

EXPENSES POLICY

Table of Contents

1. Purpose and Scope
2. Relationship with Existing Policies
3. Policy Statement
4. Roles and Responsibilities
5. Supervision, Direction, and Control
6. Claiming Expenses
7. Guidelines and Rules

1. Purpose and Scope

The purpose of this policy is to set out Sapphire's aims and objectives for the management and processing of any expense claims received from our employees. Expenses are broadly defined as a cost incurred wholly and exclusively and necessarily in the performance of your duties. Any legitimate business expenses that are allowable in line with this policy are deductible and are always netted against business income. The scope of the Expenses Policy covers the Supervision, Direction & Control (SDC) Test, explains how we process any expenses, HMRC rules and types of expenses allowed. It covers all employees currently employed by Sapphire. This Expenses Policy covers, Sapphire Accounting Limited and its associated companies, Sapphire DNP Limited and SASER Limited.

2. Relationship with Existing Policies

This policy provides the overarching approach to the management and processing of Expenses while employed by Sapphire and is the master policy document. All related policies and documents shall be consistent with this policy.

3. Policy Statement

The Board of Directors and management of Sapphire Accounting Limited, located at Bramhall House, 14 Ack Lane East, Bramhall, Stockport, Cheshire, England, SK7 2BY which operates within the accounting, employment and payroll sector, are committed to working within legislation and guidelines issued by HM Revenue & Customs (HMRC). Sapphire always strives to ensure our employees have the correct and current information regarding business expenses.

4. Roles and Responsibilities

All employees of Sapphire are expected to comply with this policy. Employees, and certain external parties, will receive appropriate training where necessary. This policy will be reviewed to respond to any changes in legislation and at the very least annually.

5. Supervision, Direction, and Control

From 6th April 2016, HMRC introduced legislation which assumed all employees who are employed by an intermediary are deemed under the Supervision, Direction and Control (SDC) of the Client they provide their services to, unless could otherwise be evidenced. Employees who are subject to SDC as to the manner in which they provide their services can no longer claim Travel & Subsistence expenses from home to their temporary place of work. Our SDC test is therefore key in deciding what expenses you can claim. From October 2021, we are also required to obtain explicit sign off from the End Client that SDC (or the right of) does not exist for each assignment. If you are expected to know how to

do your work and if nobody has the right to tell you how to carry out your duties, then you may take our SDC test. If you are to be told how to carry out your work, or if someone has the right to tell you how to carry out your duties then you cannot take our SDC test. We will initially work with your recruitment agency to help us establish this, followed by us asking you a series of questions which have been specifically developed in line with HMRC legislation. If your End Client passes judgement on your role to be not subject to SDC and you then pass our SDC test then you can claim your Travel and Subsistence expenses. If your agency/client passes judgement on your role to be subject to SDC then you cannot claim your Travel and Subsistence expenses. Please refer to Section 2 as to how you can claim tax relief on your expenses.

6. Claiming Expenses

The changes introduced by HMRC have also changed the rules on how expenses can be reimbursed.

6.1 SDC test FAIL

Mileage claimed between non-regular workplaces (between various work sites) can still be reimbursed on a weekly basis and form part of your payment, thereby providing you with the appropriate PAYE and NIC relief at the point of reimbursement. If you are expecting to be on assignment for more than 24 months, this may prevent you from being able to claim the PAYE and NIC relief, we would carry out an assessment to determine if the geographical locations were ad hoc enough or if the sites are being visited for 40% or less of your working time. All other expenses will have to be claimed via HMRC on a Self-Assessment or P87 at the end of each tax year (includes mileage between home and site, accommodation, PPE, other capital expenditure etc). If you do wish to claim for items (and the claims are allowable under the appropriate rules in section 3) we can keep a log of these claims for you and assist with a Self- Assessment return or P87 which would generate the appropriate tax relief at the end of the tax year. Please therefore ensure you keep all receipts throughout the year as you will need these in case HMRC query your return. SDC test PASS with sign off from the End Client Subject to the guidelines and rules in section 3, and in conjunction with your employment contract, you may claim Travel & Subsistence expenses as part of your payments.

- 6.2 Billable/Chargeable expenses** Where you have an agreement in place with the End Client to bill/charge expenditure on top of the agreed assignment rate, we will also require supporting evidence and receipts to prove the expense was incurred. In such instances, this may require you to submit supporting evidence and receipts to your agency/End Client and on Sapphire's Online Portal to ensure you:
- A) Receive the cash reimbursement from the End Client B)
 - B) Receive the appropriate PAYE and National Insurance relief on that reimbursement

If the End Client agrees to reimburse you for your commute (home to workplace or workplace to home), we cannot allow any claim unless you are not subject to SDC (or right of) – see Section 1. This includes mileage from home to the first work site and from the last work site to home, any subsistence, any accommodation expenses or any other associated expenditure related to travel. What can be claimed Mileage Allowance HMRC's approved mileage rates can be claimed when using your own vehicle to travel to/from your temporary workplace. Fuel receipts are required to validate mileage claims and records of your travel must be kept. Mileage can generally be claimed for all business-related travel where the employee is necessarily obliged to travel away from their normal place of work in the performance of their duties of employment. You must ensure you have declared to your insurance company that you will be driving your vehicle for business use.

6.3 What can be claimed

Mileage Allowance

HMRC's approved mileage rates can be claimed when using your own vehicle to travel to/from your temporary workplace. Fuel receipts are required to validate mileage claims and records of your travel must be kept. Mileage can generally be claimed for all business-related travel where the employee is necessarily obliged to travel away from their normal place of work in the performance of their duties of employment. You must ensure you have declared to your insurance company that you will be driving your vehicle for business use.

The following Approved mileage rates can be claimed per mile		
Vehicle Type	First 10,000 miles per annum	10,001+ miles per annum
Cycle	20p	20p
Motorbike	24p	24p
Car	45p	25p

Rail, Bus, Air Travel and Parking Charges

Other types of travel costs incurred to/from your temporary workplace such as rail, bus and air travel costs, congestion, tolls and parking charges are claimable where appropriate receipts are provided.

Hire Cars

Please contact our Support team on 01625 569321 to discuss your specific circumstances so we can advise you accordingly.

Subsistence

Subsistence (food AND drink) is claimable when opting to travel daily to/from your temporary workplace. Providing the purchase is made during your travel to/from work AND you provide the necessary receipts to back your claim up; subsistence is reimbursed using HMRC's Benchmark Scale

Rates: Note: Weekly grocery shopping receipts are not acceptable. The receipt must be obtained during your daily commute

Scale Rate Subsistence can be claimed on the following basis:		
A: If you leave home before*	Breakfast	
B: If you work for over 5 hours a day	Lunch	£5.00
C: If you work over 10 hours a day	Dinner	£10.00
D: Late evening meal**		£15.00

*To qualify for the breakfast rate you must have started work earlier than you do normally

**To qualify for a late evening meal you must have finished work later than usual

Accommodation

Receipts are required for short-term (e.g. hotels, B&B) and long-term accommodation (e.g. rent, lodgings) expenses. The full amounts are allowable.

Incidentals Allowance

You are granted £5 per night (£10 when outside the UK) to cover personal incidental expenses whilst staying away from home on business. No receipts are required other than the accommodation receipt

Property Rentals

When claiming accommodation rental costs, your rental agreement must be a supplement to your normal place of residence. If you are not paying accommodation costs elsewhere, then the rental costs relating to the weekend will not be allowable.

Note: Subsistence and Accommodation costs cannot be claimed where other family members are present.

7. Guidelines and Rules

Travel & Subsistence expenses can only be claimed in strict adherence and understanding of the following rules:

- Any expenses claimed must be incurred wholly and exclusively and necessarily in the performance of your duties
- All expense claims should be input via our Online Portal (unless otherwise agreed). A log on will be provided once we have the client's confirmation you're not under SDC and you have passed our SDC test (or are eligible to claim mileage

between non-regular work sites or have been reimbursed billable expenses by the agency/End Client)

- All expense claims must be supported by valid receipts (card receipts are not acceptable)
- Wherever possible, these should be VAT receipts unless the expenses are VAT exempt (e.g. train, bus and airfares)
- You expect to be at a site for less than 24 months, and if not visiting different geographical locations or travelling to sites less than 40% of your working time
- During your employment you expect to go on to work on at least one further assignment

Travel & Subsistence expenses cannot be claimed where:

- You are working your notice period, or where it is reasonable to assume that you will terminate your employment when your work on your first assignment is completed
- From the date you are told that the last day on assignment has been extended and the time then spent on
- One site exceeds 24 months. For example, if it is agreed at the outset of the contract you will work on a site for 18 months, but are told at the end of the 18th month that the assignment on that site has been extended by 9 months; Travel & Subsistence expenses will cease for that site
- You go on to work at another site in the vicinity of your first site and there is no significant change in travel costs between either site, and the total time spent on the two sites is more than 24 months

7.1 Other Expenses

Any other expenses you incur to complete your temporary assignments can be claimed back (as tax relief) by completing form P87 or a Self-Assessment tax return and submitting it to HMRC. Any tax refund will be solely at their discretion and subject to you having the necessary receipts and records to support your claim. These may include (for example):

Professional fees and subscriptions

- Working at home
- Buying other equipment (e.g. protective clothing, tools, uniforms, stationary)

In the event we suspect or discover that any expense claims are fraudulent, we will seek repayment from you and you will be subject to the Company's disciplinary procedure.

If you wish to discuss our Expense Policy or have any queries regarding expenses, please contact our Support team on 01625 539997 or email support@sapphireorg.co.uk.

