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Travel & Subsistence

Temporary Workplace & the 24-Month Rule

Introduction

The tax treatment of travel and subsistence to your place of work, depends on whether a workplace is considered temporary or permanent.

Where a workplace qualifies as temporary, travel and associated costs may be claimed as an allowable business expense. However, strict rules apply (particularly the 24-month rule and the 40% test) which can result in a workplace being treated as permanent even where it initially appears temporary.

Temporary Workplace

A temporary workplace is a place that an employee or director attends to perform duties for a limited duration or for a temporary purpose.

Where a workplace is temporary, the following costs are generally allowable:

- Travel from home to the workplace
- Travel between workplaces
- Accommodation (where required)
- Reasonable subsistence (e.g. meals)

These costs are treated as business expenses, rather than ordinary commuting.

Permanent Workplace

A permanent workplace is a place that an individual attends regularly in the performance of their duties.

Travel between home and a permanent workplace is classed as ordinary commuting and is not tax deductible, regardless of:

- Distance travelled
- Working hours
- Whether the individual is a director of their own company

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The 24-Month Rule

Even where a workplace initially qualifies as temporary, it will be treated as permanent if certain conditions are met.

A workplace becomes permanent where:

- The individual spends (or is expected to spend) 40% or more of their working time at that location; and
- The period of attendance lasts (or is expected to last) more than 24 months

Both conditions must be satisfied for the rule to apply.

The “Expectation” Test

A key feature of the rules is that they are based on expected duration, not actual duration.

If it is known at the start that attendance will exceed 24 months, the workplace is treated as permanent from day one and no tax relief is available at all.

If the workplace is initially expected to be less than 24 months, then travel remains allowable. However, if the expected duration later exceeds 24 months the relief ceases from the point expectations change

There is no retrospective adjustment — the restriction applies going forward only.

Multiple Workplaces

An individual may have more than one workplace.

Where duties are performed at multiple locations:

- Each workplace must be considered separately
- The 24-month and 40% tests apply to each location

It is possible for one workplace to be permanent and another to be temporary at the same time.

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Breaks and Changes in Location

The 24-month rule may effectively reset where:

- The individual moves to a different workplace, or
- There is a significant break in attendance

Associated Subsistence

Where travel qualifies for relief, subsistence costs may also be claimed.

This includes:

- Meals while travelling
- Overnight accommodation
- Incidental overnight expenses

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Practical Examples

Example 1 – Temporary Workplace

An individual attends a client site:

- 3 days per week
- For 18 months

This is below 24 months, although above 40%.

Result: Travel and subsistence are allowable.

Example 2 – Long-Term Engagement

An individual accepts a contract:

- 28 months
- 4 days per week

The duration exceeds 24 months from the outset.

Result: The workplace is permanent immediately. No relief is available.

Example 3 – Contract Extension

Initial contract:

- 18 months (3 days per week)

After 10 months, the contract is extended to 30 months total.

Result:

- **Relief is available for the first 10 months**
 - **Relief stops from the point the extension is agreed**
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Example 4 – Low Attendance

An individual attends a workplace:

- 1 day per week, for 3 years

This is below the 40% threshold.

Result: The workplace can remain temporary despite exceeding 24 months.

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Key Takeaway

Travel and subsistence expenses are only allowable where a workplace is genuinely temporary.

Once:

- Attendance is expected to exceed 24 months, and
- The individual spends 40% or more of their time there

the workplace becomes permanent, and travel is treated as non-deductible ordinary commuting.