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- 7.1 There are special tax rules which give extra relief for travel by some employees who work abroad, or come from abroad to work in the UK. The full cost of foreign travel may qualify (in the same way as the full cost of domestic travel) for relief under the general expenses rules. Employees may instead be entitled to tax relief under the special rules which apply only to foreign travel but generally it will be sensible to consider first whether relief is available under the general expenses rules. There are special rules for working out the relief on motoring expenses paid to employees who use their own vehicles for business travel, see paragraph 9.13.
- 7.2 This chapter contains the technical terms resident, ordinarily resident and domiciled. These are included in the glossary at the back of this guide but in very general terms:
- an employee is **resident** in the UK, if he or she is physically present here on a regular or frequent basis
  - an employee is **ordinarily resident** in the UK, if he or she is resident in the UK year after year
  - an employee is **domiciled** in the UK, if the UK is their permanent home.
- 7.3 There are different special rules for:
- employees resident and ordinarily resident in the UK and who carry out **all** the duties of their employment abroad (see paragraphs 7.4 to 7.5)
  - employees resident and ordinarily resident in the UK and who carry out **part** of the duties of their employment abroad (see paragraphs 7.6 to 7.7)
  - employees not domiciled in the UK who work in the UK (see paragraphs 7.8 to 7.9).

### People carrying out all their duties abroad

- 7.4 An employee who is resident and ordinarily resident in the UK and who carries out all their duties abroad is entitled to relief:
- **when the employee starts the job abroad** – for the full cost of travelling from anywhere in the UK to the place abroad where he or she will be working
  - **when the employee finishes the job abroad** – for the full cost of travelling back to anywhere in the UK
  - **while the employee is working abroad** – for the cost of accommodation or subsistence but only to the extent that this cost is included in the employee's earnings, for example, where the cost is borne or reimbursed by, or on behalf of, their employer
  - **if the employee has two jobs** – for the full cost of travelling from where he or she does one job to where he or she does the other.

**But** an employee is entitled to relief for these expenses only if:

- he or she is domiciled in the UK, or
- their employer is resident in the UK.

### Example

Olive is resident, ordinarily resident and domiciled in the UK. She travels from her home in Bristol to start a permanent job in Munich. Olive is not entitled to relief for the full cost of her journey to Munich under the general expenses rules because this journey is ordinary commuting. But she is entitled to relief for the cost of the journey under the special rules on foreign travel. Her employer provides her with free board and lodging in Munich.

This gives rise to a taxable benefit and Olive is not entitled to relief under the general expenses rules to set against that benefit. But she is entitled to relief set against the benefit under the special rules on foreign travel.

7.5 An employee who is resident and ordinarily resident in the UK and who carries out **all** their duties abroad is also entitled to relief if the duties:

- **can only be carried out abroad** – for the full cost of journeys to and from anywhere in the UK made during the time he or she works abroad
- **keep the employee abroad for 60 days or more** – for the full cost of a spouse or civil partner and children travelling from anywhere in the UK to visit or accompany the employee to the place where he or she is working and their return journey back to the UK. But the employee can only get relief for up to two outward journeys and two return journeys in each tax year for each member of their family.

**But** the employee can get relief for these expenses **only** if the cost is included in the employee's earnings, for example, where the cost is borne or reimbursed by, or on behalf of, their employer.

### Example

Oscar is resident, ordinarily resident and domiciled in the UK. He gets a job in Japan. While he is working in Japan he makes five visits to the UK. He buys a return ticket each time. His employer reimburses the cost of the first four visits but does not reimburse the cost of the fifth visit. Oscar is entitled to relief under the special rules for the full cost of the return journeys for the first four visits.

He is not entitled to relief for the fifth visit because his employer did not reimburse the cost of his ticket.

## People carrying out part of their duties abroad

7.6 An employee who is resident and ordinarily resident in the UK and carries out **part** of their duties abroad is entitled to relief if the duties:

- **can only be carried out abroad** – for the full cost of all journeys from anywhere in the UK to the place where the employee is working and return journeys to the UK
- **keep the employee abroad for 60 days or more** – for the full cost of a spouse or civil partner and children travelling from anywhere in the UK to visit or accompany the employee to the place where he or she is working, and their return journey back to the UK. But the employee can only get relief for up to two outward journeys and two return journeys in each tax year for each member of their family.

**But** an employee can get relief for these expenses **only** if these costs are included in the employee's earnings, for example, where the costs are borne or reimbursed by, or on behalf of, their employer.

### Example

Pam has to go to Paris to carry out some of the duties of her job. She goes for three weeks in January and for a further 15 weeks from the beginning of March. Pam's daughter goes to Paris to visit her on four separate occasions: one in January, two in March and one in May. Pam's employer reimburses the cost of all these journeys. The reimbursed cost gives rise to a taxable benefit. Pam is entitled to relief under the special rules for the full cost of her daughter's two journeys in March and the one journey in May. She is entitled to relief for the full cost of all three journeys because two fall in one tax year and the third falls in the next tax year. Pam is not entitled to relief for the cost of the journey in January because she was not away on business for 60 continuous days.

### Example

Patrick is resident and ordinarily resident in the UK. He is employed by a construction company on a large number of different sites in the course of a year both in the UK and abroad. He does not have a permanent workplace. He goes to work on a site in Germany for three months. While he is in Germany he stays in lodgings. Under the special rules Patrick would be entitled to relief for the full cost of his journey to Germany but not for the cost of his lodgings. Under the general expenses rules Patrick would be entitled to relief for the full cost of his journey and his lodgings while he is away because his lodgings are treated as part of the cost of his travel, see paragraph 5.4. Patrick will, therefore, be entitled to more relief under the general expenses rules than under the special rules on foreign travel.

- 7.7 An employee who is resident and ordinarily resident in the UK and has two jobs where part of the duties of at least one of them is carried out abroad, is entitled to relief for the full cost of travelling between them as long as one end of the journey is outside the UK.

**But** the employee is entitled to relief for this expense **only** if:

- he or she is domiciled in the UK, or
- their employer is resident in the UK.

### People from abroad coming to work in the UK

- 7.8 An employee is entitled to relief under these special rules only if he or she meets certain conditions.

To decide whether an employee is entitled to relief under the special rules it is necessary to find out on what date he or she came to the UK to work, work out which tax year that date falls into, and ask the following questions:

- was the employee resident in the UK in either of the two tax years which ended before the tax year in which that date falls?
- was the employee in the UK, for any reason, at any time in the two years ending on the day immediately before that date?

If the answer to **either** of these questions is 'no', then the employee **is** entitled to relief under the special rules.

If the answer to **both** of these questions is 'yes', then the employee **is not** entitled to relief under the special rules. However, he or she is still entitled to relief for the full cost of business journeys under the general expenses rules.

**Example**

Patsy is domiciled in Australia. She came to the UK on 3 February 2005 to work in Lincoln. She had been to the UK in 2004 for a holiday but has never been resident in the UK.

Patsy arrived to work in the UK in the tax year 2004–05. She had not been resident in the UK in either 2002–03 or 2003–04. This means she is entitled to relief under the special rules.

**7.9 An employee who:**

- is not domiciled in the UK but who works in the UK, and
- meets the necessary conditions (see paragraph 7.8)

is entitled to relief under the special rules for five years from the date he or she came to the UK:

- for the full cost of journeys from the place where the employee usually lives to the place where he or she is working in the UK and back home after carrying out those duties – there is no limit to the number of journeys for which an employee can get relief
- if the employee's work in the UK keeps him or her in this country for 60 days or more – for the cost of a spouse or civil partner and children travelling from their home to visit or accompany the employee to the place where he or she is working in the UK, and their return journey. But the employee can only get relief for up to two outward journeys and two return journeys in each tax year for each member of their family.

**But** the employee is entitled to relief for these expenses **only** if the costs are included in the employee's earnings, for example, where the costs are borne or reimbursed by, or on behalf of, their employer.

**Example**

Paul is domiciled in Canada but works in the UK and meets the conditions in paragraph 7.8 above. He came to work in the UK in January 2001. In December 2003 he travelled back to Canada to visit his parents. His employer paid for his ticket and this gave rise to a taxable benefit, but Paul was entitled to relief under the special rules to set against that benefit.

In March 2006 Paul travelled back to Canada again. Once again his employer paid for his ticket and this gave rise to a taxable benefit. But this time Paul was not entitled to relief under the special rules on foreign travel because his trip to Canada took place more than five years after the date on which he arrived in the UK.

### **Extra costs of foreign travel**

7.10 Where an employee is entitled to relief under the special rules on foreign travel for the full cost of a journey, he or she is also entitled to relief for:

- the cost of any inoculations required for that journey, **and**
- the cost of any visas required for that journey.

7.11 An employee who goes abroad to work can also get relief for medical treatment provided abroad, or insurance against the cost of medical treatment provided abroad, where these expenses are borne or reimbursed by, or on behalf of, their employer.