Expenses policy template (UK)

> An expenses policy has one job: to decide, in advance and in writing, what the company pays for - so that no manager has to decide it in the moment and no employee has to guess before spending their own money. The clauses below cover the seven things that cause almost every expenses dispute: the mileage rate, subsistence, what is never reimbursed, receipts, deadlines, who approves, and when payment lands. Replace each [bracketed placeholder] and it is ready to issue.

Before you copy it: three decisions to make

The template has three genuine choices in it. Make them first, or the policy will contradict itself.

- Your mileage rate. Paying the approved amount - 55p a mile to 10,000 business miles, then 25p - keeps it tax-free with nothing to report. Paying more creates taxable pay; paying less leaves employees able to claim relief on the shortfall. Work out the effect with the mileage claim calculator.
- Scale rates or actual receipts for meals. HMRC’s benchmark rates are £5, £10 and £25 by hours away; actual-cost reimbursement pays what was spent. Both are fine, and the per-diem guide sets out the trade.
- Whether you issue company cards. If you do, the policy has to say that a card purchase is not a claim **-** it is company money already spent, and it still needs a receipt reconciled against it.

The template

Copy everything from clause 1 to clause 13 into your handbook, then replace each [bracketed placeholder]. Copy it straight from this page, or download the PDF above.

1. Purpose

This policy explains what business expenses [Company name] will reimburse, how to claim them, and when you will be paid. It applies to all employees, and to workers and contractors where their agreement says so. It takes effect from [date] and replaces any previous expenses policy or local arrangement.

2. The principle

We reimburse costs that are necessarily incurred in doing your job. You should not be out of pocket for working here, and you should not be better off either. If a cost would have arisen whether or not you were working, it is not a business expense. If you are unsure before spending, ask [approver role] - it is always easier to agree beforehand than to argue afterwards.

3. Travel: what counts

We reimburse travel undertaken in the performance of your duties, and travel to a temporary workplace. We do not reimburse ordinary commuting between your home and your permanent workplace, at any time of day. A workplace stops being temporary once you have spent, or are likely to spend, 40% or more of your working time there over a period lasting more than 24 months - if that applies to you, tell [approver role], because your travel to it stops being claimable.

4. Mileage in your own vehicle

We pay [55]p per business mile for the first 10,000 business miles you drive in a tax year, and [25]p per mile after that, for cars and vans. Motorcycles are paid at [24]p and bicycles at [20]p, with no 10,000-mile step. [We also pay 5p per mile for each colleague you carry on the same business journey. / We do not pay passenger rates.] Claims must record the date, start and end postcodes, the purpose of the journey and the miles. Your tax-year running total carries across vehicles.

5. Company cars

If you drive a company car, mileage in it is not claimed under clause 4. Fuel is handled under [HMRC advisory fuel rates / a fuel card], and you must [repay private mileage at the advisory rate / record private mileage monthly]. Applying the clause 4 rate to a company car creates a taxable benefit, so please do not.

6. Meals and subsistence

[Option A - scale rates] When you are away from your normal workplace or home on a qualifying journey, we pay a fixed amount: £[5] where you are away 5 hours or more, £[10] at 10 hours or more, and £[25] at 15 hours or more where the journey is still ongoing at 8pm. A further £[10] is payable where a 5- or 10-hour journey unexpectedly runs beyond 8pm; it is not payable on top of the 15-hour rate. You must have actually bought a meal after the journey started and attached the receipt - this is an HMRC condition, not our preference.
[Option B - actual cost] We reimburse the actual cost of meals bought while travelling on business, up to £[amount] per day, against itemised receipts.

7. Accommodation

Book through [booking method] where possible. Where you book directly, we reimburse a standard room up to £[amount] per night outside London and £[amount] inside London, plus reasonable incidental costs. Upgrades, minibar, films and spa charges are not reimbursed. If you stay with friends or family instead of a hotel, we pay a flat £[amount] per night with no receipt required.

8. Company cards and company-paid bookings

Where an item has been paid for by the company - on a company card, an invoice or a central booking - it is not an expense claim and must not be submitted as one. You must still upload the receipt against the transaction within [7] days so it can be reconciled. Submitting a claim for something the company has already paid for will be treated under clause 13.

9. What we do not reimburse

Ordinary commuting; parking and speeding fines, and any penalty arising from your own driving; alcohol, other than [a single drink with a meal / where agreed for client hospitality]; personal entertainment; family or partner travel; clothing, other than required protective equipment or uniform; home broadband and personal phone contracts, unless a separate homeworking allowance applies; anything bought for personal use. Where a cost is partly personal, claim only the business share and say how you split it.

10. Receipts and evidence

Every claim needs a receipt or a VAT invoice showing the supplier, date, amount and what was bought. A card statement is not a receipt: it shows that money moved, not what it bought. If a receipt is genuinely unavailable, submit a short written explanation instead; repeated missing receipts will be reviewed. Mileage claims do not need a receipt but must carry the journey detail in clause 4.

11. Deadline and how to claim

Submit claims through [system or form] within [30] days of the date you spent the money, and in any case no later than [date of financial year end] for costs incurred in that financial year. Claims submitted late may still be paid at [approver role]'s discretion, but we cannot guarantee it once the accounting period has closed.

12. Approval and payment

Claims are approved by your line manager, and by [second approver] where the total exceeds £[amount]. You cannot approve your own claim, and where your manager is also the beneficiary the claim goes to [alternative approver]. Approved claims are paid [with the next payroll run / by separate transfer within X working days]. Reimbursed business expenses are not pay: they are not taxable and do not appear on your payslip as earnings.

13. Getting it wrong, and misusing it

An honest mistake is not a disciplinary matter - tell us and we will correct it. Deliberately claiming for something you did not spend, inflating a claim, claiming for an item the company has already paid for, or submitting a receipt that is not yours is dishonesty, and will be dealt with under the disciplinary procedure. We audit a sample of claims each [quarter].

Adapting it

Three things to check before you publish it. First, the rates in clauses 4 and 6 are the HMRC maximums as at August 2026 - if you pay less, change the numbers rather than leaving them and quietly paying something else. Second, clause 9 is where most of your company's character lives; add whatever has actually caused an argument in the past year. Third, if you have people who travel abroad, add a line pointing at HMRC's worldwide subsistence rates rather than stretching clause 6 over them.

This template is a starting point written for a general UK employer. It is not legal advice, and anything unusual - salary sacrifice, a large mobile workforce, an existing PAYE Settlement Agreement - is worth an accountant's eye before it goes out.

> A free template from CoDash - codash.co.uk/templates. Edit it to match how your company actually works, and take advice on anything unusual.