

**1 Exemption for expenses related to travel**

- (1) Section 289A of ITEPA 2003 (exemption for paid or reimbursed expenses) is amended as follows.
- (2) After subsection (2) insert—

“(2A) No liability to income tax arises in respect of an amount paid or reimbursed by a person (“the payer”) to an employee (whether or not an employee of the payer) for expenses in the course of qualifying travel if—

  - (a) the amount has been calculated and paid or reimbursed in accordance with regulations made by the Commissioners for Her Majesty’s Revenue and Customs,
  - (b) the payment or reimbursement is not provided pursuant to relevant salary sacrifice arrangements, and
  - (c) condition C is met.”
- (3) After subsection (4) insert—

“(4A) Condition C is that—

  - (a) the payer or another person operates a system for checking that the employee has undertaken the qualifying travel in relation to which the amount is paid or reimbursed, and
  - (b) neither the payer nor any other person operating the system knows or suspects, or could reasonably be expected to know or suspect, that the travel was not undertaken.”
- (4) In subsection (5) —
  - (a) for ““Relevant” substitute “In this section “relevant”, and
  - (b) before “in respect of” insert “for or”.
- (5) After subsection (5) insert—

“(5A) In this section “qualifying travel” means travel for which a deduction from the employee’s earnings would be allowed under Chapter 2 or 5 of Part 5.”
- (6) In subsection (6), for “this section” substitute “subsection (2)”.
- (7) In subsection (7), after “subsection” insert “(2A)(a) or”.
- (8) After subsection (7) insert—

“(8) Regulations made under subsection (2A)(a) may contain provision about calculating amounts that is framed by reference to rates (for expenses) published from time to time by the Commissioners for Her Majesty’s Revenue and Customs.”
- (9) The amendments made by this section have effect for the tax year 2019-20 and subsequent tax years.
- (10) For the tax year 2019-20 and subsequent tax years, the Income Tax (Approved Expenses) Regulations 2015 (S.I. 2015/1948) —
  - (a) have effect as if made under section 289A(2A)(a) of ITEPA 2003 (and may be revoked, or amended, accordingly), and
  - (b) have effect as if in regulation 2(1) —

- (i) the reference to section 289A of ITEPA 2003 were to section 289A(2A)(a) of that Act,
- (ii) for the words “in an approved way” there were substituted “in accordance with these regulations”, and
- (iii) the words “purchased by the employee” were omitted.