HMRC - NIM02090 - Company Credit Cards

Directors and some employees often use company credit cards or charge cards to pay business expenses such as hotel bills, air travel, or meals. They may also use them to buy goods or services on behalf of the company.

Class 1 NICs are not due if:

the expenses are allowable business expenses (see NIM05020)

or

goods/services are purchased, and

the employer gave prior authority to make the purchase, and

the director/employee explained in advance that the purchase was being made on the employer’s behalf, and

the supplier accepted that the purchase was being made on the employer’s behalf.

If any of the 3 requirements listed directly above are not met, a Class 1 NICs liability will arise in connection with the goods/services purchased. This is because the purchase will not then have been made on behalf of the employer but rather the employee will have arranged the purchase in a private capacity. If the employer subsequently pays the bill and does not seek reimbursement from the director/employee for the cost of the goods/services purchased, or the part of the cost which relates to private use where there is both private and business use, then Class 1 NICs will be due on the amount which relates to private use. This liability will arise at the time the purchase is made.

See also NIM02190 regarding the purchase of goods and services by directors and other employees.

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