

Glossary

This glossary explains in broad terms, words and phrases used in this guide. For more detailed and comprehensive explanations see the legislation or HMRC publications referred to below.

Approved Mileage Allowance Payments – introduced from 6 April 2002. This is the maximum amount per mile that can be paid tax and NICs-free, to someone who uses their own vehicle for work.

Board and lodging – this is a technical term for food and accommodation used by an employee working abroad. It is not used for any other purpose in this guide.

Business journey – any journey:

- necessarily undertaken in the performance of the employee's duties, or
- to or from a place the employee **has to** attend in the performance of the duties of the employment, and excluding ordinary commuting.

Cash equivalent – the measure of the taxable amount where employees are provided with benefits in kind.

Company car – a car made available (without the transfer of property in it) to:

- an employee, or
- a member of their family or household

by reason of the employee's employment, which is available for private use. See paragraph 5.19.

Credit token – a credit card or other token which gives rise to a charge to tax under Section 94 ITEPA 2003.

Dispensation – a notice given to an employer by an Inspector of Taxes that HMRC is satisfied that no Income Tax is payable in respect of certain specified expenses payments and benefits. See paragraphs 10.1 to 10.9.

Domicile – broadly speaking, this is the country where, in law, a person is regarded as having their permanent home. See leaflet IR20 *Residents and non-residents – Liability to tax in the United Kingdom*.

Duties – the tasks an employee has to carry out in doing their job. The duties of a particular job are determined by the objective requirements of the job.

Earnings – the income of an individual who holds an office or employment. They include all salaries, fees, wages, profits and incidental benefits of any kind. See Section 62 ITEPA 2003.

Employment income – the part of the Taxes Act under which tax is charged on income from offices or employments. See Section 6(1) ITEPA 2003.

Fuel benefit charge – the measure of the taxable benefit where an employee is provided with fuel for a company car. See paragraph 5.19.

Full cost – the full cost of a business journey is the total expense incurred when an employee makes a business journey. It includes the cost of necessary subsistence but does not include incidental overnight expenses.

Incidental overnight expenses – personal expenses which are incidental to an overnight stay on business or on work related training. See paragraphs 8.2 to 8.6.

Ordinarily resident – an employee is ordinarily resident in a country if he or she is resident there year after year. See leaflet IR20 *Residents and non-residents*.

Ordinary commuting – travel between an employee's permanent workplace and home, or any other place where the employee's attendance is not necessary for the performance of the duties of that employment. See paragraphs 3.2 to 3.27.

P11D – a form employers complete giving details of benefits in kind and expenses payments made to employees who, taking into account the value of those benefits, earn £8,500 or more per year. (There is a shorter form, P9D, for employees who earn less than £8,500 per year.)

P11D(X) – an application form for a dispensation.

P45 – a form completed by employers when an employee ceases to work for them showing details of the amount paid and tax deducted under PAYE in the tax year. The employee receives a copy of these details on form P45(1A).

P60 – a form completed by employers at the end of the tax year showing details of the amount paid and tax deducted under PAYE.

P87 – a form to help people, who do not get a tax return, to claim tax relief for job expenses. Employees can ask for this, or HMRC office may issue it (with form P810) to people who have a deduction for expenses in their PAYE tax code.

PSAs – an agreement between an employer and HMRC under which the employer settles in a single annual payment the Income Tax liability on minor or irregular expenses and benefits provided to employees. See paragraphs 10.10 to 10.12.

Permanent workplace – any place which an employee regularly attends in the performance of the duties of the office or employment but which is not a temporary workplace. See paragraph 3.9.

Private travel – travel between an employee's home and any place that is not a workplace or between any two places that are not workplaces. See paragraph 3.31.

Private use – use of a car or van for journeys other than business journeys.

Resident – an employee must normally be physically present in a country to be resident there. An employee will always be resident in the UK if he or she is here for 183 days or more in the relevant tax year. See leaflet IR20 *Residents and non-residents*.

Round sum allowance – a payment made to employees who make business journeys where the amount paid is a flat rate rather than a reimbursement of actual expenses incurred or a scale rate payment.

Scale rate – an allowance paid to employees who make business journeys where the allowance is based on, for example, a fixed amount for each mile travelled or a fixed amount for each night spent away on business.

Subsistence – meals or accommodation that are necessary as a result of making a business journey. Subsistence does not include incidental overnight expenses. See paragraphs 5.4 to 5.5.

Tax year – the tax year runs from 6 April in one year to 5 April in the next.

Temporary workplace – a place which an employee attends in the performance of the duties of their employment and for the purpose of performing a task of limited duration or for some other temporary purpose. See paragraph 3.11.

Vouchers – all vouchers which give rise to a tax charge under Sections 81 and 87 ITEPA 2003. Vouchers include travel tickets.

Workplace – a place where an employee's attendance is necessary in the performance of the duties of their employment. See paragraph 3.2.