

## **TAXREP 30/01**

### **CYCLISTS' BREAKFASTS AND LUNCHTIME WORKS BUS SHOPPING TRIPS**

*Memorandum submitted in November 2001 to the Revenue by the Tax Faculty of the  
Institute of Chartered Accountants in England and Wales in response to an invitation  
to comment issued in September 2001*

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## **CYCLISTS BREAKFASTS AND LUNCHTIME WORKS BUS SHOPPING TRIPS**

### **GENERAL COMMENTS**

1. We welcome the opportunity to comment on the regulations marked up as being draft 4 dated 10 September 2001.
2. We would have thought that, as both sets of proposals are in principle intended to be deregulatory, they could have been dealt with by concession under the Revenue's powers of care and management.
3. As drafted, we have to say that we feel that they are a prime example of good intentions being strangled by bureaucracy. The pettiness of the restrictions built into the concessions make them of very little real value.

### **DETAILED COMMENTS**

#### **Cyclists' breakfasts**

4. Restricting the exemption to an insignificant number of days subject to conditions is hardly likely to encourage employees to cycle to work habitually, which we believe is the government's intention. Few employers in practice are likely to wish to designate specific cycling days. Indeed, it is invidious to have to check how an employee has travelled to work that day and could be regarded as discriminatory against those who live relatively close to the workplace and walk to work.
5. As to the mechanics of introducing this new relief, exemption from income tax on the provision of breakfasts to staff generally is in any event already provided for in extra-statutory concession A74, particularly in its extended form with effect from 19 November 1999. Exemption from Class 1A NIC follows under Regulation 40(7)(n), Social Security (Contributions) Regulations 2001.
6. We suggest that, in the interests of simplicity, rather than deal with this provision by regulation, ESC A74 be amended to make it clear that occasional breakfasts for cyclists are included. We suggest that if workers are to be encouraged to habitually use their bicycles then the limit on the number of days and the need for such days to be especially designated by the employer should be removed. Furthermore, we suggest that a regulation be introduced to exempt from Class 1 NIC reimbursements by employers where an employee organises the breakfast for a group of cyclists of whom he happens to be one.

#### **Lunchtime works bus shopping trips**

7. Whilst exempting lunchtime trips to the shops in works buses is welcome and might well encourage employees who may otherwise drive to work to take the works bus, we believe

that the ten mile limit in Regulation 4(2)(a) is unduly restrictive. In the light of the number of places of work that are located on out-of-town business parks, we would have expected a longer journey to be needed to reach a shopping centre that is attractive to staff. We would not have thought that doubling the 10 mile limit would create significant opportunities for abuse. Driving staff into a town for a shopping trip will almost inevitably result in a need to extend the lunch hour and the cost to the employer of doing so is already a deterrent against unnecessarily long trips.

8. If it the ten mile limit is to be retained, then we would welcome clarification in draft Regulation 4(2)(a) of the meaning of ‘a distance of not more than 10 miles’, in particular, whether it refers to the distance as the crow flies or by road from the work premises to the shops or is the maximum round trip, and in Regulation 4(2)(b) of the meaning of ‘between his workplace and shops or other amenities’, in particular whether it covers the return journey.

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