

# 24 Month Rule



This factsheet is designed to explain the 24 month rule and the associated implications of it.

The 24 month rule is a piece of legislation that is designed to allow relief for travel and related costs for an employee who moves from site to site within their employment. It enables these expenses to be paid tax free where the travel is between home and a temporary workplace as opposed to ordinary commuting. For the purpose of this, travel and related costs include all forms of travel (including mileage) accommodation and subsistence costs where both are related to the journey made. Please refer to our travel and related costs factsheet for more detail on these expenses.

A temporary workplace is one where you go to perform a task of limited duration or for a temporary purpose. Whether you can treat the workplace as temporary depends upon how long you are based at a particular site, how long you expect to be based at the particular site and how much time you spend at that particular site.

**In most cases a temporary workplace will be one at which you are not at NOR do you expect to be at for more than (or at least for) 24 months.**

### For example:

You sign a new 12 month contract at a site you have never worked at (or near) previously, this should be seen as temporary because you have not been there for more than 24 months nor do you expect to be there for more than 24 months and because of this relief should be available for travel and related costs.

If you then sign a 12 month extension at the end of the first contract you will have the expectation to be there for at least 24 months and it is at this point that the site becomes permanent, not temporary, so relief for travel and related costs is no longer available. However, if you only signed the contract extension for 11 months and did not expect to sign a further extension the site would remain temporary and as such relief for travel and related costs will continue to be available.

There are also some special circumstances that affect the 24 month rule and when relief is/is not available on travel and related costs and they are as follows:

**If you are based at only one site during your employment** - If this is the case, maybe where you have only had one contract and are closing the company then this would not be seen as a temporary location and as such, no travel or related costs should be claimed. If travel and related expenses have been claimed then these should be repaid to the company.

**If you generally work at various different sites within the same location** - This may be the case when you expect all your contracts to be in the same area (the city of London for example) and if this applies it is the time spent at the location as a whole, rather than each individual site that is taken into account for the 24 month rule (see example 5 below). The definition of a particular site/location is very vague and not specifically defined in statute, however the change in journey is normally a good indicator as to whether a location is different or not. If the journey is mainly the same in time and cost it is likely the locations would be seen to be the same.

**If you work on more than one site** - If you work on more than one site, then provided the total time spent at each site is less than 40% of the total working time over a period of at least 24 months, there is no restriction on travel and related costs. Each site is looked at individually so if one site makes up 30% and one 70%, travel can only be claimed for the 30% site. This is on the basis that neither site is actually a permanent workplace and the duties performed there are of a temporary nature.



## 24 Month Rule - Examples

### Example 1:

Doris has worked for five years at her employer's head office in Warrington, she is sent by her employer to perform duties at a branch office in Wigan for 18 months. Relief is available for the full cost of Doris' travel between home and the temporary workplace in Wigan. *Doris never expected to exceed 24 months, nor did she actually exceed 24 months and therefore the location is classed as temporary, so relief is available.*

### Example 2:

Dymphna has worked for her employer for three years and is sent to perform full-time duties at a workplace for 18 months. After 10 months the posting is extending to 28 months. Relief is available for the full cost of travel to and from the workplace during the first 10 months (while his attendance is expected to be for less than 24 months) but not after that (once his attendance is expected to exceed 24 months). *Relief is available whilst Dymphna expects the location to be temporary i.e. up to the point of extension; from this point the location is no longer temporary so relief is no longer available.*

### Example 3:

Edina has worked for her employer for seven years and is sent to perform full-time duties at a workplace for 28 months, after 10 months the posting is shortened to 18 months. No relief is available for the cost of travel to and from the workplace during the first 10 months (while her attendance is expected to exceed 24 months) but relief is available for the full cost of travel during the final 8 months (once her attendance is no longer expected to exceed 24 months). *Initially relief is unavailable because the location is not temporary (Edina expects to exceed 24 months at the location). However, once the expectation is reduced to below 24 months the location becomes temporary and from this point relief is available.*

### Example 4:

Edward lives and works in New Brighton where he is employed as an engineer. His employer sends him to work in Wrexham for 1 + days a week for 28 months; he remains at work in New Brighton for the rest of the week. Relief is available for travel between home and Wrexham but not between home and New Brighton. *Relief is available for the travel to Wrexham because this remains a temporary location; even though the expectation is to be there over 24 months as the time spent in this location does not exceed 40% of his total working time, ergo the location is temporary.*

### Example 5:

Eloise, a computer consultant is the only employee of her company specialising in banking systems. She spends 18 months working at the HQ of a merchant bank in Lombard Street in the City of London. She then moves next door to work at a different bank for 22 months. No relief is available for on travel from home to either location. *Relief is unavailable for these journeys because the nature of her work is such that she expects to work continuously in the 'square mile' albeit it on the premises of different clients. Her travel from home to the clients will be broadly the same every day, year in year out and as such no relief is available.*

## Breaks in Attendance

A period of work can remain continuous even where there is a break in attendance, this is because the 24 month rule works on a 24 month rolling 'window' and for the break to be effective it must satisfy the 40% rule when working over multiple sites. Basically, there must be a break of 15 months (60% of 24 months) between sites (assuming that you work at a different site in between) for the 24 month rule to 'reset'.

### Example 1:

Ernest is employed to work full-time on a construction project which is expected to last for 6 years. Each time Ernest gets close to having worked on the site for nearly two years his employer moves him to another workplace for a week before returning him to the long term project site. Despite these moves, relief for his travel from home to the site is not available.

Relief is unavailable because the one week breaks do not provide a long enough gap between sites to reset the 24 month rule clock. Ernest is spending a significant amount of his time over a period of more than 24 months at the long term location (more than 40%) and so the location is not temporary.

### Example 2:

Etaoin is employed as a human resource consultant. She works full-time at a client's site for 17 months developing a new staff appraisal system and then deals with unexpected priority work elsewhere for 3 months. After this she returns to the client's site for a further 6 months to co-ordinate the roll-out of the new system, which has been planned from the outset. Etaoin expects to spend all her working time at the client's site for 23 months (the initial 17 months and the 6 month roll-out period).

Relief is available for travel from home to the client's site for the first 17 months because up until this point Etaoin did not expect to exceed 24 months at the same location. The travel to the site where the 3 month job occurs is available for relief. She is not, however, entitled to relief for her travel for the 6 month roll out period because she now expects to spend more than 40% of her time at that site over a period in excess of 24 months ( $17+3+6=26$  months and  $23/26=88.5\%$ ).

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