

## **Mileage Claims - change to procedure**

### **Background**

From 1st April 2006 Her Majesty's Revenue and Customs require all mileage claims to be supported by a **VAT receipt**. This note provides questions and answers about the new procedure for claiming mileage in Shropshire County Council.

### **Why is there a change to procedure?**

The change in procedure is required so that Shropshire County Council can continue to reclaim VAT on the car mileage incurred by employees. If we fail to do so there will be a cost to the County Council of around £70,000 a year that could easily be avoided.

### **What will I have to do when I want to reclaim mileage expenses?**

In order to comply with the requirement to evidence mileage re-claims it is recommended that all claims for reimbursement of mileage after the 1st April 2006 are evidenced with a VAT receipt for fuel purchase. The VAT receipt must be for fuel purchased in advance of the journeys being claimed.

### **Does the receipt need to be specific to the petrol I have used to make journeys for the County Council?**

No. As long as the VAT receipt is prior to the period in which you have made the journey this will be sufficient.

### **I am only a casual car user, will this affect me?**

**Anyone** claiming for mileage will need to submit a VAT receipt. All essential and casual car users will need to note the new arrangements and for mileage completed after 1st April commence attaching VAT fuel receipts to their mileage claims. Members and volunteer drivers are also required to support claims with VAT receipts.

### **Does the receipt need to be a VAT receipt - not just a cash credit card transaction receipt?**

It does have to be a VAT receipt. The receipts routinely issued by petrol stations are not VAT receipts and you will need to ask for a VAT receipt when purchasing fuel. A VAT receipt always states the VAT number of the petrol station.

### **What will happen if I do not submit a VAT receipt?**

Under employment terms and conditions employees will be reimbursed for any mileage incurred. If a VAT receipt is not attached to the claim the County Council will not be able to reclaim the VAT incurred. This will have a cost to the County Council.

### **The mileage allowance that I reclaim includes other elements such as wear and tear and insurance. Will the Council be reclaiming VAT on all of that?**

No. The VAT reclaim applies to the petrol element only. This is only a small amount of the total mileage claim but when added up throughout the year it will result in a saving of £70,000 for the County Council.

### **Further Questions?**

If you have any further questions please check with your Directorate Personnel/HR Team

Economy & Environment

Claire Lewis Tel: 01743 253019

Children & Young People

Michele Leith Tel: 01743 254491

Community Services

Lisa Downs Tel: 01743 253713/

Jayne Griffiths Tel: 01743 253712

CEX, Resources, Leg & Dem

Ruth Broome Tel: 01743 252788/

Chris Thomas Tel: 01743 252805

Shire Services

Lisa Jackson Tel: 01743 254431