

# Business expenses

## What you need to know :

*Business expenses are specific costs, inherent in the employee's role or job, which are incurred by the employee in performing his/her duties. Business expenses are not included in the base for social security contributions if they are justified.*



### Information

*The employer determines the conditions under which business expenses are justified and reimbursed.*

### ► The principle of business expenses

When an employee justifies that certain expenses have been incurred for the purposes of his professional activities and in the interests of the company, such expenses have to be reimbursed. They are exempt from social security contributions if they meet the required conditions, such as type of business expenses and receipts in support of expenditure.

### ► Evaluation of business expenses

Business expenses are covered :

- by reimbursement of the expenses actually incurred by the employee, subject to the provisions of supporting documents, or
- by the payment of fixed allowances.

The tax authority determines the amount of fixed allowances for different categories of business expenses.

If the allocation paid by the employer is lower than the amount determined by the authority, it is deemed to have been used in accordance with its purposes and is excluded from social security contributions.

If the allocation paid by the employer is higher than the amount determined by the authority, the allocation paid can only be exempt from social security contributions in its entirety if the employer provides supporting documents. Otherwise, the difference must be reintegrated into the base for contributions if the business expenses statement is established but the employer does not provide supporting documents.



### Sanction

*For company officers, the business expenses allowance can only be based on the expenses actually incurred.*

## ► The specific fixed deduction for business expenses

Certain occupations benefit from a specific fixed deduction for business expenses which reduces the base for social security contributions (10 % for construction workers, 30 % for sales representatives, 30 % for journalists and the like).

The employer can decide whether or not to apply the specific fixed deduction. The employee must agree to this in writing (unless there is an applicable collective agreement).

In this case, the business expenses must be reintegrated into the base for social security contributions before applying the specific fixed deduction.



## Advice

Ask us about certain expenses that may be exempt from social security contributions despite the application of a specific fixed deduction.



## Sanction

The URSSAF (social security collection office) may challenge the application of the specific fixed deduction if the employer cannot provide evidence of the employee's annual agreement.



## Advice

Ask us about the specific allowances when meals are eaten at the place of work (shift work, night work and so on) or for employees on assignment but whose circumstances prevent them from eating in a restaurant (e.g.: employee working on a site).

## ► Vehicle expenses

When the employee has to use his personal car for business purposes, the kilometre allowance is exempt from social security contributions as per the schedule determined by the tax office.

These provisions are also applicable for company officers.

Proof of kilometres travelled must be provided.



## Advice

Ask us about the provisions regarding other categories business expenses : professional mobility expenses and expenses related to working from home and the use of new information and communication technologies.

## ► Long-distance travel expenses

Long-distance travel is characterised by the fact that it is impossible for an employee to return home every day due to his/her working conditions, in other words when 2 conditions are simultaneously met :

- the distance from home to place of work is 50 km or more (one way),
- the public transport available does not allow this distance to be covered in less than 1 hr 30 min (one way).

A schedule is determined for meal and accommodation expenses (with breakfast). This schedule is differentiated for assignments up to 3 months, assignments of 4 to 24 months and 25 to 72 months. For accommodation, a distinction is made between assignments within Paris and inner area and assignments in other départements.