

## Contractors can recover unclaimed travel expenses from past contracts

Contractors who have not claimed for past travel expenses can, according to David Colom of [DJ Colom Accountants](#), recover these costs as long as they abide by certain conditions.

"[Contractor Expenses](#) can be claimed for the six years prior to the claim being made by the contractor," explains Colom. "So if a contractor did not include these expenses in their accounts and tax documentation in the past, they can be brought forward and claimed in the next appropriate accounting period."

However, according to Colom there are conditions: "Any expenses the contractor wishes to claim as deductible must be wholly, necessarily and exclusively in the performance of duties." In other words, they must be entirely legitimate business expenses.

### Evidence of expenses

And Colom says another key criterion is the requirement to maintain proper records of all previous expenses: "The contractor must be able to provide evidence of the expenses; in the case of travel this might include travel tickets and taxi receipts."

Contractors who work through their own [limited companies](#) should maintain detailed financial records for six years in the event of any investigation by HMRC. If the contractor's records are orderly, it should be possible to retrieve any necessary documents, including travel receipts.

If the evidence is not there, however, the contractor would not be able to claim the expenses, even if they had been legitimately working on a contract for which the travel expenses were eligible.

**“ Expenses can be claimed for the six years prior to the claim being made by the contractor ”**

David Colom, D J Colom

### Temporary place of work - the 24 month rule

"In order that the contractor can claim that the expenses are deductible," continues Colom, "they must also be within the bounds of the rules governing temporary and permanent workplaces."

Contractors may have to search back through their records to identify which periods were within the so-called '24 month rule', and which contracts were not covered.

Any travel expenses would not be deductible for periods when the contractor was working at what was designated as a permanent workplace. "When working backwards to calculate whether a contract was within the [24 month rule](#) or not, it may be worth the contractor consulting their accountant," advises Colom.

### Know when to claim - and claim

Most contractors are aware of their [legitimate tax allowances](#) and Colom recommends preventing this issue arising in the first place: "Ideally contractors should avoid this issue entirely and claim their travel expenses on a regular basis.

"If their claim is legitimate, then it is a simple matter to process travel expenses on a regular basis, generally at least quarterly, and to ensure they are paying themselves what they are owed by their limited companies."

Whenever they start a new contract at a new location, contractors should ensure they are not caught by the 24 month rule, by confirming the new location is indeed classed under the rule as a temporary place of work. They should ensure all travel documents, including tickets, receipts and detailed mileage logs are kept and that records are maintained for at least six years.


If proper documentation is occasionally unavailable, it may still be acceptable to claim in certain circumstances; for example where a ticket machine refuses to hand out a receipt. But details of the journey, times and other relevant details must be kept to justify the claim if HMRC chooses to investigate.

On a regular basis the contractor should complete an expenses form and keep this on file, together with the travel documents, receipts and other proofs.

Contractors who work through [contractor umbrella companies](#) may be asked to account for their travel expenses according to their umbrella company's particular rules. These contractors should check with their umbrella's accounts team. But even where the advice might be that no receipts or other proofs are necessary to make a travel expenses claim, it is always prudent to file these with other contract and accounts information.

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