

Dear Sir/Madam,

## **Employment expenses**

We are writing to you because you have told us in your Self Assessment tax return for the year ended 5 April 2020 that you incur expenses related to your employment.

## **Conditions for claiming expenses**

To claim employment expenses, you must satisfy five conditions, which must all be met for the expense to qualify. These are:

1. The expense would have been incurred whoever was doing your job.
2. The expense was necessary for you to carry out your work.
3. The expense was incurred "in the performance of your duties".
4. The expense was incurred and paid.
5. The expense was "wholly and exclusively" for your work.

## **What you need to do now**

We want you to check that the information in your Self Assessment tax return, for the year ended 5 April 2020, is correct. This is not a formal compliance check of your tax return.

After you have checked the claim meets the five conditions above, please make any changes that are required.

And finally, only if necessary, please amend your tax return by visiting [www.gov.uk](http://www.gov.uk) and searching for 'Self-Assessment tax returns/corrections'.

We understand that tax can be complicated so have enclosed an 'expenses overview' to provide some additional information on the most commonly claimed expenses.

## **More information**

You have a legal requirement to retain evidence of expenses. For advice of what to keep and how long to keep it for, please visit: [www.gov.uk/keeping-your-pay-tax-records](http://www.gov.uk/keeping-your-pay-tax-records). You can also find further guidance about employment expenses by viewing: [www.gov.uk/tax-relief-for-employees](http://www.gov.uk/tax-relief-for-employees).

Please remember it is your responsibility to make sure your tax return is complete and correct. If we later find errors that you have not corrected after receiving this letter, there may be additional tax due and we may charge a penalty.

For more info about inaccuracy penalties, go to [www.gov.uk](http://www.gov.uk) and search for factsheet 'CC/FS7a, 'Penalties for inaccuracies in returns or documents'.

If you have an agent acting on your behalf, we have shared this letter with them, so may want to discuss it with them.

***Please tell me if you have any health or personal circumstances that may make it difficult for you to deal with us. I'll help you in whatever way I can. For more information about this, go to [www.gov.uk](http://www.gov.uk) and search for 'get help from HMRC if you need extra support'***

**Yours sincerely**

**Compliance Officer**

## **Employment Expenses Overview**

You might be able to claim tax relief if:

- you use your own money for things that you must buy for your job
- you only use these things for your work

You cannot claim tax relief if your employer either gives you:

- all the money back
- an alternative, for example your employer gives you a laptop, but you want a different type or model

Some employers are legally obliged, for health and safety reasons, to provide certain personal protective equipment (PPE) or to reimburse the costs incurred in purchasing PPE for employees that need this equipment to do their job. You should note that you cannot claim tax relief for PPE if it is deemed to be required by your employer under a risk assessment.

## **Working from home**

You may be able to claim tax relief for additional household costs if you have to work at home on a regular basis, either for all or part of the week. This includes if you have to work from home because of coronavirus (COVID-19).

You cannot claim tax relief if you choose to work from home.

You may be able to claim tax relief for:

- gas and electricity
- metered water
- business phone calls, including dial-up internet access

You cannot claim for the whole bill, just the part that relates to your work.

## **How much you can claim**

You can either claim tax relief on:

- £6 a week from 6 April 2020 (for previous tax years the rate is £4 a week) - you will not need to keep evidence of your extra costs
- the exact amount of extra costs you've incurred above the weekly amount - you'll need evidence such as receipts, bills or contracts

You'll get tax relief based on the rate at which you pay tax. For example, if you pay the 20% basic rate of tax and claim tax relief on £6 a week you would get £1.20 per week in tax relief (20% of £6).

## Buying other equipment

In most cases you can claim tax relief on the full cost of substantial equipment, for example a computer, you have to buy to do your work. This is because it qualifies for a type of capital allowance called [annual investment allowance](#).

You cannot claim capital allowances for cars, motorcycles or bicycles you use for work, but you may be able to claim for [business mileage and fuel costs](#).

You can only claim tax relief for equipment expenses if:

- you need it to do your job
- you use the equipment for work and there's no significant private use - this includes using the equipment according to your organisation's policy

## If your employer gives you money for the item

Reduce the amount you claim tax relief on by the amount of money your employer gives you.

## Vehicles you use for work

You may be able to claim tax relief if you use cars, vans, motorcycles or bicycles for work.

This does not include travelling to and from your work, unless it's a temporary place of work. Travel from home to office (ordinary commuting) is not an allowable expense.

How much you can claim depends on whether you're using:

- a vehicle that you've bought or leased with your own money
- a vehicle owned or leased by your employer (a company vehicle)

## Using your own vehicle for work

If you use your own vehicle or vehicles for work, you may be able to claim tax relief on the approved mileage rate. This covers the cost of owning and running your vehicle. You cannot claim separately for things like:

- fuel or electricity
- road tax or MOTs
- repairs

To work out how much you can claim for each tax year you'll need to:

- keep records of the dates and mileage of your work journeys
- add up the mileage for each vehicle type you've used for work
- take away any amount your employer pays you towards your costs, (sometimes called a 'mileage allowance')