



Mileage & Subsistence Payments

Who is being examined?

Revenue are currently examining individuals who provide services to their client through the use of an intermediary (usually a company). A typical structure involves an individual setting up a company of which they are the sole employee and providing a service to the end client through the company.

What is being examined?

The tax free reimbursement of motor, travel and subsistence payments made to the individual by the intermediary are being examined.

What are the issues?

Travel between Home and Place of Work:

Where payments are made in respect of travel between home and work these payments are subject to payroll taxes and the payments by the intermediary cannot be reimbursed to the director / employee tax free. If an individual begins a business journey from home to a temporary work location the costs which can be reimbursed tax free is the lesser of the cost of the journey between

- Home and the temporary work location or
- The normal place of work and the temporary work location.

Where is considered the Place of Work?

Working from a Home Office:

Recent opinion from Revenue appears to suggest that the intermediary's place of business cannot be the individual's home and therefore travel from home to a client premises cannot be reimbursed tax free. The Irish Taxation Institute has recently written to Revenue asking them to clarify their views as it does not appear to take into account circumstances where an individual has a home office where the majority of their duties are carried out.

*performance
through
partnership*

Travel to a Main Contractors Offices:

Where the intermediary is engaged by a single contractor the place of work is deemed to be place where the main contractor is located.

Travel to Client Sites:

Where the intermediary is engaged by a number of contractors travel between the contractors sites may be reimbursed tax free.

What should tax payers do now?

Although the recent views expressed by Revenue do not necessarily reflect current practice or case law intermediaries should review tax free mileage and subsistence payments made to employees / directors. If you feel that excess tax free payments have been made you should contact Cooney Carey to review and discuss your position.

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