment pages include a section to claim for expenses that workers wish to claim that have not already been reimbursed. If at the end of the tax year you have any unused expenses, then you may use either mechanism to claim for the tax relief on those expenses.

Verification & Audits

Please be aware that Contractor Umbrella will audit claims on an ad-hoc basis to ensure they are valid and legitimate and have the right to request further information.

We carry out checks on all business expense claims to satisfy ourselves that the claims are correctly submitted against our expense policy and in line with current HMRC rules and definitions.



At any time, we may have reason to remove an item from a business expense claim or disallow the entire claim.

Falsifying claims

If you are found to be falsifying expense claims, this will be considered serious misconduct and action will be taken, which could lead to termination of employment. Please ensure that all claims are valid and genuine before submitting.