



**Many employees incur expenses in undertaking their job. However, the rules that govern tax relief for employment expenses are notoriously strict. Where the conditions are met, relief can be claimed in various ways.**

## **Key dates**

Claims for tax relief for employment expenses must be made within four years of the end of the tax year to which the claim relates. This means that you have until 5 April 2028 to claim tax relief for employment expenses incurred in 2023/24. Claims relating to 2019/20 must be made by 5 April 2024.

This note explains the rules governing the availability of relief and the claims process.

## **General rule**

The general rule allows an employee to claim tax relief for expenses that they are obliged to incur and pay as the holder of the employment where the amount is incurred wholly, exclusively and necessarily in the performance of the duties of the employment.

This is a difficult test to meet and there are a number of points that are worthy of note.

The first point to appreciate is that it is the job that determines the need to incur the expense, not the personal circumstances of the employee. The expense must be one that each and every holder of the job would have to incur in order for it to qualify for a deduction. An expense must be 'necessarily' incurred and this will only be the case if all job holders would need to incur the expense.

A distinction is also drawn between expenses incurred 'in' the performance of the duties of the employment and those which put the employee in a position to do their job. You may need to incur childcare costs to be able to work. However, these are incurred to put you in a position to be able to work rather than in performing the duties of the employment, and, as such, are not deductible.

Tax relief is only available for expenses incurred 'wholly and exclusively' in performing the duties of the employment. No relief is available for personal expenses or those with both a business and a private purpose (dual purpose expenditure), such as everyday clothes. However, where the business portion can be separately identified, a deduction can be claimed for the business element. Any apportionment should be made on a just and reasonable basis.

Finally, you must meet the cost personally – you cannot claim relief if your employer reimburses you or incurs the cost.

## **Travel expenses**

Travel expenses have their own set of rules that apply in place of the general rule. Broadly, these allow an employee to claim a tax deduction if they incur the cost of a business journey. It should be noted that tax relief is not allowed for your normal home-to-work travel (known as ordinary commuting) or for a journey which is substantially the same as your ordinary commute. Exceptions apply if you work at a temporary workplace for a limited period or have a travelling appointment.

If you use your own car for business travel and your employer does not pay expenses, you can claim a mileage rate of 45 pence per mile for the first 10,000 business miles in the tax year and 25 pence per mile thereafter.

## **Working from home**

During the pandemic, HMRC relaxed the rules for claiming expenses incurred where employees worked from home. However, the strict statutory rules now apply once more and relief is only available if you are required to work from home because your job requires you to live too far away from your employer's workplace or your employer does not have a workplace. Relief is not available if you simply choose to work from home some or all of the time.

Where relief is available, you can claim a deduction for the additional costs of working from home. To save the work involved in working out the actual amount, you can claim a fixed amount of £6 per week (£26 per month).

## **Uniforms, work clothes and small tools**

Depending on the nature of your job, you may incur costs on repairing or replacing small tools (such as an electric drill) or cleaning, repairing or replacing specialist clothing, such as safety boots. Where you incur these costs personally, you will be able to claim tax relief.

You will also be able to claim relief if you have to pay for your own uniform. This is something that identifies you as having a particular occupation. Relief is not available for the cost of ordinary clothing even if you only wear it for work.

## Professional fees and subscriptions

You are also allowed to claim a deduction if you are required to be a member of a professional body or learned society. You must meet the cost yourself and the fee or subscription must be paid to a professional body or learned society that is approved by HMRC. Details of approved bodies are contained on HMRC's List 3.

## Claims

There are various ways in which claims can be made.

If you need to complete a self-assessment tax return (for example, because you have other taxable income), the claim can be made in your tax return.

If you do not need to complete a tax return, and if the amount you are claiming is £2,500 or less, you can use HMRC's online claim service (see [www.gov.uk/tax-relief-for-employees](http://www.gov.uk/tax-relief-for-employees)). You cannot use this service if you are claiming for more than five different jobs.

You can also make a claim by post on form P87.

## We can help

If you have any questions in relation to the issues raised in this Broadcast, please call us on **01753 888 211** or email [info@nhllp.com](mailto:info@nhllp.com)