

## Expenses

This factsheet is designed to explain the accommodation expenses that can be claimed through your company, the advice given assumes that you are not caught by the 24 month rule (this is covered in a separate factsheet).

The costs of accommodation for an employee can be met by the employer where an employee is staying away from home due to work purposes however, the employee must have a separate permanent residence in order to make the claim allowable.

There is no limit, as such, on the amount that can be claimed for accommodation but all claims should be reasonable, the only time HMRC would question the value as being excessive is where they felt the accommodation provided was a reward for service rather than a cost actually incurred 'wholly and exclusively' for business purposes.

In terms of Hotels/Guesthouses/B&B's the full cost incurred will be allowable for corporation tax purposes assuming the costs are not excessive as described above.

In terms of furnished rented flats, these can often be obtained as a cheaper and more convenient alternative to hotel accommodation and so provided the costs are reasonable they should be allowable expenses. The standard of flat provided should not be of a greater standard than the employee's normal residence. Please note that if your primary residence is of a very high standard then a flat of similar standards may not be allowable.



You should remember that if you are taking out a short term lease on a rented flat then this should be in the company name and ideally paid direct from the company account. You should also take note that the length of lease can have a bearing on the 24 month rule because it adds an intention to be at the same site for the length of the lease.

The costs may not be fully allowable in the following situations:

- 1) The employee is accompanied by their family (non business usage)
- 2) The location is not due to work commitments (non business reason)
- 3) The standard of accommodation is unreasonably high (as mentioned above).

### Subsistence

You may claim for the costs of lunch purchased on the way to a temporary location or during your lunch break at a temporary location provided an additional cost is incurred over what you would have spent normally if you were not at the temporary location.

Lunch could be in the form of a pre packed sandwich, a meal at a cafe or maybe in the canteen and can include non alcoholic liquid refreshments. However, you cannot claim for the costs of purchasing the ingredients to make a 'packed lunch' i.e. bread, ham and lettuce. Likewise, you cannot claim for lunch bought the night before going to a temporary location.

If you are staying away from home due to work commitments then you can also claim the cost of breakfast and an evening meal, again providing the costs are not excessive and the standard not greater than you would normally have. You can also claim a 'flat rate' subsistence allowance of £5 per night (£10 if overseas) away from home to cover daily incidentals i.e. laundry, newspapers etc. and this is an un-receipted claim

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