

## THE 24 MONTH RULE

### WHAT IS IT?

The 24 month rule is a piece of legislation that impacts on the ability for an individual to claim the travel and subsistence costs associated with a specific workplace.

### HOW DOES IT WORK?

Under normal contracting conditions, an individual can claim the cost of travel and subsistence for a work location and obtain corporation tax relief via their Limited Company.

Where an individual has worked at the same location for 24 months or is aware they will breach this timeframe, they can no longer claim travel and subsistence from this date forward.

The key drivers on the 24 month rule are:

- Workplace location
- Contract length

### WORKING LOCATION

If the workplace is consistent for 24 months or you become aware that you will breach this timeframe, then you are caught by the 24 month rule. It is important to note that the rule is based solely on location and not contract or end client. You could therefore potentially work for different clients but in the same location area and be subject to the rule. So if your current and previous contracts are completely independent of one another but they are both based in Canary Wharf then you haven't changed your working location from a HMRC perspective.

### CONTRACT LENGTH

The ruling is subject to an individual being aware or working at the same location for 24 months or more. Were an individual to sign a 2 year contract on 1<sup>st</sup> January, then they would be caught from this date onwards. Were an individual to sign an 18 month contract on 1<sup>st</sup> January and then an extension for a further year on 30<sup>th</sup> June, they would be caught from the later date.

## THE “40%” RULE

Where an individual spends less than 40% of their time at a given workplace, this is automatically classified by HMRC as “temporary”. In this instance the 24 month rule would not apply and you can continue to claim travel and subsistence costs.

## HOW CAN I ENSURE I AM COMPLIANT?

In order to ensure you are compliant with the 24 month rule and only claiming costs when allowed, it is important to review all contracts that are started, their length and location.

Please contact your Account Manager at MyAccountant for more information on how this may impact you.