Employment Intermediaries and Tax Relief for Travel and Subsistence

Response from the Recruitment and Employment Confederation

Date of submission 30.09.15

Executive summary

- **A piecemeal approach to legislation is impractical** – the REC has long campaigned for better enforcement of the travel and subsistence (T&S) tax and national insurance contributions (NICs) relief rules. However we are concerned that T&S should not be reviewed piecemeal, yet we note that on 23 September 2015, HM Treasury published a discussion paper on T+S tax relief for all workers/ employees. Separately, BIS are reviewing employment status generally. We are concerned that instead of having one thorough and comprehensive review of employment status and related tax issues, these various reviews/ consultations will not create the level playing field HMRC want to achieve, and will, in fact, create further unfairness. Legislation made on a piecemeal basis is rarely effective.

- **Supervision, direction or control (SDC) is not the correct test.**
    - There is no correlation between whether a temporary worker is under SDC (or not) and whether s/he incurs travel and subsistence expenses.
    - This will disproportionately impact the lowest paid and/ or lowest skilled workers who do work under SDC. These include women, ethnic minorities and migrants.
    - Employment businesses would be reliant on what the end engager tells them and they have reported that it's very difficult to get confirmation of whether an individual is under SDC, or not, from the end engager and therefore cannot be made liable for reporting.

- **Liability must rest with the end client and/or the intermediary running the T&S scheme**. It cannot rest with an employment business that has no control over how the scheme is run and what expenses are claimed.

- **Compliance** – HMRC must invest in compliance and enforcement of the existing rules. The REC has repeatedly called for increased enforcement (and indeed for naming and shaming of those found to be in breach of the rules). HMRC should consider increasing resources in compliance and enforcement as an investment, rather than a cost. The REC members regularly cite poor enforcement as an implicit encouragement for those who flout the rules.

- **Sums due** – we accept there is a revenue loss for the Exchequer and this must be challenged. However, we question HMRC's own sums; in 2008[1] it was predicted by HM Treasury and HMRC that workers engaged on Overarching Contract of Employments would lead to a £650 million a year tax loss by 2012/13. In December 2014,[2] HMRC estimated the loss to be £400 million, some

[1] HM Treasury and HMRC, Tax relief for travel expenses: Temporary workers and overarching employment contracts, July 2008, p34
[2] HMRC, Employment Intermediaries: Temporary workers – relief for travel and subsistence expenses, discussion document, 16 December 2014, p7

£250 million (38%) less than predicted. Further to this, in a recent presentation to stakeholders, in August 2015, HMRC revised the loss to the taxpayer to £265 million[3]. REC has real concerns that HMRC is not able to quantify the sums involved and has consistently reduced them. This is relevant because of the disproportionate effort required by employment businesses in order to capture an unsubstantiated sum.

Year	**HMRC's Predicted tax loss of T+S schemes**
2008 (for 2012/13)[1]	£650m
2014[2]	£400m
2015[3]	£265m

[3] HMRC, Employment Intermediaries and Tax Relief for Travel and Subsistence, consultation document, slides used for stakeholders roundtable, 14th August 2015, slide 2

Question 1: Do you agree that the structure of the proposed legislative changes will achieve the policy objectives?

No, for all of the reasons stated below. In fact, we believe they will exacerbate unfairness.

Question 2: Will there be any consequential difficulties in administrating each engagement as a separate employment?

Members have not advised us that this will cause any particular problems from a tax and NICs perspective other than causing additional administration at the time of booking by the end engager - because of having to judge whether there is SDC or not, and this may delay the time taken to hire the worker.

Question 3: Are there any particular professions who will be significantly affected by these proposals?

While these proposals will impact some sectors more than others we do not want to see a list of included or excluded professions. An individual should be eligible to claim T&S (or not) because of their status as a temporary worker/ contractor/ freelancer/ interim manager and not because of the sector in which they work.

We comment below on the impact on various sectors. There will be greater impact in sectors where there are skills shortages and/or individuals are required to work in remote areas.

Impact on Sectors

A significant proportion of our members now use umbrella companies to manage their payrolls. There has been a significant growth in umbrella companies and other intermediaries offering various "solutions" to cost pressures in the recruitment sector. At the REC, we have tried to manage this by advising members to only work with compliant and audited umbrella companies, such as those that are members of FCSA. Recruitment businesses across all sectors will likely be impacted by these proposals – from those offering specialised, highly paid roles in sectors such as aviation and in the life sciences industries, to low skill and low pay jobs in the industrial and retail sectors (though there is already legislation preventing the salary sacrifice of T+S expenses that brings pay below NMW).

Having said that, there will be different impacts across various sectors – and we outline these in broad terms below. Regardless, our position remains that many people will accrue legitimate expenses in the course of their work and the essential point is that they and their employers need clarity on how to reclaim those legitimate expenses and not fall foul of HMRC rules and other legislation, such as the National Minimum Wage, whether they work through an employment intermediary or not.

The many workers who rely on travel and subsistence tax relief to carry out their work, including teachers, IT contractors, engineers, nurses and scientists, amongst others, shouldn't be unfairly penalised due to a minority who are misusing the system. It is vital that workers who are entitled to travel and subsistence tax relief are still able to receive it and any changes to the legislation to clamp down on those who misuse the system, protects these workers.

For some sectors, employment business margins can be very tight. For example, in sectors that fall under the Gangmasters Licencing Authority's remit (GLA), margins can be very low, working out as a few pence per hour per worker. Other sectors quote in percentages – for example, in the care and teaching sectors, commission charged can be between 10 and 23% but because of all of the additional checks and compliance imposed on those agencies, net profit margins can be less than 1%. Members have told us:

> "*…there is simply no way to absorb increased costs.*"

> "*We are a business based on small margins working with processes and systems and [the SDC test] is a test which will be impossible to introduce.*"

Any indent into these margins could have a significant impact on their business.

We have chosen the following sectors as particular examples where the proposals may have a significant impact.

Education

Supply teachers are a vital asset to the education system of the UK, covering absences of full time teachers, and are often required to travel great distances at short notice. One member who is a large recruiter in the education sector told us:

> "*…the qualified teachers who cover around 100,000 days of absence cover every week, up and down the country are more likely to be [affected].*"

We are concerned that if guidance is not clear then this could mean that many supply teachers will no longer be able to claim for the travel costs for long journeys, which could be a significant financial burden on a teacher. The member continued:

> "*Some teachers travel 30-40 miles each way to cover a school that has an emergency requirement for cover. Without being able to claim relief on the travel, the position may be less attractive and the teacher may refuse the work.*"

The impact of this according to our members could be quite substantial:

> "*The general impact of this if the test is met and the teacher is not entitled to claim T&S is that tens of thousands of teachers will be paying variable levels of expense to attend their 'normal place of work' and in many cases this would put them off….Worst case scenario is that the school cannot support the ratio of teachers to pupils and may have to send pupils home.*"

Technology and Engineering

One of our members, operating in the technology and engineering sector informed us that over a third of their contractors work via an umbrella company and therefore these proposals could have quite an impact. They informed us that:

> *"The net effect would undoubtedly be a reduction in the number of people willing to work on a contract basis for £15-40 per hour. Our view is that umbrella contractors who are working away from home would be unfairly penalised if they removed this allowance...change can*

have damaging and unintended consequences, but enforcement of the current rules would be welcomed."

We have had a similar response from a member in the aviation industry. He conducted his own survey of 400 contractors and told us that:

- 74% of contractors say their business will not be viable if T&S relief is removed;
- 64% work away from home 9-12 months of the year; and
- 40% spend between £500 and £1000 per month on travel, mileage and subsistence, 32% spend £1001 to £1500 per month whilst 20% send £2000 and more.

Interestingly, aviation is a sector that had shed thousands of permanent jobs in recent years. We are told that clients have significant seasonal demands and hence a high reliance on contractors. When not working in aviation, these contractors work in other engineering sectors and so must travel to wherever the work is.

Our jobs data also shows us that the technology and engineering sectors are two sectors experiencing some of the worst skill shortages out of all sectors and therefore it is paramount that any proposed legislation does not deter more people entering the industry. The REC produce a list of areas of skill shortages, as reported by recruiters each month in *Report on Jobs* and predictions of future shortages by employers in *Jobs Outlook*. In the most recent *Jobs Outlook*[4] 15% of employers on the panel anticipated a skills shortage in permanent technical and engineering roles and 12% in the computing, IT and telecom sectors. These made up two of the three highest reported areas of anticipated shortage in August.

We therefore urge HMRC to consider the impact these proposals may have on IT and engineering contracts and the attractiveness of these roles if travel and subsistence tax relief is taken away in light of this data.

Construction

The proposal to remove tax relief for home to work travel for contractors who come under a Working Rule Agreement and who work through an intermediary, but not for those who are engaged directly is inherently unfair for no obvious reason. It could lead to many end engagers avoiding compliant intermediaries altogether in this sector as those contractors who can continue to claim T&S relief will be cheaper to hire.

One of our larger members operating in the construction sector has informed us that end engagers in this sector tend to use agencies as it is currently more cost effective and lower risk. They have informed us, however, that these proposals would threaten this model. They state:

> *"We have already been advised by some of our clients that if these changes go through and our contractors cannot claim tax free & genuine expenses then they may cease to use us as it will be more cost effective to engage the contractors direct*."

They provide the example of a very large public infrastructure project requiring specialist engineering skills:

[4] REC, *Jobs Outlook,* August 2015

> *"workers working at a [large public infrastructure construction site] via an intermediary won't be able to claim genuine expenses to travel there and stay over as it will be deemed to be a permanent work place..."*

The result will be workers leaving such a project unless there is an uplift in gross pay rates to offset what they would consider to be a significant pay cut. Will the government increase funding for national infrastructure projects to meet these additional pay costs?

Question 4: Will these changes result in a significant shift in the way those affected are employed? If so, what would this shift be and what would be the impact for the workers concerned

We have already identified sectors where there may be particular concerns (see Question 3). The biggest concern remains, however, the reliability or clarity of the test of supervision, direction and control. (See Question 6 for more information.)

Question 5: Would the definition of employment intermediary as proposed cause any practical difficulties? Please provide details and examples?

1. Professional service firms exemption

The definition given of employment intermediary seems to be relatively straightforward but we are confused by the exemption of professional services firms. The definition proposed would include employment businesses, vendors (master and neutral), managed service providers, umbrella companies, CIS intermediaries, Personal Service Companies, partnerships and any other entity through which a temporary worker is supplied. So it would capture the whole of the supply chain - except for professional services firms – without proper justification. We have the following concerns:

a. No clear definition

Firstly, we would like to understand what is meant by a professional services firm? This is not defined but we assume it includes the "Big Four" accountancy firms, the "Magic Circle" law firms, the largest IT companies and other companies with significant government and public sector contracts. Whilst the core of these businesses may be providing accountancy, legal, IT and outsourced services, they certainly can and frequently do supply staff to end user clients for significant periods of time.

b. Unfair

Even if these businesses are not substantially in the business of supplying labour because they provide other services, why should they enjoy this exemption? This exemption will simply give such businesses a significant competitive advantages over employment businesses (many of whom are SMEs – for example over 70% of REC members is in this category). Consultants working

direct with the end user client via their own Personal Service Company would also be disadvantaged, despite the fact that the individual could be doing the same work for an end user client as someone coming via the professional services firm.

c. Creates a loophole

Without definition, it will be very easy for a business to label itself a professional service firm or "consultancy" even if it is in the business of supplying labour. It could, for example, simply pick SIC code 7450 (or indeed any other SIC code) safe in the knowledge that this will probably not be checked by anybody. One IR35 advisor has told the REC that they are aware of many businesses carrying the label of "consultancy" but clearly acting as an employment business as defined in section 13 of the Employment Agencies Act 1973[5]. Employment businesses are governed by the Conduct of Employment Agencies and Employment Businesses Regulations 2003. Those regulations are in place to protect both work-seekers and end user clients and impose significant requirements on employment businesses. Where a business calls itself a "professional services firm", not only will it be able to rely on the proposed exemption for significant commercial advantage, it will also avoid compliance with the Conduct Regulations. A "professional services firm" will also avoid compliance with the Agency Workers Regulations 2010 where they supply individuals who would be agency workers for the purposes of those regulations.

This proposed exemption for professional services firms is most definitely not levelling the playing field. In fact, we believe that it will exacerbate any unfairness by giving a business labelling itself a 'Professional Services Firm' a significant advantage over employment businesses and PSCs, and will make it even harder for SMEs to enter an already competitive market.

2. Potential liability confusion

This definition (of intermediary) also raises issues around liability – which intermediary will be liable for (a) applying the T&S rules and (b) the failure to deduct the appropriate tax and NICs? For example, a master/ neutral vendor, has the contract with the end client and so can ask the questions on SDC (though see our comments above about the feasibility of receiving the correct information) but this business does not have the contract with the temporary worker/ contractor and so (a) does not have any control over the expenses claimed and (b) does not have a contractual right to deduct from the individual's pay.

3. No mention of sole traders

We also note there is nothing in the consultation document about expenses claimed by temporary workers/ contractors acting as sole traders but engaged directly by clients. There is no

employment intermediary in the supply chain, so presumably these temporary workers/ contractors would still be able to claim expenses.

Question 6: Do you agree with the definition of the terms supervision, direction and control and will these definitions cause any practical or commercial difficulties? If so, what will these difficulties be?

Our members have told us quite clearly that **the test of supervision, direction and control is not an appropriate test of eligibility for tax relief on travel and subsistence**. The definition is too vague and the guidance currently available is not sufficient. At a recent REC member meeting[6], 88% of attendees told us the test was not fit for purpose – with 35% saying there are other, more sensible measures that can be used. Only 12% accepted the SDC test as the most viable.

The reasons why the test is not fit for purpose are as follows:

1. There is no correlation between whether a temporary worker is under or subject to the right of supervision, direction or control and the expenses s/he incurs in getting to work.

REC members supply temporary workers in all areas of the UK and globally, across all sectors, at all grades and for assignments of various lengths. So it is clear the temporary worker population is not homogenous.

It is correct that permanent employees cannot offset the costs of their ordinary commute and this has been a longstanding principle. We acknowledge the apparent unfairness in this when you compare this to the current position of employed temporary workers who can offset travel expenses. However, it is also important to recognise that temporary workers cannot avail of season ticket loans to assist with travel expenses and other mechanisms which many employers provide to their own employees.

REC members tell us that particularly where there are skills shortages or where they supply individuals to work in remote areas of the UK, they will struggle to find temporary workers prepared to accept assignments unless they are able to claim T&S expenses (see Question 3). In these situations, workers might well have to be incentivised to work in a new and/ or remote location. Such incentives would likely include an increased pay rate, and/ or full reimbursement of all travel expenses and some subsistence allowance.

2. The SDC text is impractical and in the absence of any client liability, it is very difficult to get client confirmation as to whether they exercise SDC or not over the temporary worker.

[6] Sample size of 62 respondents

Employment businesses do not have oversight of the day-to-day work of their contingent labour to know if SDC applies. Furthermore, members have reported to us that clients have no interest in confirming whether or not they exercise SDC over a temporary worker. Currently clients do not have liability for unpaid tax or NICs unless an employment business can show that the information provided by the end user client is "fraudulent".[7] We have expressed concern about the term "fraudulent" because this requires a criminal intent rather than simply supplying partial or inaccurate information.

Many contracts state that the temporary worker is under SDC or that the client has the right to exercise SDC either for regulatory or insurance purposes. They may also state this where an employment business supplies various categories of temporary worker, even though in reality not all workers will be subject to SDC - because of their seniority or skill level. This makes it very difficult for an employment business to identify if SDC applies.

In some sectors, SDC as currently configured, will always apply – despite it being irrelevant to the work being carried out or level of seniority. A member who operates in the aviation industry told us:

> "*In a highly regulated industry like aviation there will always be an element of control. Legally an aircraft is a contractor's sole responsibility but he has to follow stringent regulations and this involves control.*"

Another member in the education sector told us:

> "*While a head teacher won't stand in a classroom and supervise a supply teacher, the teacher will still be given work to do and will have a curriculum to follow. I can't imagine a time when a head teacher would not put a teacher down as being under direction in a school.*"

There is a significant body of case law looking at SDC in order to establish status for both tax and employment status. If SDC were so straightforward there would be less need to try to establish or refute it in the courts.

3. By aligning the eligibility for T&S to section 44 of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA) HMRC will expect whoever bears liability to prove a negative. As at point 2, this is very difficult. In the meantime temporary workers will be deemed to be under SDC and ineligible for T&S relief unless they can prove this negative.

HMRC propose that businesses can rely on the guidance they produced in March 2014 in preparation of the changes to Section 44 ITEPA. We have advised HMRC on more than one occasion that **this guidance is not fit for purpose**. Interestingly, an employment business is the only intermediary

[7] Section 46 ITEPA.

provided for in that guidance - there is no mention of PSCs, umbrellas or other intermediaries.

We consulted with our members from the sectors cited in the examples provided by HMRC guidance to ascertain their opinions on the quality of the guidance.

General feedback from our members:

- While the examples may be clear cut (as presented in HMRC's guidance), it is much more difficult to determine in the real world.
- The SDC test would prove very difficult to operate in practice.
- It is difficult to imagine any circumstance where somebody would not be under some form of SDC, in education example.
- The wording is often vague and open to abuse.
- Some businesses would change the wording of a position to avoid the legislation.
- Resolving disputed claims will take up agency and HMRC time and it may take years before we get clear guidance from courts / case law.

Sample issues with specific scenarios:

- IT consultant scenario 1 – no client would give such carte blanche to a consultant;
- HGV driver scenario 1 – he only has one delivery stop (contrast with multiple stops in scenarios 2 and 5), and we question really how much choice he has in selecting the route;
- Care worker (scenario 7) – we question the autonomy the guidance assumes the care worker has. Yes, she works on her own but she may have to follow a care plan drawn up by the local authority and the patient. Care workers also work to very tight schedules and always have to report in and out to confirm that they have provided a service that day to a particular patient;
- Drama teacher (scenario 11) – members tell us that "*would like a performance*" is particularly vague. Either the school wants that output or it doesn't. Also, the provision of after school clubs does not constitute compulsory or statutory education. Such a booking is relatively rare and is unlikely to require a qualified teacher to complete it.

If the right of supervision, direction or control is to be used as a test of self-employment, new clear and comprehensive guidance needs to be issued. The guidance issued for ITEPA reporting will not suffice as it is simply not clear enough.

4. ITEPA reporting

Another cause of concern for using the SDC is that there has not been a sufficient amount of time for HMRC to see the efficacy of this test for ITEPA reporting, which was only introduced in April 2015 with the first reports made in August 2015. It is reckless to repeat the use of a test that has not been fully tried and tested, but that is already viewed as not fit for purpose. One member told us that a number of genuinely self-employed electricians have already had to move to other tax arrangements because they would have failed the SDC test.

Furthermore, we are also concerned that some umbrella companies or accountancy service providers will simply find new 'creative' accountancy solutions around this test if further clarity and guidance is not provided at this stage. We have anecdotal evidence that such contracts are being created already.

We understand that there is likely to be a much wider consultation and review by BIS of self-employment, and would suggest this must be undertaken before any new legislation is created in this space. In the meantime, investment must be made into the full and unequivocal enforcement of current legislation.

5. Alternative tests

We recommend that HMRC develop an alternative test to SDC. We have made alternative suggestions in previous consultations and we are happy to meet with HMRC to develop ideas further. Members have suggested the following:

- Distance travelled to the temporary workplace.
- Reduce the length of time a temporary workplace can be deemed temporary from 24 months to 12 or even six months.

Question 7: Which option for a transfer of liability would work best to ensure future compliance, Option 1 or 2?

Please see our comments at Question 5 (definition of intermediary) about the issue of liability where the intermediary is a vendor (point 2).

Firstly, any transfer of the liability for the debt incurred through the misuse of travel and subsistence schemes should be fair and proportionate. We have called on HMRC in previous consultations to look into changing the rules around the transfer of debt. We therefore welcome that HMRC are consulting on options for "*transferring the liability for the debt incurred from misuse of travel and subsistence tax reliefs to the engager*", in certain circumstances. However, we are firmly of the view that an employment business cannot be held liable for the tax affairs of a separate corporate entity. At the same time, we believe it may be appropriate for the end engager to be liable as they directly benefit from any reduced employers NICs.

If there was only a choice between option 1 and 2, then, we would choose option 1, for the engager to be jointly and severally liable. We have called for this to be introduced in previous consultations and when we surveyed a sample of our members on this question, 38% chose option 1 while only 24% chose option 2.

Option 3

The other 38% of REC members surveyed chose an option not listed in this consultation. We will call this Option 3. Option 3 would mean that the end engager would be solely liable for the debt incurred through the misuse of travel and subsistence tax relief. Members have highlighted that the end engager has the most contact with the worker and therefore the most knowledge of the level of supervision, direction or control, plus they directly benefit from the personal services provided. We therefore recommend that HMRC adopt this and place liability solely onto the engager who will then ensure their supply chain is compliant.

Client pressures on costs can lead to the misuse of travel and subsistence, including by the involvement of non-compliant intermediaries. By making it the engager's responsibility to confirm with the employment intermediary whether the contracted worker is under the right of supervision, direction or control, then this would encourage the end engager to check the integrity and security of their supply chain. Option 1 does not go far enough to enable it to work properly as the onus would still be on the intermediary to show that they were misled by the engager and HMRC would still pursue the intermediary in the first instance.

For Option 2, it would not be fair for the intermediary to be solely liable – again because it is the engager who benefits from the personal services of the worker and they should face the responsibility of liability also. Putting the liability solely on the intermediary removes this responsibility. It also cannot be right that an employment business be liable for the tax affairs of another separate legal entity. So far as we are aware this does not happen in any other sector. HMRC should actively pursue any corporate entity or individual whom it believes is not complying with its legal obligations.

By adopting Option 3, this would mean it will then be in the best interests of the engager to ensure they have a complaint supply chain. There is precedent for this – in the Modern Day Slavery Act 2015, the end user has the ultimate responsibility for the supply chain. We recognise that this option would need careful management and clients would need clear guidance if they were to accept ultimate liability.

Option 4

Another option suggested by a member would be to identify each of the parities in the supply chain's role and responsibilities and use this to decide liability, in a similar way to the Agency Worker Regulations.

Additional points

1. HMRC enforcement of the current rules

We note that there are no questions in the consultation document about HMRC's enforcement of the current rules.

Nearly all members who have contacted REC about T&S have commented about the lack of visible enforcement by HMRC. This sentiment is echoed in various papers written by a range of groups.[8]

We urge HMRC to:

- **Invest in its compliance operations**. Not only will this collect some of the monies HMRC consider are due, but just as importantly, it will give the message that HMRC takes compliance seriously. It is vital that HMRC changes the public perception from a body that cannot collect revenue due.

[8] For example "Travel expenses for the low-paid – time for a rethink?" research paper by the Low Incomes tax Reform group (November 2014)

- **Speed up its investigatory process.** Investigations take too long and sometimes by the end of it, the company investigated has been wound up, dissolved or disappeared. A prominent example is that of the Legitas group which dissolved in 2013, owing a reported £58million to HMRC.

- **Be much more forthcoming about whether supply models are compliant or not.**
    - **Pay day by pay day** – this model was ruled non-complaint by the GLA in the case of FS Commercial v GLA (Appeal 49/ER) in 2011. However this resulted only in FS Commercial not being able to operate in the GLA regulated sector because it was refused a GLA licence. HMRC issued one briefing note in July 2011 but has not produced any subsequent written statements and not made visible its compliance activity. It should not be for employment businesses to try to work out if the model is compliant and they should not be put at risk by engaging with businesses who operate this non-compliant model but are allowed to continue to operate by HMRC (see our comments below about naming and shaming).
    - **Elective deduction models (EDM)** – under these models, the individual is subject to employed levels of tax and NICs but is stated to not be either a worker or employee for employment rights. Many parties are concerned about these models and REC first reported this to HMRC in early 2014. However despite repeated requests, there is no public statement available from government. One member has reported that in a roundtable event, HMRC said they were not concerned with this model because they collect the PAYE and NICs. If this is the case, HMRC can publish a statement to that effect. It is incumbent on HMRC to work with other departments, such as BIS, to coordinate a government response to such issues. It cannot be for employment businesses to tackle such practices on their own.

- **Seek the power to name and shame offenders.** We are always told that HRMC cannot name and shame because of client confidentiality. We understand that a business could be seriously damaged if it were named and shamed whilst an investigatory process was ongoing but once a finding has been made, it must make the public aware of this. It will also protect those businesses who are faced with a plethora of umbrella companies to choose from, an as yet unregulated part of the supply chain[9].

- **Together with Companies House, HMRC should tackle "phoenix-ing".** This is where a company can be dissolved, yet replaced almost immediately by another entity with the same shareholders and directors, providing the same service.

2. **Overseas travel** – we are curious as to why a distinction is made between travel abroad and travel within the UK. For example, a contractor will not be able to claim T&S relief for travel between London and Manchester but will be able to claim it for travel between London and

[9] The REC has specifically called for the whole labour market supply chain to be subject to the same rigorous checks and controls as employment agencies and employment businesses face under the Conduct Regulations.

Dublin, despite doing the same work. This is illogical. Surely if expenses are genuinely incurred, it is irrelevant where the individual is travelling.

3. **Work on more than one engagement** – if an individual has more than one engagement in a day/ week, it demonstrates the nature of their flexible working. S/he will incur costs that an employee does not. In practical terms, there is no difference between a temporary worker and a travelling professional (first bullet point).

4. **MPs Expenses** – separately we note that there is no reference to the expenses claimed by MPs expenses and their spouses/ partners. We believe it in inherently unfair to retain tax free expenses for this group and not for temporary workers.

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About the REC

The Recruitment & Employment Confederation (REC) is the professional body for the recruitment industry. Representing 3,349 recruitment businesses, 80% of the UK's £28.5 billion industry by turnover, we have the knowledge and insight about jobs to help businesses make smart decisions that matter to people and employers. Through the provision of free legal services, training and a comprehensive professional qualifications framework, we set standards and drive professionalism so that the jobs market works for everyone. We make the UK jobs market work. Together we can build the best jobs market in the world.