

## 'Tax Free' expenses claimable by Lorry Drivers

The closure of the old 'PAYE Dispensation' system for business whereby they could obtain advance approval from HM Revenue & Customs (HMRC) that certain expenses incurred by employees, in the performance of their duties of employment, were not subject to Income Tax or National Insurance Contributions, was replaced on 6 April 2016 by a new 'Expenses Exemption' system.

However, for lorry drivers this is not the case as the tax treatment of the allowances previously agreed with HMRC by the Road Haulage Association (RHA) have remained unchanged.

The RHA has a historical agreement with HMRC over the payment of a 'round sum allowance' to drivers who sleep their vehicles whilst on a business journey. The agreement only requires the employer to be satisfied the driver is away from their normal base and therefore sleep in their vehicle in order to receive the allowance.

The RHA has stated that, although termination of dispensation rules will occur from 6 April 2016, the historical agreement between HMRC and the RHA in respect of lorry drivers in regards to overnight expenses will continue as before.

It appears that HMRC has been telling hauliers that they need to get proof of purchases from their drivers if they are going to pay an overnight subsistence allowance up to the rate agreed with the RHA.

According to the RHA this is incorrect.

*"There is no change to the system. Drivers have to be genuinely away in their cabs overnight – in a genuine subsistence position – but nothing further is required."*

*"We have confirmation of that from HMRC," said Jack Semple, RHA director of policy, "but HMRC inspectors have, in some cases, been imposing new demands on hauliers."*

*"The overnight subsistence payment is a proper recognition of the realities of the road haulage industry – a sector that is vital to the UK economy – and HMRC should not be seeking to add to the burden of red tape in the way that it functions. More to the point, it has agreed not to do so – but appears to have failed to communicate that internally."*

The current 'Tax Free' rates which will continue to apply to employed lorry drivers from 6 April 2016 are as follows:

- The tax free overnight subsistence allowance which may be paid to employed lorry drivers for the year ended 31 December 2017 when drivers have to spend the night away from home and their permanent workplace (if any) is:
  - £34.90; or,
  - £25.40 (i.e. 75%) where the driver has the use of a sleeper cab.
- Mid-day meal allowance - £2 per day (higher if an Expenses Exemption has been agreed between the employer and HMRC).
- Incidental Overnight Expenses - £5 per night within the UK (£10 overseas) - paid in addition to the allowances above