

# IR FACTSHEET – Lodging Allowance

## What is Lodging Allowance?

Lodging Allowance is a tax-free payment, approved by HMRC payable to eligible operatives including trainees and apprentices, for accommodation. This benefit is provided under collective agreements and supports the recruitment and management of a mobile workforce.

## Who can pay Lodging allowance?

This special tax procedure applies solely to JIB member companies operating the JIB collective agreement for the Electrical contracting industry.

## Who sets the rate of lodging allowance and what is the current rate?

Lodging Allowance increases are sought annually by the JIB and agreed with HMRC, based on a formula which tracks the movement in the Consumer Price Index (CPI).

The latest lodging allowance rates can be found [here](#).

## What if Lodging Allowance isn't enough to cover accommodation costs?

Lodging Allowance is simply an amount HMRC allow to be paid tax free without the usual evidence requirements such as receipts or invoices. It does not mean individuals and companies cannot and should not consider other methods of providing lodging.

If an employee cannot secure accommodation within the Lodging Allowance, the company should not unreasonably refuse to provide or reimburse reasonable accommodation costs. Employees should discuss this with their employer.

## Can an employer pay for accommodation?

Where the employer arranges suitable board and lodging at no cost to the operative, then payment of lodging allowance will not be made. In these circumstances the accommodation provided should be adequate and suitable and include breakfast and an evening meal. Any problems should be reported directly to the employer.

## Is there a food allowance?

There is no separate food allowance. However, employers providing accommodation should ensure that both breakfast and an evening meal are included. If an employer chooses to pay an additional amount for food, this should be discussed as part of the company's expenses policy.

## Can a bill for accommodation be paid instead of claiming for lodging allowance?

An employer may choose to meet a reasonable bill presented by the operative rather than paying an untaxed lodging allowance.

## What notice should be provided to move from one lodging job to another?

Operatives will normally be provided with 5 days' notice of the requirement to lodge or to move from one lodging job to another.

## How is lodging allowance claimed?

Claim lodging allowance using the form available [here](#) and submit to the employer, typically to the HR or payroll department, for review.

## Are mileage / travel payments also paid when lodging away?

Mileage allowance is generally not necessary when lodging. However, if the lodging is more than 15 miles from the job site, a Mileage Rate (company transport) or Mileage Allowance (for personal transport) is paid for distances over 15 miles. The first 15 miles are not covered.

The latest mileage / travel payments rates can be found in Section 11.2 of the handbook [here](#).

On being sent to a lodging job, the employee should receive the actual fare of the journey and travelling time at ordinary (basic) rate from the Shop to the Job.

For periodic return fares for those staying away on longer jobs, see National Working Rule 11 for detail of payment entitlement.

## When should Lodging payments be paid?

Lodging Allowance should be paid from the first night an operative is required to stay away from home due to work. This payment continues for each night the operative remains at the lodging location for the assignment, pausing only when the lodging requirement ends or if the operative returns to their regular place of residence.

## Retention Payments

Retention payments, are to reimburse costs for accommodation staying available while individual is away from temporary accommodation, are separate from Lodging Allowance. Receiving a retention payment does not impact an operative's eligibility for Lodging Allowance, as these are distinct benefits.

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### **Lodging Allowance and Absence, Weekends, Annual Leave**

During periods of absence, such as sick leave, Lodging Allowance may still be paid if the operative is required to remain in lodging. However, company policies or the specific terms of the collective agreement may dictate whether the allowance is adjusted during such absences.

If an operative is required to stay in lodging over the weekend due to the job's location, Lodging Allowance should continue to be paid.

Lodging Allowance is not paid during periods of annual leave since the operative is not required to lodge away from home for work. The allowance will pause during leave and resume once the operative returns to the assignment and lodging requirement. However, where an operative is required to pay a retention fee, the annual holiday retention payment will be applicable.