Global Template Configuration

United Kingdom

Last Updated: November 2018
## Revision History

<table>
<thead>
<tr>
<th>Date</th>
<th>Revision Notes / Comments</th>
</tr>
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<tbody>
<tr>
<td>30-Nov-2018</td>
<td>Updated VAT/Company Car Mileage with latest HMRC advisory rates</td>
</tr>
<tr>
<td>31-Aug-2018</td>
<td>Updated VAT/Company Car Mileage with latest HMRC advisory rates and added new Electric Company Car Criteria</td>
</tr>
<tr>
<td>01-Jun-2018</td>
<td>Updated VAT/Company Car Mileage with latest HMRC advisory rates</td>
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<tr>
<td>01-Mar-2018</td>
<td>Updated VAT/Company Car Mileage with latest HMRC advisory rates</td>
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<tr>
<td>01-Dec-2017</td>
<td>Updated VAT/Company Car Mileage with latest HMRC advisory rates</td>
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<tr>
<td>01-Sep-2017</td>
<td>Updated VAT/Company Car Mileage with latest HMRC advisory rates</td>
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<td>Updated VAT/Company Car Mileage with latest HMRC advisory rates</td>
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<td>01-Mar-2017</td>
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<td>Updated VAT/Company Car Mileage with latest HMRC advisory rates</td>
</tr>
<tr>
<td>01-Mar-2016</td>
<td>Updated VAT/Company Car Mileage with latest HMRC advisory rates</td>
</tr>
<tr>
<td>01-Dec-2015</td>
<td>Updated VAT/Company Car Mileage with latest HMRC advisory rates</td>
</tr>
<tr>
<td>01-Sep-2015</td>
<td>Updated VAT/Company Car Mileage with latest HMRC advisory rates</td>
</tr>
</tbody>
</table>
Disclaimer

The Concur Global Template consists of Expense configurations designed to support the most commonly known configuration and statutory requirements for supporting T&E best practices. The system includes support for specific statutory requirements based on our understanding of “common interpretation” gathered from our experience of in-country legislation through the deployment of Concur into this market. The Country Template represented in this guide is intended to provide customers with a starting point to aid in the deployment of their T&E solution, and should in no way be construed as tax or compliance advice for your business. The template configuration may need to be adjusted to match the requirements of your business, and any legal or statutory requirements should be confirmed with your company’s tax accounting and/or compliance departments before being authorized for configuration into your Concur Expense system.

Updates

Rates and/or regulatory requirements provided as part of the Templates are not guaranteed to be up to date, so any information provided should always be verified by the customer against the current government regulations. Updates are applied through on-going partnership with in-country Concur product marketing teams, liaison with implementing customers, and through collaboration across the various Concur implementation teams deploying in these countries.

The timing of updates can vary by country and feature. For example, certain countries provide regular annual updates to statutory travel allowance and mileage rates, while the rates in other countries are less frequently updated. VAT rate updates are typically less frequent or predictable and can occur at any time and are quite often dependent on broader economic situations. Tax authorities do however typically provide advanced warning where VAT rate or rule changes come into effect to allow businesses time to prepare.

Every effort is made to ensure that where updates are known to Concur that these are applied to the latest version of the template in a timely fashion. Where updates have been applied these will be reflected in any available template documentation.
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Best Practice VAT Configuration Options

VAT Considerations

The intention is to pre-configure the VAT within the Template environment using pre-configured elements to support the statutory VAT requirements in the UK. This will assist with ensuring that users enter the correct information before auditing to ensure compliance with the tax regulations for reclaiming VAT.

Concur will provide recommended best practices for configuring the environment for the UK based on the following model:

- Best Practice configuration options - specific data entry fields and audit rules to control compliance before the expense claim is audited or processed
- 3 Receipt Types (Tax Receipt, Receipt and No Receipt)
- Provide links within the Company Information panel in “My Concur” to the HMRC web site definition of a Tax Receipt/VAT Invoice to assist users
- http://www.hmrc.gov.uk/vat/managing/charging/vat-invoices.htm#2
Expense Types with Special VAT Handling

Special VAT conditions and data entry requirements for which it is suggested we include special pre-configured tax handling in the template system.

Car Rental (Vehicle Hire)

If you hire a Rental Car you can reclaim 100% of the VAT so long as both of the following apply:

- You hire the car for no more than ten days
- You use it specifically for your business.

In the event that the car is rented for over 10 days and/or it is used for something other than business during this period then only 50% of the VAT may be reclaimed. There is an additional circumstance where customers are only able to recover 50% of the VAT, where the vehicle hire is as a temporary replacement for a company car.

To support the VAT handling for these conditions the UK Car Rental Expense Entry Form will allow the user to select from the following required drop-down (with no default value):

- Hire for up to 10 days, business use only
- Hire for any duration to replace a company car
- Hire for more than 10 days, business use only
- Includes business and personal use

Selection of the value “Hire for up to 10 days, business use only” combined with a Tax Receipt will reclaim 100% VAT. Selection of any other value will calculate the reclaimable VAT to 50%.

Option: The entry form can also include fields for Hire Start and End dates to assist with validation of the number of days hire. This is upon request.

Laundry

This has Standard VAT applied however 0% is reclaimable. Laundry will be setup in a separate Standard VAT Tax Group which sets the reclaim to 0% no matter what Receipt Type is selected.
Entertainment

Generally HMRC guidance does not permit VAT to be recovered on any part of Client entertaining, however VAT on Staff entertaining can be recovered. Therefore the information each traveller/claimant needs to consider is whether the purpose of cost incurred was to entertain clients or staff. There may be some instances when an Entertainment Expense may be BOTH Staff and Client related, for example when a staff entertaining event has clients invited as guest speakers – in this instance the staff element would be recoverable. A client entertaining event would assume some staff presence; however due to the nature of the event being Client Entertainment the VAT for the staff element here cannot be reclaimed.

In order to support these variations the system is preconfigured allowing this to be managed in the following way:

Client Entertainment - the system is configured to record the VAT based on the receipt type however this is not reclaimable (irrespective of receipt type).

Staff Entertainment (Without Clients) - the user selects the expense “Entertainment – Staff” where 100% of the VAT is reclaimable upon selection of Tax Receipt. All Attendees assigned to this expense must have the Attendee Type = Employee.

Staff Entertainment (With Clients) if the user adds any attendee type that is not an Employee the system will force the user to select a new Expense called “Entertainment Staff (With Clients)”. By default this is setup to be visible at Parent level only, with 2 expense types available for itemization (Entertainment – Staff; Entertainment – Clients). This expense is also linked to an Itemization Wizard with the 2 standard Entertainment expense types available (Entertainment – Staff is required), and Itemization is “Required”. The process for the expense entry is as follows:

- The user enters the expense “Entertainment Staff (With Clients)” at parent level for the full amount of entertainment. Here they are not required to enter any attendees.
- The user is then forced to split the expense using an itemization wizard which shows 2 sub-expense types (Entertainment – Staff; Entertainment – Clients). The user splits the amounts for Client and Staff entertainment accordingly.
- The system creates 2 itemizations for each element
- The user is then required to enter in the Attendees for each itemization (Employees assigned to Entertainment – Staff and Business Guests/Client attendees assigned to Entertainment – Clients)
- Audit Rules are also activated which fire to instruct the user to remove Staff attendees from the Client Entertainment itemization, and Client Attendees from the Staff Entertainment itemization.
- VAT is only configured for reclaim on the Staff Entertainment element when Tax Receipt is selected.

One final consideration in the UK is that VAT is not recoverable for staff entertainment solely for Directors (this does not include where Directors are a part of Staff Entertainment with regular staff attendees). To support this requirement an additional optional expense type can be made available called “Entertainment – Staff (Directors only)” where no VAT is recoverable. The expense type will be configured for 0% reclaimable VAT however this will not be activated for the default UK configuration (this can be activated upon request).
Parking

Some car parking charges, for example off-street or multi-storey car parks, include VAT at the standard rate. Other car parks may not include VAT, while there's no VAT on on-street parking meter charges.

The UK Entry Form for Parking requires the user to declare whether the expense was subject to VAT (i.e. the receipt includes either 20% or 0% VAT treatment). This takes the form of a simple drop down field which is required for them to complete that simply states:

- Off Street/Multi-Storey
- On Street Parking/Other (No VAT)

Based on the selection of the above value the system will calculate whether VAT applies. Based on the selection of the Receipt Status the system will calculate whether the VAT is reclaimable. Companies can reclaim the input tax on parking expenses £25 or less without providing a tax receipt/invoice where receipts are traditionally difficult to obtain (such as coin operated parking machines).

HMRC state that you do not need a VAT invoice for some types of supply if your total expenditure for each taxable supply was £25 or less (including VAT). However customers must be sure that the supplier was registered for VAT. As the system is unable to capture or verify this information, Concur will only recover VAT on claims supported by a Tax Receipt.

Tolls/Road Charges

Similar to Parking charges the rules for reclaiming the VAT on Tolls in the UK depend upon the amount of the expense, and whether it is traditionally possible to obtain a receipt. Companies can reclaim the input tax on tolls of £25 or less without providing a tax receipt/invoice.

As with Parking customers must be sure that the supplier was registered for VAT. As the system is unable to capture or verify this information, Concur will only recover VAT on claims supported by a Tax Receipt.
**Individual Meals (Subsistence – Breakfast/Lunch/Dinner)**

If you claim a meal expense in the UK this is likely to be subject to VAT based on the nature and purpose of expenditure. The rules are not regarding recoverability but about understanding whether VAT has been charged on the expense. Due to the difficulty in covering all permutations around meal expenses the system will include a simple drop-down list to assist users in identifying the nature and purpose of expenditure (which will ultimately drive the VAT treatment). The following values will be available for selection for the expense types “Individual Meals”, “Breakfast”, “Lunch” and “Dinner”:

- Individual Restaurant Meal or Hot Take-away
- Other Food & Snacks

In the event that the user selects “Individual Restaurant Meal or Hot Take-away” then the system will calculate 20% VAT on the meal expense which will be 100% recoverable with a Tax Receipt. In all other cases users should select the option “Other Foods & Snacks” where the system will not calculate any VAT.

**Gifts (Staff and Client)**

The rules for VAT on Gifts in the UK are relatively complicated. The rules handling reclaimable VAT differs depending on the following conditions:

- there are any gifts to one individual recipient over £50 (gross)
- there are any successive gifts to one individual within a 12 month period

The £50 rule applies to both Staff and Clients/Business Guests while companies can still reclaim VAT even where the annual amount exceeds £50 per individual. The difference is that there is an obligation where the amount exceeds £50 per year for the company to account for the output tax (input tax is the VAT on the expense purchased, while output tax is the VAT charged on the sale of an item). This is applicable to Gifts as this is not necessarily a traditional expense incurred. So where the annual amount per individual exceeds £50 customers can only reclaim VAT on gifts if they can account for the output tax.

Due to this complexity the system does not reclaim VAT on all Gifts (irrespective of amount) because of the requirement to track the annual limit of £50 and/or whether customers are required to account for the output tax. Therefore the system will only calculate reclaimable VAT on individual Gift expenses up to a maximum of £50 supported by a Tax Receipt. The template contains a warning message to the back office advising that Standard VAT is reclaimable only if less than or equal to £50 (gross) and is also only applicable where the total cost of all gifts does not exceed £50 in any 12-month period and this is not part of a series of gifts.

Users will also be required to provide the following information for each Gift claimed:

- Recipient (attendee)
- Business Purpose for the expense
**Telephone/Fax, Mobile Phone**

HMRC levies the standard rate VAT on both domestic and international calls. UK Companies can reclaim the VAT associated with both domestic and international calls (provided that they were business calls). Generally VAT is not reclaimable on the Line Rental element of a personal Telephone and/or personal Mobile Phone bills.

To support the VAT handling for these conditions the Expense Entry Form will allow the user to select from the following required drop-down (with no default value):

- Personal Phone/Mobile - Business Calls Only
- Dedicated Home Business Line – Business Calls & Line Rental
- Company Mobile Phone – Business Calls & Line Rental
- Personal/Company Phone – Business & Personal Calls

If the user selects any of the first 3 options then the system will calculate 100% reclaimable VAT where the expense is supported with a Tax Receipt.

If the user selects “Personal/Company Phone – Business & Personal Calls” the user will be instructed to create 2 itemizations. These itemizations should represent the split of Business Calls (and Line Rental if not a personal phone) in one and Non-Business Calls in the other.

Additional expense types are available only for Itemization – these are called “Business Calls” and “Personal Calls”. There is an Itemization Wizard available called “Mobile and Telephone Wizard” which uses only these 2 new expense types allowing the user to more easily split the costs. VAT will only be reclaimed for the “Business Calls” itemization, upon selection of the value Tax Receipt.

**NOTE**: When an itemization wizard is mapped to expense types shared on multiple expense configurations, the wizard will appear for all countries using these expense types.

**Internet/Online Fees**

To support the VAT handling for Internet/Online Fees the Expense Entry Form will allow the user to select from the following required drop-down (with no default value):

- Dedicated Second Line for Business
- Hotel Wi-Fi / Internet
- Other (No VAT Recoverability)

If the user selects any of the first 2 options then the system will calculate 100% reclaimable VAT where the expense is supported with a Tax Receipt.
Personal Car Mileage

If employees are paid a business mileage allowance, VAT may be claimed by reference to the cost of fuel used or in accordance with the Advisory Fuel Rates.

Companies can reclaim VAT on the fuel element of the mileage rate. HMRC publish the fuel advisory rates which are used for Company Car mileage allowances in Concur however the categories and criteria set out by these rates (based on fuel type and engine size) are also applicable for the Personal Car mileage VAT.

Concur is configured to track this as follows:

- Variable Car Criteria based on each of the combinations of Engine Size and Fuel Type – the user will register their vehicle and select the required value.
- Tax Conditions configured to reference each of the Car Criteria

Concur is able to use Distance Rate VAT configurations to support this, whereby the system will calculate the VAT on personal car mileage using the latest HMRC fuel advisory rates combined with the vehicle criteria and distance travelled in miles.

As an example, a 1400cc petrol car will have fuel costs per mile of 11p per mile. The VAT reclaimable on each 45p (rate per mile up to 10,000) is therefore 11p-(11p/1.20) = 1.83p per mile (20% VAT on 11p).

In the event that any company reimburses the employee a rate lower than the fuel advisory rate, VAT is only calculated on the reimbursement rate. For example the user claims mileage on a Petrol >2000cc vehicle where fuel advisory rate is 21p. However the company pays a flat 15p per mile – in this case the VAT is only calculated on the 15p per mile.

Here is an example of the VAT setup for Petrol and Diesel vehicles (NOTE: for the latest fuel advisory rates please refer to the Mileage Rates section of this document):

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Calculation Method</th>
<th>Distance Rate</th>
<th>Tax Percent</th>
<th>Ext...</th>
<th>Effective...</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel 1600cc or less</td>
<td>Complex Distance</td>
<td>0.0900</td>
<td>20%</td>
<td>06/01/2016</td>
<td>12/31/9999</td>
<td></td>
</tr>
<tr>
<td>Diesel 1600cc to 2000cc</td>
<td>Complex Distance</td>
<td>0.1100</td>
<td>20%</td>
<td>09/01/2016</td>
<td>12/31/9999</td>
<td></td>
</tr>
<tr>
<td>Diesel Over 2000cc</td>
<td>Complex Distance</td>
<td>0.1300</td>
<td>20%</td>
<td>09/01/2016</td>
<td>12/31/9999</td>
<td></td>
</tr>
<tr>
<td>Petrol 1400cc or less</td>
<td>Complex Distance</td>
<td>0.1100</td>
<td>20%</td>
<td>09/01/2016</td>
<td>12/31/9999</td>
<td></td>
</tr>
<tr>
<td>Petrol 1400cc to 2000cc</td>
<td>Complex Distance</td>
<td>0.1400</td>
<td>20%</td>
<td>12/01/2016</td>
<td>12/31/9999</td>
<td></td>
</tr>
<tr>
<td>Petrol Over 2000cc</td>
<td>Complex Distance</td>
<td>0.2200</td>
<td>20%</td>
<td>03/01/2017</td>
<td>12/31/9999</td>
<td></td>
</tr>
</tbody>
</table>

Based on the above table the system calculates the Tax Percentage on the Distance Rate for each mile travelled. In general terms this VAT amount per mile based on the fuel advisory rate can be calculated using the following formula:

\[ (\text{Fuel Advisory Rate}) - \left( \frac{\text{Fuel Advisory Rate}}{1.20} \right) \]
The following table shows a simple breakdown of the Fixed VAT amount per mile based on sample fuel advisory rates for the various car criteria:

<table>
<thead>
<tr>
<th>Car Criteria</th>
<th>Fuel Rate</th>
<th>VAT on Fuel Rate per Unit of Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrol: 1400cc or less</td>
<td>£0.11</td>
<td>£0.0183</td>
</tr>
<tr>
<td>Petrol: 1401cc to 2000cc</td>
<td>£0.13</td>
<td>£0.0217</td>
</tr>
<tr>
<td>Petrol: Over 2000cc</td>
<td>£0.20</td>
<td>£0.0333</td>
</tr>
<tr>
<td>Diesel: 1600cc or less</td>
<td>£0.09</td>
<td>£0.0150</td>
</tr>
<tr>
<td>Diesel: 1601cc to 2000cc</td>
<td>£0.11</td>
<td>£0.0183</td>
</tr>
<tr>
<td>Diesel: Over 2000cc</td>
<td>£0.13</td>
<td>£0.0217</td>
</tr>
</tbody>
</table>

**NOTE:** LPG is not included in the default VAT setup for UK Mileage.

**NOTE:** The Fuel Rates above are an example only. For the latest Fuel Rates see the Company Car area of the Mileage Rates section of this document.

The system will calculate the reclaimable VAT based on the Fixed VAT on Fuel Rate per Unit of Distance where the mileage expense is supported with a Tax Receipt.
Expense Types without Special Handling

Standard 20%
- Car Maintenance/Repairs
- Company Car Mileage
- Courier/Shipping/Freight
- Fuel
- Hotel
- Marketing/Promotional Costs
- Office Equipment/Hardware
- Office Supplies/Software
- Printing/Photocopying/Stationery
- Relocation Expenses
- Tolls/Road Charges
- Tuition Reimbursement
- Seminar/Course Fees

Zero/Exempt 0%
- Airfare
- Airline Fees
- Bank Fees
- Currency Exchange Fees
- Friends & Family Allowance
- Incidentals Allowance
- Miscellaneous
- Newspapers/Magazines/Books
- Passport/Visa Fees
- Postage
- Professional Subscriptions
- Public Transport
- Staff Awards/Incentives
- Taxi*
- Tips/Gratuities
- Train

* This is commonly zero rated as most taxi drivers operate as individuals and are not registered for VAT (being below the HMRC VAT registration threshold)

**NOTE** Expenses where the amount exceeds £250 - A claim to deduct input tax for an expense which exceeds £250.00 (inclusive of VAT) must be supported by appropriate documentary evidence, specifically a full detailed tax invoice. Simplified tax receipts or less detailed tax invoices are acceptable only where the tax inclusive value of the supply is £250 or less. To support this in Concur the system will calculate recoverable VAT on claims exceeding £250, however the back office Processor will be presented with a warning message explaining that Concur has calculated recoverable VAT on this expense, but as the amount exceeds £250.00 the customer may need additional research to re-style the invoice to protect the VAT reclaim.
VAT Registration and Non-Domestic VAT

VAT Registration in Ireland

Many UK businesses are registered for VAT in Ireland and therefore transactions incurred by employees in Ireland visiting the UK and employees in the UK visiting Ireland require VAT to be reclaimed. In both cases the VAT reclaim is considered as “Domestic” although the VAT Rates and conditions imposed must relate to the country where the transaction took place. So the company would still be able to reclaim the VAT for a UK employee travelling to Ireland, but the rates and conditions should be those set out by the Irish Tax Authority (21%).

In the event that the customer is registered for VAT in Ireland Concur should configure a Tax Authority for Ireland and work with the customer on mapping expenses to the correct Tax & Reclaim Groups. Tax Conditions would need to include the logic that where “Employee Country = United Kingdom” for the Ireland Tax Authority, and “Employee Country = Ireland” for the UK Tax Authority (assuming the customer requires employees from either country to reclaim VAT when travelling in either).

VAT Reclaim for Deployed Overseas Countries

Currently we only configure VAT reclaim for Domestic transactions as standard. To support Non-Domestic reclaim for countries other than your home country would require configuring VAT for all possible countries of destination, which is too much work to maintain and configure.

The alternative approach should be to instruct customers that where they deploy to multiple countries (business hubs) Concur is then able to setup the Tax Conditions within each configured Tax Authority to support overseas reclaim for those countries included in the deployment. In other words, reclaiming VAT for employees incurring VAT applicable transactions overseas where the destination is one of the countries within the deployment scope can be supported. This is because the Tax Authority and Configuration for that country is already setup for Domestic Reclaim.

Example: A customer is deploying to UK, France and Germany who wants to reclaim overseas VAT. Concur will already be configuring VAT for UK, France and Germany, so an additional task is required to setup the VAT for those countries to include employees who claim transactions in either of the other 2 countries. So a UK employee travelling to France and Germany can also have their expense tracked for VAT reclaim.

NOTE: The main consideration in this approach is where the entry forms for one country (UK) do not include fields used by the other country’s tax configuration. For example, in Germany there are specific data fields required to validate the VAT for Domestic employees. Provided all entry forms were setup to include all fields relevant for these expenses for any country of destination this approach could be feasible.
Mileage Rates

Personal Car Mileage with Distance Limits

This will be Pre-configured and maintained by Service Admin where this service has been purchased by the customer.

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>First 10,000 Business Miles</th>
<th>Each Mile Over 10,000</th>
<th>Per Passenger Per Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cars and Vans</td>
<td>45p</td>
<td>25p</td>
<td>5p</td>
</tr>
<tr>
<td>Motorcycles</td>
<td>24p</td>
<td>24p</td>
<td>-</td>
</tr>
<tr>
<td>Bicycles</td>
<td>20p</td>
<td>20p</td>
<td>-</td>
</tr>
</tbody>
</table>

Last Updated: April 6th 2011

For Personal Cars the car registration form is standardised to include:

- Engine Size / Fuel Type

Company Car Mileage

Based on Engine Size and Fuel Type combination

This will be Pre-configured and maintained by Service Admin (upon client request) where this service has been purchased by the customer.

<table>
<thead>
<tr>
<th>Engine size</th>
<th>Petrol</th>
<th>Diesel*</th>
<th>LPG</th>
<th>Electric</th>
</tr>
</thead>
<tbody>
<tr>
<td>1400cc (1600cc*) or less</td>
<td>12p</td>
<td>10p</td>
<td>8p</td>
<td>4p</td>
</tr>
<tr>
<td>1401cc (1600cc*) to 2000cc</td>
<td>15p</td>
<td>12p</td>
<td>10p</td>
<td></td>
</tr>
<tr>
<td>Over 2000cc</td>
<td>22p</td>
<td>14p</td>
<td>15p</td>
<td></td>
</tr>
</tbody>
</table>

Last Updated: December 1st 2018

For Company Cars the car registration form is standardised to include:

- Make and Model
- Date first registered
- CO2 emissions figure
- Engine Size / Fuel Type
Reimbursing the Company for Personal Miles where Company Paid Fuel

In some UK companies the employer pays for all fuel expenses related to the company car. The employee has to reimburse the company for the personal mileage driven. The employee registers all mileages driven on a monthly basis as well as the split between company/personal mileages.

Typically in Concur it is assumed that the employee is paying for Company Car Petrol themselves. So rather than entering any receipts into the system they simply record and claim the Company Car Mileage based on the configured rates and are reimbursed a fixed amount per mile per trip which is paid back to the employee.

In the case of some employers the fuel costs are company paid, and the only time the employee would require Reimbursement was if they paid for the fuel on their own Credit Card or by Cash. Typically they would pay for the fuel using a fuel card or company paid credit card. For this reason Concur would need the ability to differentiate whether the Company Car Mileage expense was:

- Company Paid Business Miles (No Reimbursement)
- Company Paid Personal Miles (Employee owes the company)
- Employee Paid Business Miles (to be reimbursed to the employee)

NOTE: As actual fuel receipts may still be coming into the system via the Company Credit Card, companies must be aware that in these cases the expense reports would include BOTH a Company Paid Fuel Expense which track the actual receipt costs of the fuel AND a Company Car Mileage Expense which tracks the miles (Business & Personal) as well as mileage amounts (Employee Paid Business Miles owed to the employee and Company Paid Personal Miles owed to the company).

Solution:

Setup a Variable Rate Company Car configuration for the UK based on the published Advisory fuel rates (See Company Car Mileage)

Two separate Car Criteria would be configured for each combination of Engine Size and Fuel Type required by the company – one to cover Personal Mileage owed back to the company, and another to track Business Mileage where fuel was paid for by the employee.

PRIVATE - For claims where they have had personal miles as part of a journey they would use the PRIVATE Car Criteria. For example they would enter in 80 Miles business at 80 * 0.00 GBP and 20 Miles Personal at 20 * -0.14. This would calculate an amount owed to the company, and offset this against any reimbursable expenses on their expense claim.

BUSINESS - If the employee had paid for the fuel themselves they would use the BUSINESS Car Criteria where they would be reimbursed the amount for actual Business Miles.

The employee would be responsible for selecting which Company Car Criteria they required in their Profile which will be used when entering Company Car Mileage. So if the employee has a Petrol Car 1401cc to 2000cc they might setup 2 Company Cars to
enable them to track and manage both Personal mileage where the company paid for the fuel as well as Business mileage where they paid for the fuel themselves.

If all 9 standard criteria for Company Car Mileage were used then there would be a total of 18 Variable Rate criteria setup for Company Cars in the UK (9 for PRIVATE and 9 for BUSINESS). The 3 LPG criteria are excluded as this is rarely requested.

<table>
<thead>
<tr>
<th>Car Criteria</th>
<th>Business Rate</th>
<th>Personal Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS Petrol: 1400cc or less</td>
<td>£0.11</td>
<td>£0.00</td>
</tr>
<tr>
<td>BUSINESS Petrol: 1401cc to 2000cc</td>
<td>£0.13</td>
<td>£0.00</td>
</tr>
<tr>
<td>BUSINESS Petrol: Over 2000cc</td>
<td>£0.20</td>
<td>£0.00</td>
</tr>
<tr>
<td>BUSINESS Diesel: 1600cc or less</td>
<td>£0.09</td>
<td>£0.00</td>
</tr>
<tr>
<td>BUSINESS Diesel: 1601cc to 2000cc</td>
<td>£0.11</td>
<td>£0.00</td>
</tr>
<tr>
<td>BUSINESS Diesel: Over 2000cc</td>
<td>£0.13</td>
<td>£0.00</td>
</tr>
<tr>
<td>PERSONAL Petrol: 1400cc or less</td>
<td>£0.00</td>
<td>-£0.11</td>
</tr>
<tr>
<td>PERSONAL Petrol: 1401cc to 2000cc</td>
<td>£0.00</td>
<td>-£0.13</td>
</tr>
<tr>
<td>PERSONAL Petrol: Over 2000cc</td>
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<td>£0.00</td>
<td>-£0.13</td>
</tr>
</tbody>
</table>

Considerations

- Check with the company as to whether they require all 9 standard Car Criteria setup (Petrol, Diesel and LPG for all 3 vehicle engine sizes)

- Needing 2 Criteria to track this will mean that the miles recorded on the Odometer for the BUSINESS Criteria would not be included in the miles tracked for the PRIVATE mileage, but we should be able to write a report to track the total number of miles per year by combining all Car Criteria.

- These rates will need to be updated in Concur as and when the Government Rates change, so if this changes after 6 months (1 July) then new rates would need to be added for each of the criteria with new effective dates to ensure that the rates are current for the correct transaction dates.
Reporting & Legislative

P11D Report

All expenses reimbursed or paid for, must ordinarily be reported at the end of the year to the HMRC on forms P11D. This includes all expenses incurred wholly, exclusively and necessarily in performance of an employee’s duties.

A P11D is a form detailing the return of expenses and benefits paid to an employee (who earns over a predefined threshold) which is completed by the employer. These “Benefits in Kind” include such things as the use of a company car, relocation expenses, subscriptions & professional fees, general expenses for business travel and car mileage reimbursement & passenger payments. The P11D would also include details of business entertainment expenditure reimbursed to the employee, including whether the expense is to be disallowed in the company’s own tax calculations, so that employees can decide whether they can claim a deduction for entertainment expenditure.

NOTE: Many expenses have special rules for calculating the taxable value, and it is here that difficulties are likely to arise: e.g. company cars, mobile phones, living accommodation, employee loans etc. Also, any expenses included on a PSA (see PSA Report) would NOT be included on a P11D.

A report would be provided to enable the ability to produce a comprehensive list of all Benefits in Kind that have been submitted via the Expense System where it is the responsibility of the Employee to meet the tax payable.

Configuration and Report Specification

In order to deliver a custom report this can be achieved by writing an audit rule which identifies expense types for P11D tracking (visible to Processor only). The template expense types such as Personal Car Mileage, Company Car Mileage, Relocation and Subscription Fees would be referenced in the audit rule as standard. The rule must then be updated for each customer to reference additional expense types they wish to track.

The Processor would then be required to mark which expense types are indeed valid for P11D by checking a custom check-box on the entry form (visible to Processor only). The report would then be written to identify all those expenses where the Processor had checked the box.

NOTE: There is currently no standard report template available for P11D. This would need to be created for each customer based on their individual requirements. This information is intended only as a guide on the best practice configuration to assist in delivering the report.
Expense Types commonly required for P11D tracking

Vehicle Expenses

Personal Car Mileage Allowance Payments
Company Cars Mileage Allowance which includes fuel costs for Private Use
Provided Fuel for Private Use

NOTE: For Company Cars the car registration form must be standardised to include:

- Make and Model
- Date first registered
- CO2 emissions figure
- Engine Size / Fuel Type

Non vehicle Expenses

- Travel allowances
- Fares (Transportation)
- Hotel
- Meals
- Entertainment
- Home Phone
- Relocation (over £8000 total for legal/agent fees, removals etc. and then all other non-qualifying)
- Incidental Overnight (£5 Domestic, £10 International)
- Subscriptions
- Training

The report should be a drill through so that the main report shows for the employee the high level figures and information required for the P11D submission form.
24 Month Permanent Workplace Rule

The 24 month rule is a regulation set by HMRC which treats workplaces that would otherwise be temporary workplaces as permanent workplaces for the purpose of claiming travel expenses. If an employee works at the same location beyond the 24 month mark, they may no longer claim travel expenses as it is considered a permanent place of work. A period of continuous work is defined as a period over which the duties of the employment are performed to a significant extent at that place.

One further complication arises when an employee returns to a workplace they have previously attended. Such situations are governed by the so-called "40% rule". If over the previous 24 months the employee has spent 40% or more of their time at this workplace, they also cannot claim travel expenses. Understandably, the calculation of this percentage can be a complicated process.

If an employee is sent to work at a place to perform a task which is expected to take 20 months (and which is therefore of limited duration), and which does in fact take 20 months, it will be a temporary workplace throughout. However if there are delays which mean that the task will in fact take more than 24 months the place will cease to be a temporary workplace from the point when it becomes known that the 24 month limit is going to be exceeded. That could well happen even before the original 20 months point is reached.

Conversely, if a task is expected to last for 30 months that workplace will be a permanent workplace from the start. If it should turn out that the task will in fact take less than 24 months the place will become a temporary workplace only from the point when the change of duration becomes known.

In order to support this in Concur there some key data requirements in order to provide customers options to track the rule:

- Where possible the customer is able to provide information to identify employees within Concur who are subject to the 24 month rule (this for example could be supported via a check-box indicator on the employee profile). This can be used as an On/Off switch for employees who need to be tracked for the regulation.

- The customer is able to provide additional custom locations (assignment locations) so these can be added to the core locations list in Concur. These custom locations will then be used to identify the 24 Month location on the profile as well as the actual location where expenses are incurred.

- Concur is able to track the Contractual or Actual Location where the 24 month rule applies on the employee profile (the existing Employee City field can be used for this purpose). Audit rules can then be configured to track where the employee city location matches the transaction location for the expense.
• Additional (optional) date fields are added to the employee profile and populated by the customer to track the Assignment Start and End Date. This will enable tracking of expenses claimed at the 24 month location where the transaction date exists between the Assignment Start and End date on the profile.

• Add a custom check-box indicator to the Expense Entry forms so that employees/back office can mark expenses claimed at the 24 month location. A rule would also be required to ensure that employees who are not identified as being subject to the 24 month rule are not permitted to tick this indicator.

• Customer sets up an Expense Processor Query to enable the back office to filter and audit expenses by those employees subject to the 24 Month rule. Processors could also make use of the “Review in Progress” feature if they wish to hold payment or final approval where the 24 month rule applies. For example the processor can use the query to ensure that the employee has selected the custom location rather than the corresponding default city location when claiming expenses that relate to the regulation.

Exclusions

PSA Benefits in Kind Report (PAYE Settlement Agreement)
Voluntary agreement between company and Inland Revenue where company agrees to meet the tax payable on certain expenses and benefits in kind

NOTE: As this is not a requirement for all UK customers this report will not be part of the template solution.
Other UK Specific Requirements

Incidentals Allowance

The most common form of reimbursement for domestic and international travel in the United Kingdom is to reimburse employees for actual meals and lodging expenses. Travel Allowance or Per Diem is not typically configured.

There are however government guidelines for expense limits for Incidentals within the United Kingdom. An employee making a business trip may spend money on items such as private phone calls, laundry and newspapers. These are not ‘travel expenses’ - they are personal expenses incurred while travelling. Employees who stay away overnight while travelling on business, or attending work-related training, are entitled to relief for personal expenses they incur where these are paid for or reimbursed by, or on behalf of, their employer. The limits are as follows:

- For every night spent away on business in the UK - £5.00
- For every night spent away on business outside the UK - £10.00
- Overnight allowance for staying with friends and family - £25.00

In order to support this two standard expenses type are available in the Template:

- Incidentals
- Friends & Family Allowance

These are setup with pre-defined audit rules to limit the tax free amount claimed per day.

Exclusions

Late Night Taxis

Where an employee is provided with a taxi paid for by his employer for a journey from work to home, this represents a benefit unless:

- The employee is required to work later than usual and until at least 9pm
- Such late night working occurs irregularly
- By the time the employee stops work, either public transport has ceased or it would not be reasonable to expect the employee to use it
- The transport provided is by taxi or equivalent road transport
- The number of journeys is no more than 60 a year

The template system will not include standard configuration for Late Night Taxis due to the rare occasions this is requested by customers. If support for this was needed this will require an indicator on the Taxi entry form for the user to identify whether this is Late Night (checkbox for “After 9pm”).