



## Recovering VAT on Staff Expenses

**Although the VAT rules normally prevent you reclaiming VAT on supplies that are not made direct to you, there are certain circumstances when the rules are relaxed.**

### ***Subsistence Expenses***

For instance, the VAT element of subsistence expenses paid to your employees may be treated as input tax. In order to qualify for this concession, employees must be reimbursed for their actual expenditure and not merely receive round sum allowances.

VAT invoices (which may be made out to the employee) must also be obtained.

### ***Reimbursement for Road Fuel***

The VAT legislation permits you to treat as your own supply road fuel which is purchased by a non-taxable person whom you then pay for the actual cost of the fuel. This would therefore allow you to recover input tax when you reimburse your employees for the cost of road fuel used in carrying out their employment duties.

Again, VAT invoices must be obtained.

### ***Mileage Allowances***

The legislation also enables you to reclaim the VAT element (or a reasonable approximation) of mileage allowances paid to employees (or subcontractors).

*Please note that the above rules are being challenged because they do not conform to EC guidelines.*

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