

What is Business Mileage?

Business mileage is travel that an individual is necessarily obliged to do in the performance of his or her duties. A typical example might be where an employee has to travel directly from their 'normal workplace' to a client, supplier or professional advisor etc.

So, how can we satisfy HMRC that drivers only claim for business miles?

Business mileage does not include:

- Travel from home to a normal place of work (ordinary commuting).
- Private travel – non work-related journeys.
- Travel from home to a location near your normal place of work (as a guide, within 10 miles of your base).

It makes no difference if the journey takes place outside normal working hours. This includes for example attending to settle an alarm call in the middle of the night!

It is vital that drivers and those authorising expenses understand the definitions that HMRC will use.

Permanent (normal) workplace	This is a place that the employee regularly attends for the performance of the duties of employment. The costs associated with travel between home and the permanent workplace will be classed as ordinary commuting and will be subject to tax and National Insurance Contributions.
Temporary workplace	This is a place that the employee attends for the purpose of performing a task of limited duration or for some other temporary purpose. The costs associated with travel between home and the temporary workplace will be classed as business mileage and will not be subject to tax and National Insurance Contributions. Employees who are required to attend at more than one workplace, may have more than one permanent workplace during the same period. Things to consider when deciding whether there are two workplaces include:
Two or more permanent workplaces	<ul style="list-style-type: none">• The employee regularly performs a significant part of his or her duties there (say 40% of their time); or• People would expect to be able to contact the employee at the second location; or• The employee has a desk and support services at the second location which he/she regularly uses.
Regular attendance	Attendance at a workplace which is frequent, follows a pattern or it is the place where the employee attends for most of the period of his employment.
Ordinary commuting	Any journey between a permanent workplace and home or another place attended for a non-business purpose.

Scenario One – Journeys which start AND finish at your permanent place of work

If you leave the office during the day, drive to another location for business purposes, and then return to the office afterwards you may claim:

- Your mileage from your permanent place of work to the other location; and

- Your mileage from the other location back to your permanent place of work.

HMRC says: “Which journeys are ‘work journeys’?”

The table below distinguishes work journeys and non-work journeys

Work journeys

Journeys that you **have to make** in the course of doing your job.

Examples include:

- Delivering goods, or
- Making calls to customers

Non-work journeys

Private journeys unrelated to work. Journeys to and from your place of work (commuting journeys), even if you call at a client’s on the way (unless the journey is significantly different from your usual commuting journey)

However, HMRC have also introduced a 10 mile rule, which is best illustrated below:

Scenario Two – Journeys which start from home

If your journey starts from home, the mileage can be claimed as long as the **temporary** place of work to which you are travelling, is not within a ten mile radius of your **permanent** place of work.

Journey A As the temporary place you are visiting is more than 10 miles away from your permanent place of work, your travel to/from the temporary place of work is allowed in full.

Journey B If you then travel to your permanent place of work after your meeting etc. at the temporary place this travel is also allowed in full.

Journey C If you then travel home from your permanent place of work, this journey represents your normal commute and can never be allowable for tax and NIC purposes.

Multiple trips If after completing your first meeting you then travel to another meeting then travel between meetings will be business related and allowable for tax and NIC purposes even if the second or any subsequent meeting place is within the 10 mile radius.

If you travel from home, to a temporary workplace which is **within** ten miles of your permanent place of work, then HMRC will not consider the journey to represent a genuine business journey, on the basis that it is similar to your normal commute.

Journey A As the temporary place you are visiting is within 10 miles of your permanent place of work then your journey is regarded as roughly the same as your ordinary commute and therefore no travel can be claimed as this is not allowable for tax and NIC purposes.

Journey B If you then travel to your permanent place of work after your meeting etc. at the temporary place, this travel is allowable in full.

Journey C If you then travel home from your permanent place of work, this journey represents your normal commute and can never be allowed for tax and NIC purposes.

Multiple trips If after completing your meeting you then travel to another meeting then this subsequent travel and your travel back to your permanent place of work will be business even if the second or subsequent meeting place is again within the 10 mile radius.

Scenario Three – Journeys which finish at home

If your journey finishes at home, the mileage can be claimed, as long as the **temporary** place of work you

drive home from was not within a ten mile radius of your **normal** place of work. If your temporary place of work you drive home from is within 10 miles of your normal place of work then this can never be claimed as a business journey.

If you travel from home, to a temporary workplace which is **within** ten miles of your permanent place of work, then HMRC will not consider the journey to represent a genuine business journey, on the basis that it is similar to your normal commute.

Journey A As the temporary place you visited was more than 10 miles away from your permanent place of work, your travel home from the temporary place of work is allowed in full.

Journey B If you travelled from your permanent place of work to temporary place this travel is also allowed in.

One option is the use of innovative GPS technology, which aids the maintenance of accurate records in a fraction of the time taken to complete 'traditional' paper based or online records. Also, the driver is in control of the data and so 'Big Brother' issues associated with off the shelf telematics solutions is also managed. The driver simply hides the detail associated with the private trips but still retains a full audit trail of the business trips to support their claim (see below). Finally the system holds details of the trip reason and 'friendly' names etc. making it easier and easier to use.

Soon your business mileage recording could look like this:

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or visit our web site: www.peakmiles.com

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