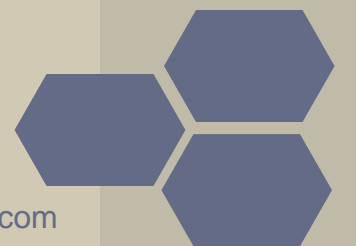


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ACCA F6

Taxation (UK) 英国税法
chapter 3 Employment income





Employment and self-employment

It can be difficult to distinguish between employment(receipts as earnings) and self employment(profits taxable as trading income).

As a employment ,the individual:

- Is committed to work a specified number of hours at certain fixed time and is paid for overtime
- Is entitled to the benefit normally provided to employees
- Works personally and cannot hire his own helpers
- Cannot decline the work offered
- Does not provide his own equipment
- Is paid by hour , week or month
- Is not taking any financial risk
- Cannot profit from sound management



When are earnings received

General earnings consisting of money are treated as received at the earlier of:

- Time when payment is made
- Time when a person becomes entitled to payment of earnings

If the employee is a director of a company , earnings from the company are received on the earliest of:

- Above
- Time when the amount is credited in the company's accounting records
- The end of the company's period of account
- Time the amount is determined



Travel expenses

Tax relief is not available for an employee's normal commuting costs . This means relief is not available for any costs an employee incurs in getting from home to his normal place of work . However employees are entitled to relief for travel expenses that they are obliged to incur and pay in travelling in the performance of their duties or travelling to or from a place which they have to attend in the performance of their duties(other than a permanent workplace).(24 month rule)

Site based employees(eg construction workers , management consultant) who do not have a permanent workplace , are entitled to relief for the costs of all journeys made from home to wherever they are working.



Other expenses

Relief is given for other expenses incurred wholly, exclusively and necessarily in the performance of the duties of the employment.

The cost of clothes for work is not deductible , except for certain trades requiring protective clothing where there are annual deductions on a set scale.

An employee required to work at home may be able to claim a deduction for the additional costs of working from, such as an appropriate proportion of expenditure on lighting and heating.



Statutory approved mileage allowances

The allowance for 16/17 is 45p per mile on the first 10000 miles in the tax year with each additional mile over 10000 miles at 25p per mile.

Employees using their own motor cycle is 24p per mile . For employees using their own pedal cycle it is 20p per mile.



Example

Sophie uses her own car for business travel. Sophie drove 15400 miles in the performance of her duties. Sophie's employer paid her a mileage allowance. How is the mileage allowance treated for tax purposes assuming that the rate paid is:

- a) 40p a mile?
- b) 25p a mile?

(a)

	£
Mileage allowance received (15,400 × 40p)	6,160
Less tax free [(10,000 × 45p) + (5,400 × 25p)]	<u>(5,850)</u>
Taxable benefit	<u>310</u>

£5,850 is tax free and the excess amount received of £310 is a taxable benefit.

(b)

	£
Mileage allowance received (15,400 × 25p)	3,850
Less tax free amount [(10,000 × 45p) + (5,400 × 25p)]	<u>(5,850)</u>
Allowable deduction	<u>(2,000)</u>

There is no taxable benefit and Sophie can claim a deduction from her employment income of £2,000.

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Thank You!

