

## CLAIMING FOR MILEAGE ALLOWANCE RELIEF

In April 2002 the Inland Revenue introduced an **Approved Mileage Allowance Payment (AMAP)** system, against which payments made to employees for business mileage in their own cars are measured. The basic rate, regardless of the type of car or engine size, is currently **40p/mile** for the first 10,000 annual business miles, and **25p/mile** for all miles thereafter. This has yet to be reviewed, despite a 30% increase in the cost of fuel since 2002. The AMAP system compares amounts paid or received for business mileage with these rates - if amounts received by employees or volunteer car drivers are lower than these, claims for tax relief (called **MILEAGE ALLOWANCE RELIEF CLAIMS**) can be made by employees. However, where amounts received are higher than these, tax will be due on the surplus, which will be treated as if it were income, and subject to tax and NIC's. In previous years, rates were linked to engine size of the car, with a lower mileage threshold. Rates for previous years and changes are summarised below:

<b>Business miles/engine size</b>	<b>Up to 1000cc</b>	<b>1001-1500cc</b>	<b>1501-2000cc</b>	<b>Over 2000cc</b>
<b>Tax years 1997-2001 (ppm*):</b>				
First 4,000 business miles	28p	35p	45p	63p
All mileage over 4,000	17p	20p	25p	36p
<b>Tax year 2001-2002 (ppm*):</b>				
First 4,000 business miles	40p	40p	45p	63p
All mileage over 4,000	25p	25p	25p	36p
<b>Current rates (ppm):</b>	<b>All cars</b>	<b>All cars</b>	<b>All cars</b>	<b>All cars</b>
<b>First 10,000 business miles</b>	<b>40p</b>	<b>40p</b>	<b>40p</b>	<b>40p</b>
<b>All mileage over 10,000</b>	<b>25p</b>	<b>25p</b>	<b>25p</b>	<b>25p</b>

\* Pre 2002 rates exclude financing.

Mileage rates can be referenced on the Inland Revenue website: [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

**Claims for previous years:** In the tax years prior to 2002, where employees' business mileage costs were higher than authorised mileage rates, or higher than the amounts paid by their employers, employees could claim tax relief on the shortfall, using their actual costs or the 'statutory' method set out by the tax inspector. The introduction of Approved Mileage Allowance Payments (which are deemed to include all costs, including depreciation, fuel, financing, insurance and servicing) has meant that claims for the shortfall in respect of higher costs cannot now be made, excepting in these previous years, where costs are being measured against the rates in force at the time. Prior to 2002 mileage rates did not include vehicle financing, so allowance can be made for the business element of this cost.

**Lump sum allowances:** Where employees are paid a lump sum allowance, this will normally have been subject to income tax and NICs, and in such instance can be disregarded for the purpose of making claims for tax relief. If the employer pays a lump sum, and then pays (say) 10p/mile for fuel for business journeys, the employee can submit a claim for **MILEAGE ALLOWANCE RELIEF** on the difference between the amount received for business mileage and the AMAP rate - in this case the claim would be for 30p/mile for all business miles up to 10,000 during the tax year, and 15p/mile for the remaining miles (if more than 10,000). Claims will normally be made at the end of each tax year.

### **Other key points:**

- Rate for **motorcycles 24p/mile** for all business miles.
- Rate for **bicycles 20p/mile** for all business miles.
- Car sharing allowance for **each co-employee/passenger carried** on business journeys **up to 5p/mile**.
- It is necessary for people using their own cars for business to keep accurate records of business trips and the mileage reimbursement they receive from their employers, in order to support any subsequent claims for tax relief on low payments. A claim form for **Mileage Allowance Relief is attached and can also** be downloaded (**for personal use only**) from [www.emmerson-hill.co.uk](http://www.emmerson-hill.co.uk) (see mileage records page). Claim forms are subject to copyright, which all users are asked to respect.

**CLAIM FOR MILEAGE ALLOWANCE RELIEF**

<b>Name</b>	<b>Tax year ended April 5th 200.....</b>
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<b>Car Details</b>	<b>Registration No.</b>	<b>Type of car and engine size (cc)</b>	<b>Mileage in each car</b>
Main car used			
Other cars used			

<b>Monthly mileage</b>	<b>Business mileage</b>	<b>Mileage rate paid by employer = p/mile</b>	<b>Amount(s) received from employer £</b>
April			
May			
June			
July			
August			
September			
October			
November			
December			
January			
February			
March			
<b>Totals for tax year</b>		<b>Total amount received</b>	

**Current rates:**  
 All cars = **40p/mile** for first 10,000 miles, thereafter **25p/mile** for all additional miles.

**Tax Claim (send to tax office, where applicable)**

HMRC Approved Mileage Allowance Payment =      p/mile  
 Total business mileage in tax year:  
 AMAP x total business mileage **(A): £**                      Amount received from employer **(B): £**

**Total tax offset claim (A) minus (B): £**

**Statement**

I certify that this is a true and accurate record of my business mileage for the tax year, using my own car. This represents a claim for MILEAGE ALLOWANCE RELIEF - the shortfall in amounts received from my employer when using my own car in connection with my employer's business, compared with IR Approved Mileage Allowance Payments (AMAP).

Name \_\_\_\_\_ Signature \_\_\_\_\_

Home address \_\_\_\_\_

Postcode \_\_\_\_\_

Tax reference \_\_\_\_\_ Employer name \_\_\_\_\_

Date \_\_\_\_\_ Employer ref: \_\_\_\_\_