

Advance Travel and Subsistence Payments and ERR

What are advance payments under ERR?

Advance payments are funds given to employees before they incur travel or subsistence expenses.

Where a school wishes to make an advance travel and subsistence payment to an employee, it may be treated, in certain circumstances, as not being subject to tax via the payroll when paid, but instead treated as a payment where no tax is deducted in respect of travel and subsistence and thus subject to ERR reporting at the time of payment.

Then, when the expense is incurred and the claim submitted by the employee, the school will be required to update their ERR submission to Revenue to reflect the actual travel and subsistence expense amount in respect of that employee.

Conditions that must be satisfied for this administrative practice to apply

To benefit from this practice for advance travel and subsistence payments, employers must meet the following specific conditions;

1. **Appropriate controls:** The school must have appropriate controls in place to track and reconcile all travel and subsistence advance payments.
2. **Reporting under ERR:** The advance travel or subsistence payment must be reported under ERR when the payment is made using a new subcategory of Travel and Subsistence (advance payment of travel and subsistence)
3. **Reasonable estimates:** The travel or subsistence advance payment must be a reasonable estimate of the expected claim amount, which must qualify for relief under section 114 TCA 1997.
4. **Timely claims:** A claim for the actual travel or subsistence cost must be received by the school without any undue delay, with the ERR submission subsequently updated in respect of this claim.
5. **Excess payments:** Any excess in payment should be recouped by the school without undue delay or subject to tax if not so settled.
6. **Software solutions:** Once the software solution to facilitate this practice is in place the employer must commence reporting to Revenue.

As noted above, a timely reconciliation of the advance payment with the actual claim is required in order to avail of the administrative practice, therefore Revenue does not expect that an employee/board member would have more than one open advance payment at any time, but this may arise in exceptional circumstances.

Reporting to Revenue

The Revenue ROS online/file upload and API are now available in the ERR system for advance travel and subsistence payments. Employers/agents who use third party software will need to engage with their software providers to develop a reporting system for advance payments.

It is not proposed that an employer must notify Revenue in advance if they wish to avail of this new administrative practice. The employer must however have appropriate governance and controls in place together with supporting documentation to demonstrate the required conditions are met. In addition, the employer must immediately report all advance travel and subsistence payments on a going forward basis under ERR when the employers chosen IT reporting mechanism becomes available. Broadly, this will require the advance travel and subsistence payment to be reported under ERR when paid to the employee/board member and the employee's/board member's ERR submission updated once the expense is incurred, and the claim is made.

Not adopting this administrative practice

There is no obligation on any employer to adopt this administrative practice. In the case where an employer chooses not to operate the practice, the normal rules apply, and the advanced travel and subsistence payment is taxable in full through the payroll. In such cases, there is no obligation to report under ERR as the payment has been subject to tax.

Reference:

Section 4.2 [Revenue's Tax and Duty Manual: Returns by Employers in Relation to Reportable Benefits - ERR](#)