



**RHA/HMRC Overnight Allowance Guidance
Question and Answers for Members**

Road Haulage Association

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V.1



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Question and Answers for Members

HMRC Overnight Allowance - Background

1. The RHA has been working with HMRC to improve the information available for members wishing to use the industry overnight subsistence allowance.
2. Since the new system was introduced by HMRC (against the strong lobbying of the RHA) there has been inconsistency in the advice being given by HMRC to operators wishing to use the allowance. This has caused confusion, extra work and cost for the sector.
3. New guidance from HMRC is published on the 7th September 2017. The new HMRC guidance seeks to resolve problems with clarity and consistency, with the aim of making compliance with HMRC requirements easier. The official HMRC guidance is available (link in version 2).
4. The RHA will continue to lobby for further simplification and changes on behalf of the industry- we remain of the view that this additional bureaucratic burden is not necessary.
5. To supplement the HMRC guidance, we have provided additional Q&A below. We hope this will address most of the members concerns and questions. HMRC have also produced a Q & A as part of their guidance – we recommend that this is reviewed too.

RHA – Overnight Allowance Q & A

RHA Question 1

I currently pay the £26.20 overnight allowance to my drivers – what should I do now – can you explain what the tax people want from me?

A: You must have an **approval notice** from HMRC to pay either the Industry Bespoke Allowance, known as the lorry driver’s overnight subsistence allowance, or an individual “bespoke agreement”. Unless you have a ‘bespoke agreement’ in place with HMRC you should be payrolling the £26.20 and operating income tax and National Insurance on this amount

RHA Question 2

What is a bespoke agreement’?

A. This is an agreement you enter into with HMRC – it requires an approval notice from them. It comes in two forms, the Industry Bespoke Allowance, known as the lorry driver’s overnight subsistence allowance, or an individual “bespoke agreement”. The Industry Bespoke Allowance, known as the lorry driver’s overnight subsistence allowance, permits you to make the £26.20 gross but in return requires you to undertake a sample review of the expenses paid each month to check:

- that the driver only claimed the £26.20 when he/she was away from their work base, and
- that they incurred costs on food and drink whilst away from their base





RHA Question 3

What is an individual “bespoke agreement”?

- A. This is an agreement you enter into if you wish to pay above £26.20. HMRC will require you to justify the higher amount. The checks required are the same as the Industry Bespoke Allowance, known as the lorry driver’s overnight subsistence allowance

RHA Question 4

How do I apply for an approval notice?

- A. There is an on line application form (the link will be provided in version 2 of this document).

RHA Question 5

Do I have to get my drivers to send me their meal photos – I rather they got paper receipts?

- A. When a driver is selected by you for a sample review you must satisfy yourself that they had been away from base on the night the claim relates and that they incurred the cost of food and drink. You need therefore to see evidence that a meal was bought which could be a receipt or if not then HMRC will accept a photo of the meal which shows a time and date

RHA Question 6

How long do I have to keep the evidence that my drivers have taken meals etc?

- A: The drivers are required to keep the evidence until you have reviewed the period to be reviewed. If the driver is selected for review then that evidence must be passed to you to check. You can either keep this evidence or prepare a spreadsheet showing who was selected for review and detail of the evidence they provided which states what you saw and the amount of the claim

RHA Question 7

I have a bespoke agreement with HMRC which I set up after all this started – what should I do now?

- A: You can now pay the £26.20 gross to the drivers subject you undertaking the prescribed level of checking set out by HMRC

RHA Question 8

I currently give my drivers £26.20 as before and take the tax and NI portion of that against my business – can I claim this back – have I done the wrong thing?

- A: If you did not want to have a bespoke agreement then what you have done is ok but if you could get the evidence from the driver's (based on the required sample) it would save you and your driver's cost and administration to enter into a bespoke agreement .

RHA Question 9

I pay my drivers £26.20 but tax them at source so they actually got less in their take home pay – what should I do now?



A: To avoid taxing them you can seek an **approval notice** for a bespoke agreement. In the meantime you could explore if using the standard benchmark scale rate payment for meals could help provide a solution (this option is detailed in the HMRC guidance).

RHA Question 10

Some of my drivers work split shifts across a working week...so they are away on Monday night...home on Tuesday night and maybe away on Wednesday and Thursday. Can they purchase food for the whole week on the Monday and still get the allowance?

A: Sadly no, the tax rules only allow a meal bought whilst the driver is on the specific journey to qualify. In this example, if the driver stopped on the Monday and bought food for the Monday and Tuesday that would be fine. If then again that driver stopped on the Wednesday and bought food for the Wednesday and Thursday that would be fine



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