
STATUTORY INSTRUMENTS

2014 No. 211

The Enactment of Extra-Statutory Concessions Order 2014

Exemption or deduction for travel expenses

2.—(1) In Part 4 of ITEPA 2003(1) (employment income: exemptions), in Chapter 3 (other transport, travel and subsistence), after section 241 insert—

“241A Travel by unpaid directors of not-for-profit companies

(1) No liability to income tax arises in respect of a sum if or to the extent that it is paid wholly and exclusively for the purpose of paying or reimbursing travel expenses in respect of which conditions A to C are met.

(2) Condition A is that—

- (a) the employee is obliged to incur the expenses as holder of the employment, and
- (b) the expenses are attributable to the employee’s necessary attendance at any place in the performance of the duties of the employment.

(3) Condition B is that the employment is employment as a director of a not-for-profit company.

(4) Condition C is that the employment is one from which the employee receives no employment income other than sums to which Chapter 3 of Part 3 applies (expenses payments).

(5) In this section—

- (a) “director” has the same meaning as in the benefits code (see section 67), and
- (b) “not-for-profit company” means a company that does not carry on activities for the purpose of making profits for distribution to its members or others.

241B Travel where directorship held as part of trade or profession

(1) No liability to income tax arises in respect of a sum if or to the extent that it is paid wholly and exclusively for the purpose of paying or reimbursing travel expenses in respect of which conditions A to D are met.

(2) Condition A is that the employee is obliged to incur the expenses as holder of the employment.

(3) Condition B is that the employment is employment as a director of a company.

(4) Condition C is that the employee carries on a trade, profession or vocation (alone or in partnership).

(5) Condition D is that, in calculating the profits of that trade, profession or vocation for income tax purposes, a deduction is allowed under ITTOIA 2005(2) for the expenses, but no such deduction is to be made.

(1) 2003 c. 1. “ITEPA 2003” is defined in section 165(1) of the Finance Act 2008.

(2) Part 1 of Schedule 1 to ITEPA 2003 provides that “ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005 (c. 5).

(6) In this section “director” has the same meaning as in the benefits code (see section 67).”.

(2) In Part 5 of ITEPA 2003 (employment income: deductions allowed from earnings), in Chapter 2 (deductions for employee’s expenses), after section 340 insert—

“340A Travel between linked employments

(1) A deduction from earnings from an employment is allowed for travel expenses if conditions A to E are met.

(2) Condition A is that the employee is obliged to incur and pay the expenses.

(3) Condition B is that the travel—

(a) takes place within the United Kingdom, and

(b) is for the purpose of performing duties of the employment at the destination.

(4) Condition C is that the employee has performed duties of another employment at the place of departure.

(5) Condition D is that—

(a) at least one of the employments is as a director of a company (“company X”), and

(b) the other employment is also with a company (“company Y”) but not necessarily as a director of it.

(6) Condition E is that the employee was appointed as a director of company X because company Y, or a company in the same group as company Y, has a shareholding or other financial interest in company X.

(7) This section needs to be read with section 359 (disallowance of travel expenses: mileage allowances and reliefs).

(8) In this section—

“director” has the same meaning as in the benefits code (see section 67), and

“group” means a company and its 51% subsidiaries.”.