

SNIJIB GUIDANCE NOTE FOR EMPLOYERS WITH EMPLOYEES WHO ARE WORKING AWAY FROM HOME

Taxation of Lodging Allowance

This guidance note has been produced to assist employers on how they should treat employee payment for lodging allowance in line with the HM Revenue & Customs.

In accordance with HM Revenue & Customs, lodging allowance **can be paid without tax being deducted** if an employee:

- a) has a dependant person(s) to support at their permanent home address or
- b) is single without dependants and has continuing liability for the maintenance of their permanent residence:
 - I. is incurring additional expenditure on lodging away from his permanent address
and
 - II. has a continuing liability for the expenses of his permanent U.K. residence at which he normally lives whilst not working away
and
 - III. his permanent residence is owned either freehold or leasehold or as a tenant of the property by virtue of a written agreement has a continuing financial obligation whilst working away.
- c) is covered by the “50 mile radius zone” agreement.
 - I. Employees not supporting dependants and who have a continuing liability for the maintenance of their permanent residence who normally work within a 50 mile “home zone” of their employers shop and take lodgings because they are sent temporarily to work outside that zone may receive lodging allowance without deduction of tax if they are not expected to be in such accommodation for more than twelve months. If they are, or are expected to be, continuously in lodgings for more than a year the lodging allowance must be taxed when the twelve month period is exceeded or as soon as it is known that it will be.

The SNIJIB National Working Rule 8, Tax-Free Lodging Allowance Form can be downloaded from the SNIJIB website www.snijib.org

Travel Season Tickets

Where an employer provides season tickets to operatives at his expense, the expenditure incurred by the employer is taxable as pay in the hands of the employee. This includes any benefit available to employee for private use i.e. it is not only business travel that is taxable but the total benefit to employee accruing from having a season or monthly travel card.

Taxation of Fares

Inland Revenue have an agreement with the SNIJIB that provided specific conditions are met, payments of fares may be made without deduction of tax in respect of **direct home to site travel**:

- a) where a plumbing operative’s journey is **home to employer’s premises to site or vice-versa** the reimbursement of fares between the employer’s premises and site and vice-versa may be paid without the deduction of tax. Similarly travel between sites is reimbursable and not subject to deduction of tax.
- b) where a plumbing operative’s journey is **home to first site and vice-versa** the first 4 miles each way per day is taxable at the rate of 10p per mile. For example:

If total day’s travel is 50miles (25miles from home – site and from site – home) at 33p per mile= £16.50

£16.50- 80p(8x10p)= £63.50 (8miles are taxed while the remaining 42miles are paid tax free).

Depot – site & vice versa	No tax
Home – site & vice versa	1 st 4 miles taxed @10p per mile & remaining miles no tax
Travel between sites	No tax

The rate of 10p per mile agreed with the HM Revenue & Customs is a nominal mileage rate which will be reviewed from time to time.

It is the responsibility of operatives to meet the cost of travel between home and employer’s premises. If an employer reimburses such fares or pays an amount to cover such travel then these payments are wholly taxable.