



# EXPENSES

What You Can & Cannot Claim



## Umbrella & PEO (Inside SDC)



In April 2016 HMRC legislation came into effect restricting the claiming of expenses for any contractor deemed to be operating in a manner of a permanent, full-time employee.

The test applied to determine if this is the case is called SDC (Supervision, Direction or Control).

If you fail you are deemed 'inside SDC'

## Self Employed & CIS (Outside SDC)

CIS and Self Employed workers will be subject to tax being deducted on their expenses claim, if receipts are not provided.

You must keep your receipts for your annual self assessment.

If you pass the SDC test you are deemed 'outside SDC'

## Applicable To All

1. SDC criteria applies to all employment types.
2. All expenses must be 'wholly, exclusively and necessarily in the performance of the duties of employment'.
3. Receipts must be provided for all expense claims.
4. Disciplinary action will be taken against workers who make false expense claims.



## SDC

### Supervision, Direction or Control

HMRC have determined that all workers operating under supervision, direction or control at their place of work, *employed or self employed*, should be treated the same as a permanent employee for tax purposes.

This means that, as a full-time employee cannot claim meal costs or travel to and from their place of work as a tax-free expense, neither can a contractor working in the same environment.

**SUPERVISION** refers to operating underneath a manager, supervisor or another individual with the authority to oversee your daily work.

**DIRECTION** refers to instructions as to how you carry out your work.

A contractor is deemed to have complete freedom over how their work is completed.

Anybody given guidance as to the manner in which they complete their work is considered to be under direction.

**CONTROL** refers to another person having the authority to dictate what you do at any given point during your working day.

# Umbrella & PEO (Inside SDC)



Expense Type	Can I Claim Under Umbrella or PEO?
<b>Billable to End Client</b> If the expense is reimbursed to you by the end client	<b>Yes</b> This would be reimbursed to you without tax deductions as long as you provide a receipt
<b>Multi Site Travel</b> If you use your own vehicle traveling to different sites e.g. as a home carer visiting patients in their homes	<b>Yes</b> Mileage, tolls, parking
<b>Travel and Subsistence</b> e.g. Costs of travelling, eating and staying overnight at a <u>temporary</u> site	<b>Yes</b> But only if you are travelling to a <u>temporary</u> place of work Ordinary commuting cannot be claimed
<b>Personal Protection Equipment (PPE)</b> All PPE should be provided by and paid for by the end client	<b>No</b>

## REMEMBER

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# Self Employed & CIS (Outside SDC)



Expense Type	Can I Claim Under Self Employed or CIS?
<b>Capital Expenses</b> e.g. new vehicles, PCs/hand held devices	<b>Yes</b> As long as they are purchased for business use
<b>Motor Vehicle Costs</b> e.g. road tax, car insurance, fuel	<b>Yes</b> As long as the costs are for a vehicle used for business use
<b>Tools &amp; Equipment</b> e.g. purchased or hired tools, protective clothing, uniform laundering	<b>Yes</b> If you don't have a standard uniform (and wear every day jeans/t-shirt etc to work) only compulsory protective wear can be expensed (e.g. a high viz jacket)
<b>Travel and Subsistence</b> e.g. Costs of travelling, eating and staying over-night at a temporary site	<b>Yes</b>
<b>Remaining admin costs</b> e.g. Expenses incurred as part of your work not belonging in one of the previous categories eg: phone costs, stationary, postage	<b>Yes</b>
<b>General Business/Other Expenses</b> e.g. Public liability insurance, home office, trade licence costs, union fees etc.	<b>Yes</b>
<b>Mileage</b> The number of miles you've driven for work	<b>Yes</b>

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# CONTACT US



If you have any further questions,  
please contact us as we are here to help

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