

Home to Work Travel – Dr Samadian Upper Tribunal Hearing

Many people may well be aware of the conclusions to the recent tax case at the Upper Tribunal relating to whether motoring expenses/ travelling expenses are allowable for the following types of journey:

1. Home to private hospital. (Home to place of work)
2. NHS hospital to private hospital. (Place of employment to place of work)

Unfortunately the Upper Tribunal found in Dr Samadian's circumstances the journeys would not be allowable for taxation purposes.

Quite by chance in my own practice I have been attempting to reach a settlement for a barrister in relation to the tax deductibility of expenses for travel from his home address to the courts, his chambers, and other places where he engages in his business. In this particular instance the Inland Revenue accepted that the amounts were deductible for taxation purposes.

Bearing in mind these two instances there are a number of important principals which would help determine whether travel expenses should be allowable for taxation purposes. These include:

1) Working at Home

It is essential for the taxpayer to work from home in order to obtain a tax deduction for travelling costs from home to a place where business is carried out.

2) Centre of Operations

If the home address is the centre of business operations e.g. this is the base where administrative functions for the business are carried on and the formal address for the business correspondence.

3) Working at Home before Your Journey

If the taxpayer is engaged in a business activity at home before he commences his journey to a place where he carries on further business then this journey is more likely to be allowed for taxation purposes.

4) Regular Visits

If a journey is made on a regular basis e.g. weekly or twice weekly to a particular place where further business activities are engaged then it is less likely that the journey is a business journey and therefore allowable for taxation purposes.

5) One off Visits

If a journey is made for business purposes to a particular location on an irregular basis then it is more likely that journey will be a business journey e.g. a visit from home to a home address to visit a patient/client.

6) One off Motive for Journeys

If a journey is made to or from home for an unusual motive, then again it is likely to be a business journey and allowable for taxation purposes e.g. a return visit because equipment had been forgotten.

7) Dual Purpose for Journeys

If a journey is made for a business and non-business purpose, then it is more likely that the journey will not be allowable for taxation purposes e.g. a visit to a NHS hospital where NHS and private patients are seen.

As well as needing to satisfy the above criteria to establish whether or not a particular journey from home or other private location to a place where business is carried on is allowable for taxation purposes, it also necessary to satisfy the following more mundane requirements to establish the value of the expense that can be claimed:

1. Please maintain receipts for all your business journeys and if the business journey involves the use of a car please keep all the details relating to the car costs, including road fund license, servicing costs, petrol costs and insurance costs.
2. If journeys are made in motor cars please keep a detailed mileage log of the journeys that have been made for business purposes and a record of total annual mileage for the car.

Hopefully if the above criteria is satisfied then it should still be possible to continue claiming motor expenses at a reasonable level, however please be aware of the above requirements.