

GP Registrars Mileage Claim Guidance

Introduction

This document does not set out to question the Deanery policy on mileage claims nor the position of Her Majesty's Revenue and Customs (HMRC) on mileage claims and is for guidance only.

Its objective is to help you understand how you are able to make claims that meet both of the above bodies' requirements and ensure that you do not inadvertently incur tax penalties as a result.

As you know, your employer is legally obliged to operate PAYE on your earnings to ensure that the correct amount of tax and national insurance is deducted and this obligation extends to any expense or benefit payments that they make to you.

All expenses and benefits are treated as "normal" earnings and paid through your salary attracting the appropriate level of tax and national insurance.

Any untaxed payments that you receive must be notified to HMRC, by yourself.

Deanery Policy

At the time of writing (November 2012) the Deanery policy is as follows: -

Home visit mileage is claimed for the distance travelled from the surgery to the visit location(s) and back to the surgery.

If you carry out a home visit then, for that day, you are permitted to claim for the actual mileage from your home location to the Practice and return to home up to a maximum of 20 miles.

Home Visit Mileage and Home to Practice Mileage are claimed at the prevailing mileage rate dependant on your engine size (as declared on your GP Registrar Mileage Form 1 that you will have submitted to WYCSA)

	Up to 1000cc	1001-1500cc	Over 1500cc
Claim per mile	37.4p	47.3p	58.3p

HDR / VTS and Out Of Hours (OOH) mileage is claimed at the 'public transport' rate of 24p per mile regardless of engine size. Please note, if you do not also do a home visit on the day of your HDR/VTS then you cannot claim home to practice mileage.

Mileage claims should be submitted on a monthly basis. Failure to do so may lead to non-payment due to the claim being 'out of time'; the maximum time that a claim can be backdated is 3 months.

HMRC Approved Mileage Rates

The official wording regarding mileage claims, taken from the HMRC website is as follows:

Employees using their own vehicles for work are entitled to receive certain payments free of tax and NICs (the rules for each are related but not identical).

If employees receive greater amounts than are allowed tax-free, they will pay tax on the excess. If they receive greater amounts than are allowed NICs-free, both employers and employees will be liable for Class 1 NICs on the excess.

If employees receive less than the respective amounts above, no NICs will be payable and tax relief will be available.

From the 6 April 2011, the approved mileage rates are as follows: -

	First 10,000 business miles in the tax year	Each business mile over 10,000 in the tax year
Cars and vans	45p	25p
Motor cycles	24p	24p
Bicycles	20p	20p

Any payments in excess of these rates will attract personal income tax and National Insurance at the current rates.

Although it is unlikely that a GP Registrar will claim over 10,000 miles in a single tax year, if they do so, then they will be required to pay personal income tax and National Insurance on any expenses received over 25p per mile.

N.B. Please ensure you check the current approved rates on the HMRC website.

What Journey's can I obtain a tax free mileage allowance for?

The HMRC rules that define a valid expense are complex. Hopefully the following examples will help clarify what you are able to claim for in carrying out your duties.

The present Deanery policy allows a claim for the actual mileage, up to 20 miles home to practice if carrying out home visits. This expense claim attracts tax and national insurance at the current HMRC rates.

In general, there is no allowance for the cost of travel between an employee's permanent workplace and:

- An employee's home
- Any other place an employee visits for non work reasons
- Any place where the employee performs duties of another job i.e. not working as a GP Registrar.

Applying the Deanery policy and HMRC Allowances

Business Mileage

When you complete your mileage claim for the month, any business mileage over the 45p limit set by HMRC is liable to tax and national insurance.

The tax and NI liability is only on the amount above the approved rate so: -

Claim per mile	Tax Free Allowance	Taxable / NI Element
47.3p	45.0p	2.3p
58.3p	45.0p	13.3p

So when the payroll department processes your mileage claim you will not receive the full amount of the claim but the value, less any personal tax and National Insurance liabilities.

Non-Business Mileage

When you complete your mileage claim for the month, any non business mileage is taxed in full:

Claim per mile	Taxable/NI Element
37.4p	37.4p
47.3p	47.3p
58.3p	58.3p

So when the payroll department processes your mileage claim you will not receive the full amount of the claim but the value, less any personal tax and National Insurance liabilities.

Worked Example 1

(i) Dr Travel submitted the following claim in January: -

	Details	Value
Home Visits	100 miles @ 58.3p	58.30
Home to practice	200 @ 58.3p	116.60
Public Transport	40 @ 24p	9.60
	TOTAL	184.50

However, Dr Travel will not receive the full claim of £184.50 because some elements will be liable to tax:

- Using the HMRC rates, he will only be liable to tax on the home visits mileage element over the 45p allowance.
- The home to practice mileage will be taxed in full
- The public transport rate mileage is free of any tax liability

	Tax Free Element	Tax/NI Liable Element
Home Visits – 100 miles @ 45p	£45.00	
Home visits excess – 100 miles @ 13.3p		£13.30
Home to practice – 200 miles @ 58.3p		£116.60
Public Transport – 40 miles @ 24p	£9.60	
TOTAL	£54.60	£129.90

Using the above worked example, for a total claim submitted totalling £184.50, Dr Travel may actually only receive somewhere in the region of £118.00:

Total claim submitted	£184.50
Tax – say £129.90 @ 40%	(£51.96)
National insurance – Say 10.6%	(£13.77)
Net amount payable to GPR	<u>£118.77</u>

Some further examples of different journeys detailing what is reclaimable from the deanery and what is taxable are shown below:

Dr Caring drives a 2.0l car and is therefore allowed to claim the current rate of 58.3 pence per mile for expensable journeys.

He lives in LS18 and works at a practice in BD4 – 8 miles in distance.

Worked Example 1

Dr Caring's daily travel between home and the practice is normal commuting and cannot be claimed as an expense from the Deanery.

Worked Example 2

Dr Caring travels from his home to work and then travels to see a patient in BD7 (4 miles from the practice).

The mileage travelled between the practice and the patient's home and back to the practice is reclaimable from the Deanery. HMRC will allow him to claim up to 45p per mile without any tax becoming due but he will be liable to tax for the claim over this amount (i.e. 13.3p per mile)

In addition, the Deanery expense policy permits Dr Caring to claim the actual distance from home to practice, up to a maximum of 20 miles on the day of a visit, but this is amount will be taxed in full.

This is how Dr Caring's expenses look for this example: -

Home to practice (return) - 16 miles @ 58.3p
Practice to Home Visit (return) - 8 miles @ 58.3p
Total Claim – 24 miles @ 58.3p

Applying the Deanery and HMRC policies means that part of the expense claim is free of Tax and NI and part is liable for Tax and NI:

Tax/NI Free amount – 24 @ 45.0p
Tax/NI Payable above 45.0p – 24 miles @ 13.3p

Worked Example 3

Dr Caring travels from the practice to his VTS/HDR session some 5 miles away then returns home.

The Deanery will allow you to claim the VTS/HDR travel mileage at public transport rates and HMRC define this as not liable to tax as it is classed as a business journey and the claim is less than the current maximum of 45p per mile.

In this example, Dr Caring's expenses will be as follows: -

Practice to VTS/HDR Session (return) - 10 miles @ 24.0p
Total Claim – 10 miles @ 24.0p

Applying the Deanery and HMRC policies means that this expense claim is free of Tax and NI

Tax/NI Free amount – 10 @ 24.0p
Tax/NI Payable - NIL

Worked Example 4

As per example 3, but this time Dr Caring does a home visit (3 miles away) on his way to his HDR/VTS session. The Deanery would allow the following claim:

Home to practice and return (subject to the maximum 20 miles) – All expense subject to tax
Practice to visit and return – All income below the 45p maximum allowance is tax free, the excess is taxable.

Practice to HDR and return to practice at public transport rates – tax free.

This is how Dr Caring's expenses look for this example: -

Home to practice (return) – 16 miles @ 58.3p
Practice to visit (return) – 6 miles @ 58.3p
Home Visit to HDR/Visit (return) - 8 miles @ 24p
Total Claim – 22 miles @ 58.3p
8 miles @ 24p

Applying the Deanery and HMRC policies means that part of the expense claim is free of Tax and NI and part is liable for Tax and NI:

Tax/NI payable on 16 miles @ 58.3p
Tax/NI Payable above 45.0p – 6 miles @ 13.3p
Tax/NI Free amount – 8 miles @ 24p
6 miles @ 45p

External Links

<http://www.hmrc.gov.uk/mileage/employee-factsheet.pdf>

<http://www.hmrc.gov.uk/rates/travel.htm>

<http://www.hmrc.gov.uk/mileage/index.htm>