

Throgmorton – COVID-19: Home Office Expenses

Exemption for coronavirus related reimbursed home office expenses

The UK government is introducing an exemption so as employees who are reimbursed costs they incur purchasing home office equipment are not subject to tax on such amounts.

The expenditure must meet the following two conditions to be eligible for the exemption:

1. That equipment is obtained for the sole purpose of enabling the employee to work from home as a result of the coronavirus outbreak; and
2. The provision of the equipment would have been exempt from income tax if it had been provided directly to the employee by the employer (employer paid for the equipment).

HMRC will exercise its collection and management discretion and will not collect tax and NICs due on any reimbursed payments made from 16 March 2020 (the date the UK government recommended working from home) until 5 April 2021.

If you have already subjected such payments to tax and NICs e.g. in the March 2020 pay cycle, we suggest contacting your payroll provider as soon as possible (if not Throgmorton).

This exemption is in addition to guidance previously issued by HMRC in response to COVID-19.

Company car benefit - 'availability'

Your employee may have been furloughed or is working from home, because of coronavirus, and provided with a company car which they still have. HMRC state that you should treat the car as being made 'available for private use' during this period even if your employee is:

- instructed to not use the car;
- asked to take and keep a photographic image of the mileage both before and after a period of furlough; and
- unable to physically to return the car or the car cannot be collected from the employee.

Where restrictions on movement applies because of coronavirus and prevents the car from being handed back or collected, HMRC will accept that a company car is unavailable in the following circumstances and therefore no benefit will arise:

- where the contract has terminated - from the date that the car keys (including tabs or fobs) are returned to the employer or to a third party as instructed by the employer; and

- where the contract has not been terminated – Only after 30 consecutive days from the date that the car keys (including tabs or fobs) are returned to the employer or to a third party as instructed by the employer.

Employer provided loans

A salary advance or loan to help your employee at a time of hardship counts as an employment-related loan. An interest free loan(s) provided with an outstanding value of no more £10,000 throughout a tax year are not taxable as a benefit in kind.

If you need further information please do not hesitate to get in touch with your usual Throgmorton contact or **Jon Hanifan** at jon.hanifan@throgmorton.co.uk.