

EXPENSES

Expenses are not normally claimable when working for an umbrella company as legislation introduced in 2016 brought in certain measures that ruled out claiming tax relief on travel and subsistence expenses. The legislation levelled up what the government perceived as an unfair situation between temporary and permanent workers. The measures are known as SDC tests—Supervision, direction and control.

Supervision

Where a worker is overseen in how they carry out their duties then they are being supervised. Even if they are not actually being overseen, the fact that there is an individual in place who has the right to check the work is meeting a required standard means that there is supervision. Supervision can also involve helping the worker develop their skills and knowledge.

Direction

Where a worker is receiving guidance in how their duties must be carried out by receiving instructions or advice and that there will be someone coordinating how the work is done as it is being undertaken.

Control

Control is where the worker is controlled in the manner in which they carry out their duties. It is also evident where someone else has the power to move the person from one job to another.

If SDC exists in the working environment then it is not possible to claim tax relief on the costs associated with home to work travel and subsistence that umbrella workers were able to enjoy before April 2016.

The government in bringing in these tests explicitly consider that those who work within a regulatory environment, such as health care workers, social care workers and teachers are subject to SDC. They argued that the manner in which the work is governed by regulations that somebody will have the right to supervise their work and check that their work complies with those standards.

Like most umbrella companies we have taken the decision not to allow employees to claim tax relief on travel and subsistence expenses—regardless of your SDC status. If you are found to have claimed expenses that you shouldn't then HMRC will hold you accountable and have the power to fine. This is a position we are not prepared to put you in.

Reimbursed expenses

You will be able to claim reimbursed expenses. This will be where you are specifically instructed to incur additional costs by your recruitment company. We will process such expenses as part of our payroll.