



### EXPENSES POLICY

#### 1. Introduction

This document explains the procedures for submitting expenses incurred on University business and the applicable travel and subsistence rates. In addition it details the University policy on a number of associated areas such as insurance, entertainment and subscriptions. This policy should be read in conjunction with the University's Travel Policy which can be found at <http://www.gla.ac.uk/services/purchasingoffice/policystatement/>

#### 2. Scope

The Expenses Policy applies to all bodies consolidated within the University's Financial Statements and therefore applies to all subsidiary companies. They apply to all business carried out by or on behalf of the University irrespective of the source of funding. The Expenses Policy applies to all employees whilst conducting the business of the University.

#### 3. Making an expense claim

The cost of meeting an expense should normally be met either by (a) the School, Research Institute or Administrative Service in question arranging to pay directly for the expense on behalf of the employee, usually by Purchasing Card, where this can be achieved within the rules for the use of Purchasing Cards which are available from the Purchasing Office or (b) the individual meeting the expense personally and subsequently seeking reimbursement from the University.

All claims for payment of travel, subsistence and incidental expenses shall be completed online in the HR/Payroll system which is available at

[https://hrportal.mis.gla.ac.uk/pls/coreportal\\_live/cp\\_por\\_public\\_main\\_page.display\\_login\\_page](https://hrportal.mis.gla.ac.uk/pls/coreportal_live/cp_por_public_main_page.display_login_page)

The expense module within the HR/Payroll system must not be used for claiming overtime payments or for other pay related entitlements. Small items of operational expenditure may be claimed so long as they are detailed within the system and fully receipted. There is a maximum limit on operational expenditure of £100. Operational expenditure in this context means small purchases employees make on behalf of the University e.g. stamps, stationery, books.

Items of equipment such as laptops, i-pads, cameras etc are not allowed.

Petty cash must not be used under any circumstances to reimburse an employee's expenses claim, nor used for items that would normally be covered by an expenses claim.

The University will reimburse the actual travel and associated costs incurred during a business journey. Employees are expected to minimise costs without impairing the efficiency of the University and to avoid the University incurring any unnecessary expense. Reimbursement will be made providing the claim is supported by receipts (where receipts can be reasonably expected to be supplied).

An expenses claim must relate to costs incurred during travelling on University business including any necessary accommodation, subsistence and entertaining costs arising. Expense claims should include any Value Added Tax (VAT) that has been incurred.

Where expenses have been incurred in a foreign currency, the system will convert the local currency into £'s based on the system-held exchange rate ruling at the date the expense was incurred.

When submitting a claim, the claimant is declaring that:

- Expenditure has actually been incurred and not previously claimed from the University or any other organisation;
- Expenditure claimed has been incurred wholly, exclusively and necessarily in the performance of the duties of employment of the University;
- No part of the claim relates to personal holidays or private business activities;
- Any costs relating to a spouse, partner or non University travelling companion have been deducted before the claim is submitted.

Expense claims submitted without supporting receipts (where receipts could reasonably be expected to have been provided) may be deemed 'round sum allowances', and will therefore be subject to employment taxation. Receipts in this context can be taken to mean 'proof of purchase' and can therefore include tickets, phone bills, credit cards statements etc. If the claimant is unable to supply a receipt for an item then an explanation must be entered into the system.

Submitting a false claim, or an attempt to submit one, will be treated as gross misconduct under the University's disciplinary procedures and may lead to dismissal from employment with the University.

#### **4. Authorisation of expenditure**

Outline authority should always be obtained before undertaking any trip, and the sufficiency of funds checked before any booking is confirmed.

All expense claims must be approved within the system before they can be processed for payment by the Pay and Pensions Office. The approval hierarchy follows the University line manager hierarchy. In the event of prolonged absences approval can be delegated upwards following the line manager hierarchy:

The person making a claim should ensure that:

- the expenses claimed represent a valid business expense in line with this policy;
- an adequate description of the expense is provided (what/when/why/where);
- the correct project code is present for each expense claim;
- the claim is properly dated;
- all receipts are scanned and uploaded into the system.

The line manager authorising the claim must be satisfied that:

- the expenses claimed represent a valid business expense in line with this policy;
- an adequate description of the expense is provided (what/when/why/where);
- the correct project code is present for each expense claim;
- the claim is properly dated;
- all receipts are provided in line with the policy.

Where the authoriser is not satisfied in relation to any of the above points, the expense claim must be rejected.

## **5. Time limit**

Expense claims must be made within three months of the expense being incurred. Expense claims out-with the time limit will be rejected.

## **6. Payment of claims**

Completed expense claims approved by the Friday of any week will be deposited into the employee's bank account on the Friday of the following week. Claims will be reimbursed in sterling, by direct credit to the employee's nominated bank account. Expenses should be claimed as they occur and not held back to accumulate a larger claim.

Payment will be made to the Expenses bank account held with the HR/Payroll system. Employees should note that this may be different from their Pay bank account.

## **7. Credit cards**

The University will issue at its discretion a corporate credit card to an employee. Guidance and notes can be found on the Purchasing website.

## **8. Travel advances**

Business expense advances are not routinely provided but may be authorised in exceptional circumstances provided that the prior agreement of the Head of School, Research Institute or Administrative Service is obtained. Such advances will be for a round sum, covering the trip's anticipated out of pocket expenses and will be paid in sterling direct to the employee's Expenses bank account.

Business expense advances can be obtained by making a request through the University HR/Payroll system. Advances approved by the Friday of any week will be deposited into the employee's bank account on the Friday of the following week.

All advances will be made in sterling. If foreign currency is required for a trip then this should be exchanged either in advance at an appropriate outlet, at the airport or on arrival at the destination. Employees will be reimbursed for the financial cost of foreign currency exchange.

On returning the employee should make a claim through the HR/Payroll system for the actual amount spent, attaching the appropriate receipts. The system will automatically deduct advances already paid from the amount due and pay to the employee the balance of the claim.

If the amount advanced exceeds the amount claimed then any balance under £100 will be carried forward and deducted from any future claim. Balances of £100 or above will be deducted from the next salary run.

## **9. Family travel and private holidays**

The University will not meet the cost of partners, family or friends who accompany an employee on a business trip. The only exception to this is where it can be demonstrated that the costs have been incurred "wholly, exclusively and necessarily in the performance of the employee's duties." The rules in this area are governed by tax legislation and the Head of Pay & Pensions should be contacted for further guidance in advance of a trip being taken.

## **10. Rail and air travel**

Travel should be by the cheapest means of transport which is consistent with the business objective of the trip. Normally this means second class rail travel within the UK and economy class air travel abroad. However, where first class rail or premium rate air travel enables key employees to utilise their time more effectively, reimbursement of these higher costs may exceptionally be allowed at the discretion of the Head of College. Rail travel can be booked in advance through the University's preferred travel agent Expotel or direct with the rail company using a Purchasing Card.

## **11. Private transport**

Employees are entitled to claim mileage when using their own transport for travelling on University business. Mileage should reflect the actual mileage driven. 'Home to work' travel is not an allowable expense.

Employees who use their own transport are reimbursed at the HM Revenue and Customs (HMRC) 'approved mileage allowance payment' rates, which are available from the Pay & Pensions website. If a cycle used for business travel is on loan through the University's Cycle Plus scheme, then business mileage cannot be claimed.

## **12. Private motor insurance**

Employees who use their own private cars for business use must ensure that they are licensed and sufficiently insured to permit their vehicle to be used on University business. The University will not accept liability for any consequences arising from failure to do so. The University will not accept any liability for any injury or damage arising from the use of an employee's private motor vehicle, except where such injury or damage is directly attributable to a negligent act or default of the University. Employees should ensure that their vehicle is legally compliant and that the driver holds a valid driving license for the vehicle. You will be unable to make a claim for mileage unless your vehicle and insurance details are registered in the HR/Payroll system

## **13. Parking**

Schools, Research Institutes or Administrative Services may not pay the cost of any employee's University car parking permit. Parking costs incurred whilst travelling on University business are fully reclaimable provided receipts are obtained. The University will not reimburse parking or other fines incurred by employees whilst on University business. This rule applies irrespective of whether they were driving University vehicles or using their own vehicles on University business at the time of incurring the fine.

## **14. Home to work travel**

Claims for expenses associated with private travel e.g. home to work, will not be met, with the exception of attending an emergency call-out. It should be noted that this type of claim will be subject to PAYE tax as HMRC regard it as private travel. These claims are therefore excluded from the online expenses system; any claim for home-to-work travel should not be approved. On-call payments including mileage should be processed through the Core Pay system.

## **15. Taxis**

Employees may claim reimbursement of the cost of a taxi or private hire vehicle fares (of a standard nature) when it would not be reasonable to take a connecting journey via public transport. Taxis can be booked in advance through the approved supplier for this purpose. (TOA)

## **16. Late working**

Where an employee is required to work exceptionally late (after 11pm) they may, at their Head of School, Research Institute or Administrative Service's discretion be reimbursed their taxi fare home. Please note that if taxi journeys are frequent or regular then the expense payment may become subject to taxation. The Pay & Pensions Manager should be contacted for further guidance on this area.

## **17. Car hire**

Car hire can be arranged through the University's preferred travel agent Expotel although it is acceptable to book direct with one of the Higher Education approved suppliers. The following insurance arrangements apply.

If the hire is for less than three days or is for use overseas then the employee should take and pay for the company's insurance.

If the hire is for more than three days within the United Kingdom then the employee must inform Transport Services and collect an insurance cover note from the School, Research Institute or Administrative Service. At or prior to the time of vehicle hire, a valid driving licence must be seen by the hire company or Transport Services. Where applicable the licence may be faxed to the hire company only.

Where vehicles are hired then expense claims should reflect the cost of the fuel purchased rather than the mileage rates as discussed in section 11.

## **18. Subsistence expenses**

Employees are entitled to claim the cost of meals taken en route, when travelling on University business. Allowable expenses can include the cost of a meal, the cost of a reasonable level of refreshments (both alcoholic and non-alcoholic) with the meal and refreshments such as tea, coffee and/or soft drinks taken between meals. The following maximum subsistence rates are currently in force.

### Maximum Daily Rate (A)

Employees may claim up to a maximum of £20 per day for each day on which they purchase snacks, meals, etc. whilst away from both home and their normal place of work, in instances where there is no requirement for an overnight stay.

### Maximum Daily Rate (B) (Overnight stay)

Employees may claim up to a maximum of £60 for each day on which they purchase meals, snacks, etc. whilst away from both home and their normal place of work, provided there is a requirement for an overnight stay.

Please note that these amounts are not allowances, but are the maximum amounts that can be claimed, including VAT (except for the costs of overnight accommodation). Receipts must be provided in support of claims for subsistence costs where it would be reasonable to expect a supplier to provide them.

## **19. Courses and Conferences**

The cost of providing in-house training courses is normally met by the University. Employees who travel to 'work-related' training are entitled to claim for the cost of their journey. The definition of work-related training is wide enough to cover most types of training in genuine workplace skills.

## **20. Emergency Call-Outs / Stand By**

Travel from home to work to attend an emergency call-out is regarded by HMRC as ordinary commuting. It makes no difference if the journey takes place outside normal working hours. However, it will be regarded by the University as a claimable expense even though the amount reimbursed will be taxable on the individual.

## **21. Incidental overnight expenses**

Employees staying away from home overnight on business often incur minor expenses of a personal nature (for example, private telephone calls). Since these expenses are not incurred wholly in the performance of employment duties such expenses would not normally be allowable against tax. However, HMRC provide a concession that allows certain claims for what they term as 'incidental overnight expenses' to be reimbursed without the need to deduct tax. Currently the rates are £5 for every night spent away on business in the UK and £10 for every night spent away on business outside the UK. Note these amounts are limits and not allowances. Receipts in support of 'personal incidental expenditure' must be provided where it would be reasonable to expect them.

## **22. Health and safety whilst travelling**

Advice on health and safety issues can be obtained from the "Travelling overseas on University business" document which is available on the Insurance and Risk department of the Finance Office.

## **23. Travel insurance**

Travel Insurance can be arranged for employees provided they are undertaking travel on University related business. The policy will cover these individuals whilst on a journey either outside the United Kingdom or within the United Kingdom, if the journey involves air travel, or an overnight stay. Travel insurance should be arranged by completing an online form available from the Insurance and Risk section of the Finance Office website. This should be completed at least seven days prior to departure.

An additional premium is charged by the Insurers where an individual is planning to be overseas for more than twelve months, or if the individual is likely to be participating in any hazardous activity. This cost needs to be met by the School, Research Institute or Administrative Service. Failure to advise the Insurance and Risk section of extended stays or hazardous activities may result in the cover being deemed invalid by the Insurers. Employees should note that this may also apply to travel to areas that the Foreign Office is advising against visiting for "all but essential travel". The University has published guidelines on travelling overseas on University business, which give further guidance on this issue. These are available from the Insurance and Risk department of the Finance Office.

If an employee still wishes to travel to an area that the Foreign Office advises against visiting, then he/she must obtain authority to undertake the journey from the Head of College/Secretary of Court. A risk assessment must be undertaken before any decision is made. If the trip is duly authorised, then the individual should contact the Insurance Section to determine if special travel insurance is required as such a journey may not be covered by the existing group travel policy.

## **24. Tax liability**

The University has a formal dispensation agreement with HMRC in respect of the following specific expense items:

- Travel and subsistence;
- Genuine business entertainment;
- Telephone expenses-business calls only;
- Mileage payments if employees use their own cars for business journeys.

Expense claims made in accordance with the procedures and limits set out above do not give rise to any tax liability and do not need to be included in an employee's annual tax return.

Some other types of expenses and benefits may result in a tax liability.

## **25. Benefits in kind**

If an employee receives a non cash benefit (also known as a "benefit in kind") from the University then this may be subject to a personal tax liability.

An employee may in exceptional circumstances receive a contractual right to a benefit in kind. Examples of these include:

- Rent free or subsidised living accommodation;
- Interest free loans;
- Removal or relocation expenses.

Any benefit in kind of this nature must be discussed with Human Resources before entering into a contract. These transactions must be declared to HMRC and will give rise to a tax liability, payable by the employee (unless written agreement has been granted by Human Resources before the benefit is provided).

More commonly however, benefits in kind arise because of arrangements made at School, Research Institute or Administrative Service level. Sections 26-34 outline the main type of taxable benefits-in-kind that employees might receive in the course of University employment.

In the event of a benefit-in-kind charge arising, the University, as employer, has a responsibility to inform both the employee and HMRC about the existence and the extent of the particular charge. The University does this by providing, if appropriate, both the employee and HMRC with a copy of form P11D. The form P11D is produced annually and relates to transactions occurring during the fiscal (tax) year to 5 April. Regulations dictate that the University must provide the employee, if appropriate, with a form P11D on or before 6 July each year in order that the employee can organise their personal tax affairs.

## **26. Employee Entertainment**

The University is a charity and a large recipient of public funds and therefore all entertainment and hospitality should be minimised. A taxable benefit-in-kind charge arises on an employee when he or she is provided in the course of employment with food or drink free of charge and the circumstances surrounding the provision of such food or drink is not in connection with business travel, or entertaining third parties for business reasons (that is, employee only meetings or functions).

Where a School, Research Institute or Administrative Service holds an event exclusively for employees, food and drink is provided free of charge and the event is of a purely social nature then the event must be held on University premises and the catering provided internally by Hospitality Services. In this instance, although, a taxable benefit-in-kind arises, the University is currently able to take advantage of an Extra Statutory Concession and no tax charge will attach to University employees. This applies to all categories of social events including leaving / retirement parties and pre-holiday lunches. In addition, where an event relates to an employee leaving or

retiring from the University, then the employee must have more than five years service for the costs to be met from School, Research Institute or Administrative Service funds.

Where a School, Research Institute or Administrative Service holds an event where employees and third parties are both provided with food and drink free of charge and the event is for business reasons then either internal or external providers can be utilised for the event. In this instance, as the event is primarily for business purposes then no taxation will arise on the entertainment provided to the employees. It is expected that the ratio of employees to third party attendees should be no greater than a three to one ratio. If this ratio is exceeded (that is, 4 or more employees to 1 third party individual) then the event will be deemed to be for purely social purposes and the policy as detailed above will apply. It is essential that Schools, Research Institutes or Administrative Services can prove that an event is for business purposes. If an externally provided event is subsequently found to be for purely social purposes then a tax charge will attach to the University employee and will be charged to the School, Research Institute or Administrative Service. The Head of Pay & Pensions should be contacted for further advice in advance of organising an external event.

Employees making an expenses claim for external entertainment costs are required to provide additional information as detailed below:

- the names of each person present (including the names of University employees)
- the organisation each person present represents
- the purpose of the entertainment
- the location

The online expense system includes the facility to record this information. Expense claim approvers should review this information prior to accepting or rejecting the claim.

Where more than one employee is in attendance at an event, the highest ranked employee should settle the bill and make the appropriate expense claim.

## **27. Provision of clothing and footwear (including uniforms)**

The provision of necessary clothing (including uniforms) and footwear by the University to employees can give rise to a benefit-in-kind tax charge. Provided all articles of clothing (and footwear) clearly have affixed to them the University's motif, then the risk of a benefit-in-kind charge is minimised. The motif should be visible, reasonably large and should be non-detachable.

In addition, procedures have been put in place in Estates & Buildings, Central Services, Sports & Recreation, the Hunterian Museum and Art Gallery and the Library, with the aim of demonstrating to HMRC that clothing etc issued to employees belongs to the University at all times and that no personal use occurs.

Schools, Research Institutes or Administrative Services not on the above list who issue clothing and/or footwear to employees should contact the Head of Pay & Pensions in order to institute similar procedures

Please note that allowing employees to purchase clothing, etc either by providing an allowance or reimbursing a subsequent expense claim will render the amount liable to tax and national insurance contributions.



## **28. Accommodation and related benefits**

If an employee is provided with living accommodation by the University then the employee is potentially liable to tax on the value of the accommodation provided as well as on any other additional benefits such as payment of utility costs. This also applies where, by reason of an individual's employment, accommodation is provided for members of his or her family or household.

The rules in this area are complex and the Head of Pay & Pensions should be contacted to discuss the potential implications in advance of any contract being agreed with an employee. In addition, details of accommodation and accommodation related benefits provided to a University employee must be forwarded annually to the Head of Pay & Pensions by the School, Research Institute or Administrative Service to which that employee belongs (by the end of May at the latest).

## **29. Use of Private Telephones**

Employees who are required to make business calls using their home telephone should claim reimbursement of such costs by entering the amount to be charged in the online expenses system. Claimants must attach itemised statements in support of claims for business calls. Business calls must be highlighted on the itemised statements. The University will not bear the cost of any private calls. The cost of such calls must be deducted from the total amount of each bill and only the net amount, representing business calls (and the VAT thereon), should be included on the expenses claim.

Claims made as a result of using a mobile phone that is the property of the employee should be in accordance with the instructions contained above.

Where the University has agreed to pay a proportion of non-call related telecommunication costs (e.g. line rental, broadband), the amount claimed will be subject to tax and National Insurance Contributions.

Employees, who have such an arrangement with the University, normally receive reimbursement by submitting an expense claim to the Pay & Pensions section. In order to comply with its obligations, the University will include the claim for non-call related telecommunication costs in gross pay and will deduct tax and national insurance before reimbursing the claim. These claims should not be processed through the online expenses system but instead to be processed via the Pay & Pensions Section of the Finance Office.

## **30. Gifts**

It is not normal practice to provide University employees with gifts, however, provided the reason for making the gift is employment related, the value of the gift is modest, and a compelling business case can be demonstrated, it will be acceptable to charge the cost of the gift to the University.

A gift in cash or in gift form with a "money's worth" ("money's worth" being defined as something that is of direct monetary value to the employee, or something that is capable of being converted into money or something of direct monetary value to the employee) is taxable when it arises from an employment related activity. If, on the other hand, the gift is in the form of goods or services that have no money's worth, it is not taxable.

The provision of gifts to third parties is acceptable provided a supporting business case can be demonstrated, for example as part of a publicity campaign to encourage students to study at the University of Glasgow. Gifts made in this way should be modest and should be representative of

the University. Such gifts should be obtained, for example, from the Visitor Centre using a Purchasing card or a purchase order.

Such gifts will be tax exempt in the hands of the individual receiving them provided (1) the gift is not made in recognition of, or in anticipation of, particular services being performed by the individual, and (2) the gift is not in cash or in vouchers that can be readily converted into cash, and (3) the total cost to the University of gifts given to a particular third party in a tax year does not exceed £50 (including VAT).

### **31. Subscriptions to professional bodies**

The University does not reimburse employees for their personal subscriptions to professional bodies. Payment of such a subscription would be reportable to HMRC as a Benefit-in-Kind.

Employees are advised that they are able to claim tax relief for personal subscriptions direct from HMRC so long as the professional body appears on their designated list <http://www.hmrc.gov.uk/list3/list3.htm>

Subscriptions to journals or periodicals required for School, Research Institute or Administrative Service use must be paid for by raising a purchase order or the use of a Purchasing card.

### **32. Academic visitors**

The University has a policy for the payment of 'atypical workers' which details the arrangements for payment and expenses, which can be located from the Human Resources website.

Provided an employee is deemed to be an 'atypical worker', then travelling and subsistence costs "necessarily" incurred in travelling in the performance of their duties will not be liable to tax. The term "in the performance of" means that the expenses must be incurred in actually carrying out the duties of employment. It is not sufficient that an expense is simply relevant to, or incurred in connection with, the duties of employment, or if the expense is to put the employee in a position to perform his or her duties.

### **33. Relocation costs**

The University has a policy for the payment of relocation costs which can be located from the Human Resources website. Claims for expenses should be submitted through Human Resources. The rules regarding whether an individual employee shall be liable for tax on removal and relocation expenses are complex and the Head of Pay & Pensions should be contacted to discuss any potential implications for an employee.