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Help Sheets and leaflets giving more detailed information about particular tax rules for employment are available from the Orderline.

- IR125: Using your own car for work*
- IR134: Income Tax and relocation packages*
- IR136: Income Tax and company vans - a guide for employees and employers*
- IR145: Low-interest loans provided by employers*
- IR201: Vouchers, credit cards and tokens*
- IR202: Living accommodation*
- IR203: Car benefits and car fuel benefits*

- IR204: Lump sums and compensation payments*
 - IR205: Foreign Earnings Deductions*
 - IR206: Capital allowances for employees and office holders*
 - IR207: Non-taxable payments or benefits for employees*
 - IR208: Payslips and coding notices*
 - IR209: Mobile telephones*
 - IR210: Assets provided for private use*
 - IR211: Employment - residence and domicile issues*
 - IR212: Tax equalisation*
 - IR213: Payments in kind - assets transferred*
- Booklet 480: Expenses and Benefits - A Tax Guide*

Filling in your Employment Pages

The word 'employment' is used in these Notes to include directorships, offices, and agency engagements as well as straightforward employee arrangements. 'P11D' means P11D, P9D or equivalent information.

Remember, that even though your employer has provided you with figures, **you are responsible** for what you put on the Employment Pages.

Gather together the material you need, such as:

- your certificate of pay and tax (P60) and any leaving certificate (P45 (Part 1A)) from your employer showing pay and tax details
- your Notices of Coding (P2) for 1997-98 and 1998-99
- a P11D from your employer giving details of any benefits and expenses you have received
- details of any business expenses you have incurred.

If you had one employment during the year

Your P60 will show the total pay and tax. Your employer must give you a P60 by 31 May 1998.

If you had more than one employment during the year

Provided you are employed on 5 April 1998, your employer will give you a P60 by 31 May 1998. Your P60 will show the total pay and tax in that employment and may show the total pay and tax in a year.

If you have changed employment during the year and your P60 does not have the pay and tax details from your previous employment, or there was more than one previous employment, you will need to obtain the total pay and tax details for each employment. You can get these from your previous payslips (or from Part 1A of the P45 handed to you on leaving each job).

If you do not have a P60 you will need to obtain all the details from your payslips or P45s.

Fill in a separate copy of the Employment Pages for each employment from which you received any income. Ask the Orderline for further copies, or you can use photocopies. Please put your name and tax reference on any photocopies.

General rules on taxing employment income

The way your income should be returned depends on whether or not you were a director during the year ended 5 April 1998.

If you were not a director

Include all income received in the year.

The amounts you enter in boxes 1.8 to 1.10 must include **all** the income you received in the 1997-98 tax year as an employee even if you earned it in an earlier tax year, or you have been paid for work not yet done.

You will be treated as if you received this income on the earliest of:

- the date when the payment, or payment on account, was made, **or**
- the date you became entitled to be paid.

This is so even if you were not paid until later, or received no actual payment because you arranged for the sum due to you to be applied in some other way instead.

If you were a director

Include all income received in the year.

The amounts you enter in boxes 1.8 to 1.10 must include **all** the income you received in 1997-98 from a company of which you were a director (including amounts received as an employee), even if you earned them in an earlier tax year, or you have been paid for work not yet done. You should also include sums that were due to you but which, by arrangement, have been applied in some other way.

You should treat income as received on the earliest of:

- the date when payment or payment on account was made, **or**
- the date you became entitled to be paid even if you were not paid until later, **or**
- the date you became entitled to a payment on account, **or**
- the date on which amounts were credited to you in the company's accounts or records, even if you were not able to draw on the money at the time, **or**
- the date your earnings for a particular period were decided, unless the earnings for a particular period of work were decided before that period ended. In this case you are treated as if you received the earnings on the last day of the period to which the earnings relate.

■ Special rule

Read the note for box 1.31 on page EN6 if you:

- were not resident or not ordinarily resident in the UK in the year ended 5 April 1997 or an earlier year, and you received payment in the year ended 5 April 1998 for an employment which ended in that earlier year, **or**
- will be not resident or not ordinarily resident in the UK in the year beginning 6 April 1998 and you have received payment in the year ended 5 April 1998 for an employment which will start in a later year.

Ask the Orderline for the Non-residence Pages and *Help Sheet IR211: Employment - residence and domicile issues*. These will tell you what figure, if any, to put into box 1.31 and how to deal with the payments you have received.

Money payments

You must enter in boxes 1.8 to 1.10 the amount **before** deducting any expenses you wish to claim.

Include:

- salaries, wages, fees, commissions, overtime, bonuses, and other contractual payments for services
- payments from third parties where the payment is made as a reward for services given in the employment. Examples include tips and gratuities received
- voluntary payments and gifts made by your employer or by a third party, when the payment comes to you by virtue of your employment. Do not include gifts given to mark some personal event such as a gift given on marriage
- payments made by your employer or a third party as inducement payments ('golden hellos') to take up employment
- payments that are not directly for services performed but that have a direct connection with your employment. For example, a payment made solely to recognise changes in your conditions of service or employment
- payments that are paid in a lump sum, rather than in weekly or monthly amounts, and are paid either in substitution of a right to employment income, or are paid as an encouragement to continue in employment
- gross amount of any incentive award received and shown on form P443 (include any tax accounted for in box 1.11)
- sick pay
- statutory sick pay and statutory maternity pay, paid by your employer
- payment for duties performed while working for an agency
- payment of sums from the trustees of an approved profit sharing scheme
- income from deferred remuneration plans
- payments you get for agreeing to restrict your activities, for example, agreeing not to compete with the business of your former employer
- a loan written off or cancelled by your employer during the year if the writing off or cancellation happened because you satisfied or completed some employment condition. For example, a loan that is written off because you have completed an agreed period of service with your employer.

Do not include:

- benefits and expenses payments received - these go in boxes 1.12 to 1.23
- lump sums paid in connection with termination of employment, retirement or death - enter these in boxes 1.27 to 1.29
- statutory sick pay and statutory maternity pay paid by the Department of Social Security - these go in box 11.7 on page 4 of your Tax Return
- shares or interests in shares that you receive free or cheaply, unless PAYE has been operated - these go in the Share Schemes Pages
- sums received for transferring, cancelling, releasing, or in connection with not exercising, share options - these go in the Share Schemes Pages.

Remember we do not need to know anything about:

- donations made to a payroll giving scheme
- profit-related pay relief calculated by your UK employer in working out your pay for tax purposes
- contributions paid to your employer's pension scheme.

Do not put these anywhere in your Tax Return.

Details of employer

box 1.1 and box 1.2 Enter your employer's name and PAYE reference number (shown on your P60 or Part 1A of each P45).

box 1.3 Give the date your employment started, if this was after 5 April 1997.

box 1.4 Give the date your employment finished, if this was between 6 April 1997 and 5 April 1998 (get this from Part 1A of each P45).

box 1.5 Give your employer's address.

box 1.6 Tick this box if this employment was as a director.

box 1.7 Tick this box if this employment was as a director of a close company. A close company is, broadly, one controlled by:

- five or fewer participators, or
- any number of participators who are directors.

'Participators' are persons who have a share or interest in the income or capital of the company, such as the shareholders and certain loan creditors.

If you are in any doubt about whether you are a director of a close company, ask your Tax Office or tax adviser for guidance.

Income from employment**Money**

You must enter in the appropriate boxes your pay, tips and any other money you received from your employment. Some of the commoner items are explained in the 'Money payments' section on page EN2. If you received a payment in connection with your employment and are not sure whether to include it, ask your Tax Office or tax adviser for guidance.

Remember, if you changed jobs or had more than one employment at the same time you have to fill in separate Employment Pages for each.

box 1.8 Enter in box 1.8 your **net pay after superannuation** included on your P60 (or payslips or P45 (Part 1A)) from your employer. You may need to refer to some or all of these depending on your circumstances.

If you are uncertain about pay figures, ask the Orderline for *Help Sheet IR208: Payslips and coding notices*.

Your P60 will show figures for pay and tax from the employment you held at 5 April 1998. If you had more than one job or were unemployed in the year to 5 April 1998 the form may also include a second set of pay and tax details for previous employments and any Jobseeker's Allowance you received.

The details for previous employments, and any Jobseeker's Allowance received will be added together in the figures on your P60. So you will need to refer to other records (such as payslips, P45 (Part 1A) or statements of taxable State benefit) to work out:

- the figures for pay from the earlier employments to go in the separate Employment Pages you complete (one set for each employment), **and**
- the figures for Jobseeker's Allowance that go in box 11.5 in your Tax Return. Make sure that you do not include figures for Jobseeker's Allowance in your Employment Pages.

box 1.9 Enter in box 1.9 any tips you may have received not included on your P60 (or payslips or P45 (Part 1A)).

box 1.10 Enter in box 1.10 any other money payments not included on your P60 (or payslips or P45 (Part 1A)).

box 1.11 Enter in box 1.11 the amount of any tax deducted from the amounts in boxes 1.8 to 1.10 included on your P60 (or payslips or P45 (Part 1A)). If you are uncertain about tax figures, ask the Orderline for *Help Sheet IR208: Payslips and coding notices*. If your P45 (Part 1A) or P60 shows tax refunded for this employment, show the amount in brackets.

Benefits and expenses**General rules on boxes 1.12 to 1.23**

Boxes 1.12 to 1.15 apply to everybody.

Fill them in as appropriate. See the notes on page EN4.

Boxes 1.16 to 1.23 only apply to you if:

- you were a director, or
- your earnings from your employment were at a rate of £8,500 a year or more (including benefits and expenses).

If boxes 1.16 to 1.23 apply to you, enter the taxable amount of any benefit or expense in the appropriate box. The taxable amount of a benefit is called the 'cash equivalent'. This will be on the P11D, which your employer should have given you (see below).

Remember, the benefits you may get include:

- interest-free or low-interest loans provided to family members, **and**
- any other benefits, that are provided to members of your family or household.

Enter in boxes 1.16 to 1.23 only amounts you have not included elsewhere.

Some of the terms used above have a particular meaning for tax purposes. For example, 'at a rate of £8,500 a year or more', 'family members', 'members of your family or household', and 'director'. More detailed information about these terms can be found in booklet 480, *Expenses and Benefits - A Tax Guide* available from the Orderline. These Notes contain other help on benefits and expenses.

Form P11D

Your employer is required to send the Inland Revenue details of:

- all taxable benefits provided to you by reason of your employment, **and**
- taxable expenses paid to you.

The details are provided on the P11D. Your employer is required to give you a copy of this (or the information it contains) by 6 July 1998. Remember also that, even though your employer has provided you with figures, you are responsible for what you enter on your Employment Pages.

The details you get will not include any items for which your employer has a **dispensation** or makes a **PAYE settlement agreement**. You do not need to tell the Inland Revenue about these items.

A **dispensation** is an arrangement your employer may have made with the Tax Office. It saves you the trouble of including as income a benefit or expenses payment received from your employer then having to make a matching claim for the allowable expenses you incur.

A **PAYE settlement agreement** is an arrangement by which your employer can settle your Income Tax liability on minor benefits in kind and expenses payments.

If you are in any doubt about any dispensation or PAYE settlement agreement applying to you, your employer may be able to help.

You may also find that the details you get from your employer do not include some items that you think may need to be returned as benefits. The reason for this is likely to be that the items are exempt from tax either by law, or by virtue of an extra-statutory concession. If you have any doubt about any items ask the Orderline for *Help Sheet IR207: Non-taxable payments or benefits for employees*.

- Assets transferred and payments made for you

box 1.12 The payments and payments in kind you should enter in box 1.12 fall into two broad categories.

Assets transferred by an employer

If an employer gives you something that can be converted into money, include the amount it can be sold for, that is, its second-hand value. This value should be used whether or not you actually sell the article you have received. Examples are a television set, furniture or clothing given to you by your employer.

If you were a director or your earnings from your employment were at a rate of £8,500 or more a year (including benefits and expenses) the value to be used for a payment in kind may be more than its second-hand value. An example would be your employer giving or selling you an unused item from stock. If so, the figure on your P11D should be the greater of the cost of the item to your employer and its second-hand value, minus in either case the amount (if any) you paid for it. Put this (higher) figure in box 1.12. For information on other exceptional cases where the P11D figure may be higher than the second-hand value see *Help Sheet IR213: Payments in kind - assets transferred*, available from the Orderline.

Anything (other than a car, dealt with in boxes 1.16 and 1.17) that you can give up immediately or at short notice in return for a higher cash wage is also a payment in kind (for example, board and lodging), and you should enter the cash alternative in box 1.12 as a payment in kind. Where living accommodation can be given up, *Help Sheet IR202: Living accommodation* explains how to calculate the figure to enter in box 1.12.

Payment made on your behalf by the employer

Your employer may pay on your behalf a payment that you are due to make. This should be shown on your P11D. For example your employer may pay:

- your personal telephone bill direct to the telephone company
- your rent direct to your landlord
- your personal credit card bill direct to the credit card company
- your tax.

Where any payments that you were due to make were paid on your behalf, enter the amount in box 1.12.

PAYE tax paid by an employer, which is not effectively borne by you

If you receive pay in non-cash form, or from an intermediary, your employer may pay tax under PAYE on your behalf. If the tax under PAYE exceeds any cash payment due to you for that pay period your employers cannot deduct all the tax due on the non-cash items from your pay. If this happens, and you do not account for the PAYE tax to your employer within 30 days of receiving the pay include the amount of tax paid by your employer in box 1.12. Get the figure from the P11D.

- Vouchers, credit cards and tokens

box 1.13 Your income from employment includes the value of:

- any vouchers, and
- any goods or services obtained with a credit card or credit token,

that you (or your family or household) get by reason of your employment. Your employer should have given you a figure for the value. If you want to check the figures or work them out yourself, ask the Orderline for *Help Sheet IR201: Vouchers, credit cards and tokens*. This contains more information and tells you which vouchers are not taxable.

If you used the vouchers or credit card to meet expenses of your job, enter in box 1.13 the value before any deduction and claim a deduction for allowable expenses in the appropriate box (1.32 to 1.35) after reading the notes on those boxes.

- Living accommodation

box 1.14 Enter in box 1.14 the value of any living accommodation you (or your family or household) get by reason of your employment. Your employer should have given you a figure for this. If you want to check it, or require further information, ask the Orderline for *Help Sheet IR202: Living accommodation*. The Help Sheet also tells you when living accommodation provided by your employer is exempt from tax and how to claim a deduction if part of the accommodation is used exclusively for business purposes.

- Mileage allowance

box 1.15 If your employer pays you an allowance for using your own car for business journeys, the amount you receive may be more than the amount of the tax relief you can claim. The extra is a taxable profit - enter this in box 1.15. If the amount you receive is less than the amount of the tax relief, the excess can be entered in box 1.32. Information about how to calculate the amount of tax relief you can set off against mileage allowance is contained in leaflet *IR125: Using your own car for work*, and in the notes about box 1.32 on page EN7.

Your employer may have an arrangement with the Tax Office called a Fixed Profit Car Scheme. If so, your employer will give you **either** details of the profit figure to be entered in box 1.15 **or** details of both the amount of mileage allowance paid to you in the year and the number of business miles for which the payments were made. More information about these schemes, and about motor expenses, is in leaflet *IR125: Using your own car for work*, available from the Orderline.

- Car and car fuel benefits

boxes 1.16 and 1.17 Enter in box 1.16 the cash equivalent of cars made available to you (or to members of your family or household) for private use. Your employer should give you a figure. Check it is adjusted to reflect business mileage. You will also be given the figure for the benefit of fuel provided for private travel in a car made available to you. Enter this in box 1.17.

If you want to check your employer's figures, please ask the Orderline for *Help Sheet: IR203 Car benefits and car fuel benefits*.

If you use your own private car for travelling in the performance of your duties see the notes on boxes 1.15 and 1.32.

Enter in box 1.22 the benefit of any chauffeur provided by reason of your employment.

● Vans

box 1.18 Enter in box 1.18 the total of the cash equivalents of all vans made available to you for private use. Your employer should have given you details. If you had only one van and it was available exclusively to you throughout the year, the cash equivalent is:

- £500 if it was first registered on or after 6 April 1994, or
- £350 otherwise,

reduced in either case by any payment you have to make as a condition of being able to use it privately.

If the van was first provided exclusively to you part-way through the tax year, or stopped being exclusively provided before the end of the tax year, the standard charge is reduced proportionately. For example, if you had exclusive use of the van for the last six months of the year, your tax bill for that use will be based on half the standard charge.

If you need more information about the taxation of a van shared with others, or more information about the taxation of company vans generally, please ask the Orderline for leaflet *IR136: Income Tax and company vans - a guide for employees and employers*.

● Interest-free and low-interest loans

box 1.19 Enter in box 1.19 the cash equivalent of any interest-free or low-interest loan. Your employer should have given you a figure for this. If you want to check it, or need more information about the taxation of interest-free and low-interest loans generally, ask the Orderline for leaflet *IR145: Low-interest loans provided by employers*. This will also explain how to claim any tax relief in box 15.2 or 15.3 of your Tax Return if the loan is for a qualifying purpose.

● Mobile telephones

box 1.20 Enter in box 1.20 the cash equivalent of any mobile telephones made available to you. The cash equivalent of each mobile telephone available throughout the year is £200, unless either there was no private use, or you were required to, and did, make good the full cost of such use. Your employer should have given you a figure for this.

If you need more information about the taxation of mobile telephones, please ask the Orderline for *Help Sheet IR209: Mobile telephones*.

● Private medical or dental insurance

box 1.21 Enter in box 1.21 the total cash equivalent of any private medical or other health insurance you get by reason of your employment. Your employer should have given you details. This will generally be what the benefit cost the person who provided it to you (minus any amount made good to that person).

● Other benefits

box 1.22 Your employer should have given you details of any other benefits. (Those mentioned in boxes 1.12 to 1.21 are the most common.) Enter in box 1.22 the total cash equivalent of any benefits not included elsewhere.

If your employer has made payments for you to an unapproved retirement benefit scheme, or you have received payments from an unapproved retirement benefit scheme, do not enter these in box 1.22. See the notes on boxes 1.24 to 1.29 on page EN6.

To help you arrive at a total for box 1.22, some of the commoner benefits are listed in the Working Sheet in the next column.

Cash equivalents of other benefits

Cash equivalents are arrived at in different ways, according to the type of benefit.

Assets (other than land, motor cars, vans and mobile phones) provided for private use. Where the asset has been available throughout the year, the cash equivalent will generally be based on:

- 20% of its market value when it was first used to provide a benefit, plus
- expenses (other than the cost of acquiring it) incurred in connection with it which would not have been incurred but for the provision of the benefit.

But if that total represents benefits provided for more than one employee, the cash equivalent for each will be based on a proportion of the total. The cash equivalent is reduced by any amount made good to the provider in return for the benefit. For more information, ask your Tax Office or tax adviser.

Income tax paid but not deducted (for directors only). The benefit is the amount of tax paid.

All other benefits. The cash equivalent will generally be what the benefit cost the person who provided it (minus any amount made good to that person). But if that amount represents benefits provided for more than one employee, the cash equivalent for each will be based on a proper proportion of the whole amount. For more information see booklet 480, *Expenses and Benefits - A Tax Guide* available from the Orderline.

Certain share benefits

Some benefits in the nature of shares or share options will be shown on your P11D: for example, if your employer has enabled you to sell shares for more than their market value. Enter the taxable amount in box 1.22.

If the share benefits are not shown on your P11D, or only shown by a tick, you may need to fill in the Share Schemes Pages. Check the notes on page 6 of your Tax Return Guide and ask the Orderline for a copy of the Pages if you need them.

Working Sheet for box 1.22

• Qualifying relocation expenses payments and benefits (see page EN6)	£	<input type="text"/>
• Services supplied	£	<input type="text"/>
• Assets provided for private use	£	<input type="text"/>
• Subscriptions and professional fees	£	<input type="text"/>
• Income Tax paid (but not deducted) (directors only)	£	<input type="text"/>
• Nursery places provided (in some circumstances this benefit is not taxable - see booklet 480)	£	<input type="text"/>
• Educational assistance provided (in some circumstances this benefit is not taxable - see booklet 480)	£	<input type="text"/>
• All other benefits	£	<input type="text"/>
Total	A	£ <input type="text"/>

Copy the figure in box A to box 1.22 in the Employment Pages.

Relocation packages

When you move house any payments you receive from, or any goods or services provided to you by, your employer are part of your taxable earnings. However if you move house for your job and meet certain conditions, the first £8,000 of any help you receive is exempt from tax.

When filling in the Employment Pages, remember that:

- the £8,000 limit applies to the move as a whole and is **not** a limit for each tax year, **and**
- your employer is required to tell the Inland Revenue about the excess of any relocation expenses and benefits over the £8,000 limit.

Your employer should give you details of the amount to include in your entry in box 1.22. More detailed information about relocation packages is in leaflet *IR134: Income Tax and relocation packages*, available from the Orderline.

- Expenses payments received and balancing charges

box 1.23

You should enter in box 1.23 the **total** payments or reimbursements made to you and any balancing charges.

Expenses payments received

Your employer should give you details. See the notes on boxes 1.32 to 1.35 to find out if you can claim a deduction for all or any of these. **If your employer has a dispensation for 1997-98** do not enter expenses covered by it either in box 1.23 or in boxes 1.32 to 1.35.

Expenses payments fall into three areas:

- **Travelling and subsistence payments.** Enter the amounts you have received for fares, hotels, meals, etc. including travel between home and normal place of work. Do not include,
 - payments or reimbursements of expenses in connection with **company cars or vans** (for example, a mileage allowance for business miles that does no more than cover the cost of the fuel used on business journeys), **or**
 - expenses for travel in a **car(s) not provided by your employer** (see the note on box 1.15 on page EN4).
- **Entertainment.** Enter the total of all amounts paid to you, **or** for your benefit, exclusively for entertaining. Include,
 - all sums reimbursed
 - any round sum allowances
 - specific entertainment allowances
 - any sums paid to third parties.
- **General expenses allowance(s).** Enter the amount of the allowance(s).

If you want more information about expenses, ask the Orderline for a copy of booklet 480, *Expenses and Benefits - A Tax Guide*.

Balancing charges

If you have disposed of an asset for which you have claimed capital allowances, enter any balancing charge in box 1.23. If you need details, ask the Orderline for *Help Sheet IR206: Capital allowances for employees and office holders*.

Working Sheet for box 1.23

• Travelling and subsistence payments	£
• Entertainment	£
• General expense allowance for business travel	£
• Non-qualifying relocation expenses (those not included in box 1.22)	£
• Other expenses	£
• Balancing charges	£
Total	A £

Copy the figure in box A to box 1.23 in your Employment Pages.

Lump sums and compensation payments or benefits**boxes 1.24 to 1.29**

Different rules apply to different types of lump sum payments connected with your employment.

You will need *Help Sheet IR204: Lump sums and compensation payments*, available from the Orderline, if you received a lump sum or compensation payment, a payment from an unapproved retirement benefit scheme, or your employer has made a contribution to such a scheme for you, in the 1997-98 tax year. Use the Help Sheet to work out the figures to put in boxes 1.24 to 1.29.

box 1.30

Enter tax deducted from lump sums and compensation payments.

Foreign earnings

In certain circumstances you may not be required to complete the Employment Pages. See the notes on page 6, Question 1 in the Tax Return Guide and page NRN8 of the Notes on Non-residence etc.

box 1.31

Use *Help Sheet IR211: Employment - residence and domicile issues* to work out the figure to go in box 1.31 if:

- you have completed the Non-residence Pages to claim non-residence or non-domicile treatment for the 1997-98 tax year, or split-year treatment for that year (if you were not resident for part of the year), **or**
- you made such a claim in a previous year, and have included income earned in that year in the Employment Pages, **or**
- you have included income that relates to a later year and you think that you will be claiming non-residence or non-domicile treatment for that later year, **or**
- you received income in a foreign country that you could not bring to the UK because of exchange controls or a shortage of foreign currency in that country.

The Help Sheet will help you work out that part of your income and receipts which is not liable to UK Income Tax in the year ended 5 April 1998. Liability may however arise, in earlier or later years, for all or part of this sum. It is also possible that you may be liable to income tax in another country on all or part of this sum. See also the notes on Foreign Earnings Deduction on page EN8.

■ Expenses you incurred in doing your job

This section explains the rules for claiming:

- necessary travelling expenses and related meal and accommodation costs incurred in doing your job, **and**
- other **necessary** expenses incurred **solely** in doing your job.

If your employer has a dispensation for 1997-98 you must not include in your claim any expenses that you have paid if:

- you can claim them back from your employer, **and**
- the expenses are covered by a dispensation. See the section headed 'Benefits and expenses' on page EN3.

However, if you have incurred allowable expenditure over and above the amount covered by the dispensation you may claim a deduction for the excess.

If you do not know whether your employer has a dispensation, ask for details.

- Travel and subsistence costs

box 1.32 You can claim for the expenses of travelling on business journeys - whether in the UK or abroad - as well as the related costs of accommodation and meals.

Business journeys

A business journey is one which involves travel from one place of work to another. Journeys between your home and normal place of work will not count as business journeys in most cases. If you have not already established a claim for home to work journeys, you should contact your Tax Office before making a claim here. But if you have a normal place of work and travel to another place at which you are required to work **temporarily**, and go there straight from home or return direct to your home after such a visit, the allowable expense is the lesser of:

- the travel and subsistence expenses actually incurred, **and**
- the expenses which would have been incurred if the journey had started and finished at your normal place of work.

You cannot be regarded as temporarily absent from your normal place of work unless:

- the absence is not expected to, and does not in fact, exceed 12 months, **and**
- you return to your normal place of work at the end of the period.

If these conditions are not satisfied, any travel and related subsistence expense payments made by your employer will be taxable. You will not be entitled to a deduction.

But where:

- you are initially expected to be absent from your normal place of work for a period of up to 12 months before returning there, **and**
- circumstances change during the period and it becomes known that your absence from your normal place of work will exceed 12 months,

any travel and related subsistence expenses are deductible only up to the date when the change of circumstances became known.

Travelling **may** be an integral part of your job. For example, if you are a travelling salesperson usually visiting several places of work in a working day, then you will be entitled to a deduction for travelling and related subsistence expenses incurred in doing your job. If you are unsure whether this applies to you, ask your Tax Office or tax adviser.

However, travelling will **not** be an integral part of your job where you work for a period of time at one work place and then move on to another: for example, if you are an area relief worker at one office for one or two weeks to cover for sickness, moving on to another office, and then another. In such cases, expenses payments for travel and related expenses between home and the places of work received from your employer are taxable, and you are not entitled to a deduction for the expenses incurred. If you are required to travel between places of work, those journeys count as business journeys and you can have a deduction for the expenses. If you are unsure whether this applies to you, ask your Tax Office or tax adviser.

If you incur business travel expenses when travelling by car, and your employer pays you an allowance, see the note on box 1.15 on page EN4.

If you incur business travel expenses when travelling by car, and your employer does not pay you an allowance, you can claim a deduction for the allowable motoring costs. There are two ways of doing this:

- the exact basis
- the simpler basis.

Motoring costs - the exact basis

The allowable motoring expenses are the cost of fuel used on business journeys plus the business proportion of other motoring costs such as maintenance, insurance and vehicle excise duty (road tax). The business proportion is calculated by reference to the business and total miles travelled in the car in the year. You will be able to make a claim for capital allowances.

If you want to work out your allowable motoring expenses and capital allowances, ask the Orderline for leaflet *IR125: Using your own car for work*.

You will need to keep records of all your motoring expenses to support this claim. You will also need to keep details of your business and private mileage in the car during the year.

Motoring costs - the simpler basis

If you prefer, you can calculate your allowable motoring costs using the following table:

Car engine size	Up to 4,000 business miles (pence per mile)	Over 4,000 business miles (pence per mile)
Up to 1,000cc	28	17
1,001 - 1,500cc	35	20
1,501 - 2,000cc	45	25
Over 2,000cc	63	36

Example

You travelled 6,000 business miles. Your car has a 1,600 cc engine.

Your allowable costs are:

4,000 miles at 45 pence	£1,800
2,000 miles at 25 pence	<u>£500</u>
Total	£2,300

You cannot claim capital allowances for your car if you use this method. This is because the figures in the table already allow for capital depreciation.

If you choose this method, you need only keep a record of your total business mileage in the car in the year, and a note of the car's engine size.

Claiming relief

There are special rules if you are resident and ordinarily resident in the UK but work wholly or partly abroad, or you are an employee who is domiciled outside the UK coming to work in the UK. If you need information about these, ask your Tax Office.

If you received travel and subsistence payments as part of a relocation package, see the notes on box 1.22.

Once you have identified the expenses you wish to claim, add together:

- all the allowable travel costs incurred. If you have received motor mileage allowance, remember to include **only the excess** of any allowable expenses over your allowance - ask the Orderline for leaflet *IR125: Using your own car for work*, which contains a working sheet to work out the excess
- the accommodation/meal costs incurred on business journeys
- the other business expenses related to business journeys. These would include for example business telephone calls and fax/photocopying costs etc. But they do not include the cost of personal items such as telephone calls home, daily newspapers and personal laundry.

Then:

- enter the total in box 1.32, **and**
- if box 1.32 **includes** expenses of travelling from home to work, tick box 1.36.

Remember: as with all expenses claims, you should keep any record of amounts paid and any receipts/vouchers you have in case your Tax Office asks for them. Do not send them with your Tax Return.

- Fixed deductions for expenses

box 1.33

Fixed deductions are amounts of expenses agreed between the Inland Revenue and the relevant trade unions or other bodies to cover the cost of maintaining or replacing tools or special working clothes. Enter these in box 1.33. If you do not wish to claim a fixed deduction, you should leave box 1.33 blank and total the amount you have spent on these items and include them as part of your 'other expenses' in box 1.35.

- Professional fees and subscriptions

box 1.34

You may be entitled to a deduction for:

- certain fees you must pay to carry on your profession, **or**
- annual subscriptions to professional bodies that are approved by the Inland Revenue and are relevant to your work.

If you are entitled to a deduction, the professional body to which you pay the fee or subscription can tell you how much may be deducted. Enter the amount in box 1.34.

- Other expenses and capital allowances

box 1.35

You can claim only the necessary expenses you incur solely in doing your work. Necessary expenses are those which each and every person doing your job would have to meet. The expenses have to be incurred in actually carrying out the duties of the job. So for instance, expenses that put you in a position to do your job, rather than being incurred in the actual performance of it, are not allowable.

Entertaining expenses - special rules for employees of trading concerns

If you work for a trading concern you cannot claim a deduction for business entertaining expenses unless:

- your employer has put a tick in the box against 'entertainment' on form P11D (an 'X' in the box against 'entertainment' means that you cannot claim a deduction in your self assessment for expenditure on business entertaining), **and**

- the business entertaining expenses that you claim were necessarily incurred in carrying out the duties of your job.

If you need more information about entertaining expenses ask the Orderline for a copy of booklet 480, *Expenses and Benefits - A Tax Guide*.

Other expenses

Most of the expenses that you can claim have been covered in boxes 1.32 to 1.34. Exceptionally you may be able to claim for other expenses. You may have already agreed previous claims with the Inland Revenue on other items in the past. If so, you should calculate the amount of allowable expenses on the agreed basis.

You may be able to claim relief for expenses paid by you or your employer for:

- insuring you against claims relating to actual or alleged wrongful acts committed by you as an employee, **or**
- uninsured costs arising from such actual or alleged acts.

If you do not know what to claim, ask your Tax Office or tax adviser before you fill in box 1.35.

Remember to include:

- any expenses for the upkeep of tools and special clothing that are not fixed (that is, not included in box 1.33)
- the business proportion of any benefit you have included in full in box 1.22.

Capital allowances

You may be entitled to capital allowances for the cost of equipment or machinery you use in your employment. Ask the Orderline for *Help Sheet IR206: Capital allowances for employees and office holders* for details. You can also get capital allowances for a motor car which you use for work. You can do this by:

- calculating your allowable motoring expenses using the 'simpler' method described in the notes on box 1.32 (this method includes an amount for capital allowances), **or**
- making a claim on the exact basis (see leaflet *IR125: Using your own car for work*).

You cannot claim capital allowances on your car if you receive motor mileage allowance and the profit has been dealt with under the Fixed Profit Car Scheme (box 1.15). This is because the figures used in the Fixed Profit Car Scheme include an amount for capital allowances.

- Home to work travel

box 1.36

Tick box 1.36 if box 1.32 includes expenses of travelling from home to work.

Foreign Earnings Deduction**box 1.37**

You can qualify for this deduction if:

- you work wholly or partly abroad, **and**
- you remain resident and ordinarily resident in the UK, **and**
- the work abroad is carried out during a 'qualifying period' of 365 days or more.

If you think this applies to you, ask the Orderline for *Help Sheet IR205: Foreign Earnings Deduction*. There is a separate version for seafarers.

Foreign tax**box 1.38**

To claim tax credit relief, ask the Orderline for the Foreign Pages, and leave box 1.38 blank.

If you do not want to claim tax credit relief, enter in box 1.38 the amount of any foreign tax you have paid on your employment income.

These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal.