

To all Branch Treasurers and Branch Secretaries

SUBSISTENCE EXPENSES IN UNISON – update 3rd April 2023

This document is a follow up to the communication to branches in November 2022 and is an update to branches on the subsistence expenses that they may pay to their members and staff. These rates are based on the benchmark rates that HMRC publish, which are the maximum amounts that HMRC allow to be paid without any tax consequences.

The union pays subsistence allowance in a number of ways and has had a long-established policy to adhere to the HMRC approved or scale rates for the different schemes available. The exception has been overnight subsistence allowance which is paid at a higher rate and the excess over HMRC rate is taxed at basic rate.

The subsistence scale rates were last updated by HMRC in 2019 such that the subsistence allowance for a complete 24 period (or over 15 hours and ongoing after 8pm) was reduced to £25. UNISON was required to update its rates as the excess amount that was now subject to tax increased to £15 – still based on the £40 per overnight payable. As of January 2023, the HMRC scale rates remain unchanged.

Whilst the HMRC scales rates have remain unchanged, the NEC recognise that inflation and price increases in general is impacting members and staff alike. The NEC has therefore agreed to increase overnight subsistence allowance payable from £40 for each complete 24 hours period to £50 (before tax).

The new rate for overnight subsistence will be effective from 6th April 2023 so please ensure you amend any stationery or documents you may have to reflect the changes.

The table below shows what the change in rates might mean for the recipient and amounts liable to tax at basic rate.

Rate	£40	£50
Non Taxable (HMRC scale rate)	£25	£25
Taxable	£15	£25
Tax deducted @20%	-£3	-£5
Payable	£37	£45
Increase		£8
Increase		21.6%

UNISON's new maximum overnight allowance is £50 for each complete 24 hour working away from usual workplace or home. As this exceeds the HMRC scale rate of £25 for a 24-hour period – the excess of £25 must be taxed at the basic rate of 20%. The net amount to be paid is therefore £45 for each 24-hour period and the tax deducted must be withheld

and paid to HMRC. The branch must keep a record of each such payment and tax deducted.

The amounts payable will vary depending on whether the claimant had an overnight stay away. If there is no overnight stay away only day rates may be paid.

So please note:

1. Daily subsistence rates are not affected and HMRC has not increased the rates.
2. If an overnight is not payable for a complete 24-hour period, then the daily (flat) scale rates (maximum meal allowance (**see section A below**) will apply where no receipt is required but are subject to time constraints.
3. Members or staff have the option to claim a slightly higher daily expense scale rate provided a receipt is submitted (**see section B below**)
4. Subsistence allowances can only be paid when claimants carry out their UNISON duties away from both home and their normal workplace.

Section A - What are the day rates for subsistence expenses?

HMRC set benchmark scale rates, which must be used for subsistence payments when away from both home and the normal place of work. The rates, which represent the maximum amounts that can be paid tax-free and without receipts are as follows:

Minimum time away = 5 hours / Maximum meal allowance = £5 ceiling (or one meal allowance)

Minimum time away = 10 hours / Maximum meal allowance = £10 ceiling (or two meal allowance)

Minimum time away = 15 hours (and ongoing at 8pm) / Maximum meal allowance = £25 ceiling

What is deemed to be qualifying expenditure?

The benchmark rates must only be used to make tax-free subsistence payments, to members or branch employees, where all qualifying conditions are met. These conditions are as follows:

1. the travel is in the performance of the member's or employee's duties or to a temporary place of work on a journey that is not 'ordinary commuting' (i.e., the normal journey between home and work);

2. the member or employee is absent from their normal workplace, or home, for an uninterrupted period in excess of five hours or ten hours, as appropriate.
3. the member or employee has incurred costs on a meal (food and drink) after the journey has commenced and retained appropriate evidence of their expenditure.

For these purposes, a meal is deemed to be the combination of food and drink AND an expense must have been incurred in order to make a valid claim. A receipt, whilst not required to be submitted, must be kept for an audit or inspection purpose.

Where the £5 or £10 rate applies and the qualifying time away continues beyond 8pm, a supplementary rate of £10 can be paid tax-free. This supplementary amount is expected to cover added and unavoidable expense incurred directly as a result of working late.

Remember - if the qualifying period of travel is any less than the 24-hour period then the daily subsistence rates shown above must be applied as appropriate.

Branches can choose to pay less than the above scale rates, should they deem this to be more appropriate. However, branches should not pay more than the above scale rates as the excess is liable to tax and National Insurance contributions.

Section B - Claiming higher day rates with receipts

The day rates above are unreceipted rates, i.e., the claimant does not need to produce receipts. However, claimants who do provide receipts can choose to claim the following slightly higher rates instead.

- Breakfast - when leaving home before 7.00am – up to £5.45
- Lunch - where absence from their normal place of home / work is between 12:00pm and 2:00pm – up to £7.10
- Dinner - when returning home after 8:00pm – up to £20.15 (excluding alcohol)

Note that the above are “up to” amounts: if the receipts come to less, then it is the receipted amount that is paid.

What are the rates if there is an overnight stay away involved?

The first thing to be done is to divide the period that the claimant is away from home into a number of complete 24-hour periods plus a part-day at the end. For example, if a claimant leaves home at 11am on Monday to go to National Delegate Conference and gets back at

9pm on Friday, the time away comprises four 24-hour periods plus a part-day of 10 hours at the end and a supplement for arriving home after 8pm.

In this example - Claim payable is for $(4 \times £45) + (1 \times £10) + £10 = £200$ net after £20 tax deducted and recorded as due to HMRC. No receipts are required as these fall within the HMRC scale rates

In OLBA this payment must be analysed to Subsistence Overnight Taxable Allowance (see Appendix 1 for details). The national union will then deal with the tax.

Until 5th April 2023 branches should still continue to pay £37 for each complete 24-hour period away as the old rate applies (i.e., £40 less 20% of the excess £15 = £37).

But what about the part-day at the end? Well, that is paid using the appropriate day rate as above.

So, in the example cited above, where the delegate left at 11am on Monday and arrived at home at 9pm on Friday, the part-day is from 11am to 9pm on Friday. This is a period of ten hours, which means that the branch can pay £10 without requiring receipts. And as the delegate arrived home after 8pm, the branch can pay an additional £10.

So, for the whole stay away from Monday to Friday $(£37 \times 4) + £10 + £10$ would be payable, i.e., £168

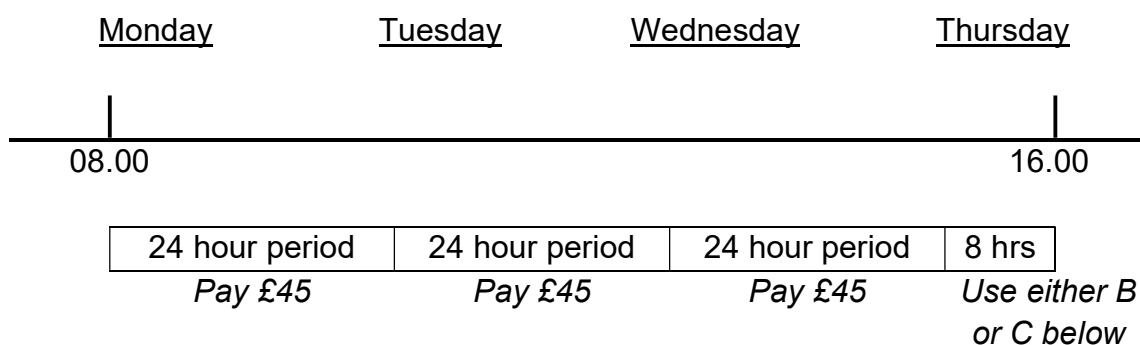
Please refer to the worked examples and appendix and should you require any further clarification please send your email via OLBA.

Raj Ashra
Director of Finance
3rd April 2023

Appendix 1: Summary of UNISON's Subsistence Rates from 6th April 2023

A: Overnight stays (e.g., conferences, courses, etc.)

Where claimants stay away one or more nights, overnight subsistence expenses apply. The period away will comprise a sequence of 24-hour periods plus a part-day at the end. For example, a stay away of Monday at 08.00 to Thursday at 16.00 comprises three 24-hour periods plus a part-day of eight hours.



For each 24-hour period £45 may be paid. This is equal to £50 (minus £5 tax @ 20%)
Of this £50, £25 is the maximum subsistence allowance that HMRC allows to be paid without deduction of tax; and £25 is a taxable overnight allowance.
No other allowance may be paid on top of this.

Please note, that where the claimant is attending a seminar or other such event where meals are provided, £15 per dinner and £5 per lunch must be deducted from the amount claimed.

Subsistence for the part-day at the end of the stay is paid according to the daily rates in either B or C below.

B: Day rates

Where there is no overnight stay – or in the part-day at the end of a stay away – day rates apply.

These are the maximum amounts that can be paid to members who do not provide any receipts. The amount depends on the amount of time the claimant spends on union work. The following maximum limits apply:

- For periods away from home/work over 5 hours - £5 (non-receipted), or

- For periods away from home/work over 10 hours - £10 (non-receipted)
- For periods away from home/work over 15 hours - £15 (non-receipted)
- In addition to above if returning home after 8:00pm a dinner allowance of £10 (non-receipted)

C: Receipted meal rates

If the claimant provides receipts, they can claim the following slightly higher rates, instead of B above.

- Breakfast - when leaving home before 7.00am – up to £5.45
- Lunch - where absence from their normal place of home / work is between 12:00pm and 2:00pm – up to £7.10
- Dinner - when returning home after 8:00pm – up to £20.15 (excluding alcohol)

Recording overnight subsistence allowances in OLBA

The £45 net allowances paid for complete 24-hour periods away must be analysed in OLBA to “subsistence overnight taxable allowance” (SOTA) at the payment-type level. This allows the union to complete the annual return to HMRC.

Any day rates, on the other hand, would be analysed to “subsistence” at the payment-type level.

If a claimant attends an event where meals are centrally provided, £15 per dinner and £5 per lunch are deducted from the amount claimed. These deductions would be shown as a separate analysis row in OLBA, using negative figures for the amount; and they would be analysed to “subsistence”.

Let us take as an example someone who attends a one day conference (on a Tuesday) at which lunch is provided by the venue. But because of the location the claimant left home at 3pm on Monday, staying overnight. They get home at 8.30pm on Tuesday. This gives us a stay away of 24 hours plus 5½ hours. The amount claimable is:

Monday 3pm to Tuesday 3pm	£45
Tuesday 3pm to 8.30pm	£5
Arrived back after 8pm	£10
Lunch provided by the venue	- £5
Total	£55

This would be analysed in OLBA as follows:

Amount		Group	Subgroup	Payment Type	Narrative
£	45	Conferences and grou <input type="text"/>	Other Conferences & ! <input type="text"/>	Subsistence overnight <input type="text"/>	First 24 hours
£	15	Conferences and grou <input type="text"/>	Other Conferences & ! <input type="text"/>	Subsistence <input type="text"/>	3pm - 8.30pm
£	-5	Conferences and grou <input type="text"/>	Other Conferences & ! <input type="text"/>	Subsistence <input type="text"/>	Lunch given by venue

Please note that OLBA requires those who are receiving the £45 SOTA to be included in the list of members in the branch's OLBA records. This list comes directly from RMS. It will include any member who is listed on RMS as either an Elected Member (officer, steward, etc.) or an Expenses Member. The latter is a member who is not an Elected Member of the branch, but who nevertheless needs to be paid overnight subsistence. This will usually be someone attending a course or seminar or a self-organised group conference.

Expenses Members can be added on RMS via WARMS. You can see how to do this by consulting the document "Updating Member with Position Code for Expenses", which you will find in the Supporting Documentation folder in the top right of your OLBA home screen. Any changes that you make to your RMS will feed through to the list of members in OLBA at the start of the following working day; and the payment can then be analysed as SOTA.

There may also be an occasional non-member who needs to be paid SOTA. Usually this will be a facilitator. In such a case, the £45 will need to be analysed to subsistence in OLBA.