

FAO Mr Gareth Gathern
Paycheck Services Limited
2 Wynnstay Road
Colwyn Bay
Conwy
LL29 8NB

Ffon/Tel 01978 297814

Llun-Gwener/Monday-Friday
08.30-17.00

Ffacs/Fax 01978 312700

www.hmrc.gov.uk/cymraeg

Dyddiad/Date 25 September 2006
Ein Cyf/Our ref 793/WX/EC/914/C12267/SG
Eich Cyf/Your ref

Dear Sir,

Further to your letter of 9 August 2006 and your subsequent telephone conversations with my colleague Mrs T Davies, please find enclosed an amended dispensation notice which I trust should meet your requirements. Please see overleaf the criteria to be fully satisfied before payments of day subsistence are considered.

I would stress that this dispensation applies only to such expenses incurred in the circumstances you have disclosed and all other expenses and benefits (for example, cars, loans etc) should continue to be reported on forms P11D.

If you propose to increase the amounts of your scale rate payments or to extend or change the circumstances in which any payments are made, please contact me so that I can consider whether the dispensation can be continued.

Please note however that the monetary limits included within the dispensation do by no means dictate what expenses may be paid, that is if the receipted expenses paid exceed those amounts, then the expense should be included on form P11d as normal.

In the case of the scale rate payments then if the scale rate payment figure is exceeded then the full amount should be declared through the payroll.

Information is available in large print, audio tape and Braille formats.
Type Talk service prefix number – 18001

Cyfarwyddwr yr Ardal/Area Director: D Goodwin



Day Subsistence

Please note the dispensation notice dictates the conditions that must be met before payment of day subsistence can be considered.

Day Subsistence can only be considered when business travel away from the normal place of employment occurs for some considerable duration (four miles is used as the usual indicator) and **additional** meal costs are incurred that are attributable to that business travel. If individuals are working in their limited work area they would not be entitled to the day subsistence as they would be deemed to be at their usual workplace and their usual procedures for meals could be adopted.

Short business journeys in a limited work area would therefore not satisfy this criteria and day subsistence payments made in these circumstances would not satisfy Section 336 Income Tax (Earnings and Pensions) Act 2003.

You will note that the dispensation notice also dictates that a permanent workplace must be established in all cases, in order that all business travel expenses can be confirmed allowable. I would also like to point out the Section 3.20 of the 490 Guide which particularly deals with the subject of permanent workplace for Agency workers.

I trust this clarifies the position. If you have any queries on an employees permanent workplace, please contact our Wrexham Services Office for further guidance.

From time to time, the Revenue will contact you to ensure that satisfactory records and controls are maintained as dictated by the dispensation.

Yours faithfully,



Mrs S Gaughran
Employer Compliance Officer

REF:

914/UZ63360	914/YZ62809	914/AZ62799	914/GZ77697
914/YZ62620	914/BZ63742	914/GZ62847	914/XZ77697
914/VZ63755	914/SZ63358	914/RZ63746	914/EZ77698
914/TZ62812	914/FZ62563	914/UZ62684	914/ZZ77698
914/YZ62626	914/HZ63745	914/TZ63793	914/KZ77696
914/XZ63359	914/FZ62805	914/HZ62646	914/WZ77697
914/TZ62633	914/YZ62686	914/XZ62647	914/WZ77698
914/LZ62640	914/VZ63745	914/RZ63755	914/UZ77699
914/GZ63758	914/WZ62689	914/EZ62753	914/TZ77700
914/UZ62803	914/AZ62608	914/LZ62726	914/KZ77701
914/BZ63362	914/MZ62800	914/VZ62725	
914/GZ62666	914/WZ63757	914/MZ62725	
914/XZ63364	914/ZZ62902	914/LZ62724	
914/RZ62818	914/BZ63795		
914/XZ62680	914/NZ63755	914/YZ62723	
914/VZ63365	914/AZ62816	914/BZ62723	

DISPENSATION FOR PARTICULAR EXPENSES PAYMENTS AND OTHER MATTERS

This dispensation applies to the expenses payments, cash and non-cash vouchers, use of credit tokens, benefits and facilities which are set out below. For the purposes of this dispensation these matters are referred to collectively as "expenses payments and benefits". It means you will not have to report these expenses payments and benefits at the end of the year on forms P11D or P9D. It revokes from the date of this dispensation any previous dispensation covering expenses payments or benefits of a similar nature.

I am giving you this dispensation because I am satisfied, on the basis of what you have told me, that no additional tax would be payable by the employees concerned on these expenses payments and benefits. I am authorised to do this by Section 65 and Section 96 of the Income Tax (Earnings and Pensions Act) 2003.

The dispensation applies only to the expenses payments and benefits, set out below, in the circumstances there set out. If the expenses payments or benefits are paid or provided in circumstances which give rise to additional tax, this dispensation will need to be revoked. Where necessary, the revocation may apply to expenses payments and benefits already provided. In that case additional tax will be due. So it is important that you let me know if you alter your system for controlling expenses payments and benefits, or increase their amounts, or change their nature or make any other changes which may affect their taxability.

Payments and benefits that are in any way different, or are provided in circumstances that differ, from those set out below will not be covered by this dispensation and should be reported in the normal way.

Please note that this Dispensation will take effect from 6 April 2006.

THIS NOTICE EXCLUDES FOREIGN NATIONALS ON SECONDMENT.

S E Hunt
HM Inspector of Taxes
Date:-

SE Hunt
25/9/06

SPECIFIED INDIVIDUAL	NATURE OF THINGS PROVIDED
<p>a) All employees within Part V Chapter II ICTA 1988.</p> <p>b) Those employees not within Part V Chapter II ICTA 1988 on the condition that no other taxable benefits or expense payments are received outside the terms of the dispensation eg Company car.</p> <p>c) Company Directors are excluded in all cases.</p>	<p><u>1. Business Travel and Associated Subsistence</u></p> <p>(NB: On condition that the permanent workplace has been established as per the instructions dictated within the 490 guide, in order that the business travel expenses and expenses attributable to travel, are confirmed allowable)</p> <p>a)<u>Ferry, Rail, Tube, Taxi and Air Fares</u></p> <p>Actual expenditure reimbursed or met by the Employer upon production of receipts (taxi fares not exceeding £5 may be reimbursed unreceipted), which an employee has actually incurred and is necessarily obliged to incur and defray in respect of travelling in the performance of the duties of the employment which can be supported by true and complete records of the date of travel, address of client visited and business need of the specific journey. Foreign travel must however be further supported by itineraries showing the names of places, businesses and individuals visited and the dates of these visits. <i>This specifically excludes expenses incurred when an employee is accompanied.</i></p> <p>b)<u>Hotel Accommodation</u></p> <p>Actual expenditure reimbursed or met by the Company upon production of receipts up to a maximum of £95 per night which an employee has actually incurred and is necessarily obliged to incur and defray in the performance of the duties of the employment where the employee is required to stay away from home overnight in hotel accommodation. On condition that true and complete records are maintained confirming the dates of travel and business need. Foreign travel must however be further supported by itineraries detailing the names of places, businesses and individuals visited and the dates of these visits. <i>This specifically excludes expenses incurred when an employee is accompanied</i></p>

c) Night Subsistence

Actual expenditure reimbursed or met by the Company upon production of receipts which an employee has actually incurred and is necessarily obliged to incur and defray in respect of travelling in the performance of the duties of the employment.

Where the employee is required to work away from home overnight, night subsistence is limited to a maximum of £20 per night on condition that no other subsistence payment has been made in that 24 hour period and, true and complete records are maintained confirming the dates of travel and business need. Foreign travel must however be further supported by itineraries showing the names of places, businesses and individuals visited and the dates of these visits.

This specifically excludes expenses incurred when an employee is accompanied.

d) Day Subsistence

A scale rate payment paid by the Company where an employee has been required to perform the duties of the employment at a temporary workplace which is 4 miles or more away from their permanent place of work and as such is necessarily obliged to incur and defray additional meal costs which are attributable to that business travel.

Day subsistence is limited to a maximum of £5 when absence from the permanent place of work exceeds 5 hours and to a maximum of £10 when absence from the permanent place of work exceeds 10 hours. On condition that the night subsistence has not already been claimed for that 24 hour period and true and complete records are maintained confirming the times and dates of travel and business need.

This specifically excludes expenses incurred when an employee is accompanied by friends or relatives.

e) Parking and Toll Charges

Actual expenditure reimbursed or met by the company upon production of receipts (where a parking metre or automotive toll has been used claims not exceeding £5 may be repaid unreceipted) which an employee has necessarily incurred and obliged to incur and defray in the performance of the duties of the employment which can be supported by true and complete records of the date of travel, address of client visited and business need of the specific journey.

f) Personal Incidental Expenditure

Actual expenditure reimbursed or met by the Company up to a maximum of £10 per night for overnight stays outside the UK and £5 per night for overnight stays within the UK elsewhere where employees have incurred extra cost for newspapers, laundry, phone calls home etc when they have been necessarily required to stay away from home over night in the performance of the duties of the employment on condition that true and complete records are maintained confirming the dates of travel and business need.

g) Overnight stay with friends or relatives

Reimbursed by the company up to a maximum of £25 per night where an employee has necessarily been required to work away from home overnight in the performance of his duties of his employment and has stayed overnight with friends or relatives as an alternative to hotel accommodation. On condition that true and complete records are maintained confirming the dates of travel and business need and the employee has not claimed an expense for hotel accommodation or night subsistence.

This expense cannot be paid in conjunction with the hotel accommodation and night subsistence expense.

2. Professional Subscriptions

Expenditure met or reimbursed by the Company upon production of receipts in respect of membership to professional bodies allowable under Section 343/344 ITEPA 2003 where it is relevant to the duties of the employment of the specific employee on condition that true and complete records are maintained detailing the specific employee, the professional body and the reimbursement cost

3.Fax

Specific expenditure met or reimbursed by the Company on production of an itemised bill detailing the business need in respect of the business use of the fax facility which the employee is necessarily obliged to incur wholly and exclusively in the performance of the duties of the employment.

4. Business Telephone Calls

Privately owned telephone - Reimbursement only on production of itemised bills;

Hotel telephone- Met or reimbursed upon receipt of a hotel invoice which dictates the itemised calls; Which an employee has actually incurred and is necessarily obliged to incur and defray in the performance of the duties of the employment. On condition that true and complete records are maintained confirming the business need, the employee's name and amount reimbursement.

(In all cases, rental, maintenance and installation costs are specifically excluded)

5. Uniforms

An employee may be provided with a set of clothing of a specialised nature that is easily recognisable as a uniform and identifies its wearer as having a particular occupation. The uniform must however bear a permanent and conspicuous badge, which bears the company name.

(This specifically excludes clothing provided to reinforce a corporate image and the provision of shoes, socks and underwear)

6.Protective Clothing

Actual expenditure reimbursed or met by the Company in respect of the provision of clothing which is generally protective clothing worn as a matter of physical necessity because of the nature of the job and as required under Health & Safety legislation as defined on the list below:-

- a) Safety Boots
- b) Overalls
- c) Gloves
- d) Spectacles/Goggles
- e) Wellingtons

7. Car Rental

Actual expenditure reimbursed or met by the Company in respect of the proportion of business use which an employee has been obliged to necessarily incur and defray in respect of travel in the performance of the duties of the employment. On condition that true and complete records are maintained confirming the private and business mileage incurred which should then be used to calculate the proportion reimbursable to the employee for the business use incurred together with the dates of travel, business need.

The provision of the car hire is limited to a maximum of 28 days within a single tax year.