

People Update – Taxation changes: employee accommodation



Information correct as at 09:00am on 11.02.22

- Employee accommodation is no longer automatically exempt from taxation
- Exemptions may apply, depending on circumstances
- Rules came into play from April 2021

Changes to the taxation rules in relation to employee housing from April 2021 mean that the default position for employee accommodation is now a taxable benefit. Exemptions may apply with employers needing to assess whether the individual's circumstances would qualify for the relief, the three exemptions are that the provision of accommodation is:

- Necessary for the proper performance of your duties that you reside in the accommodation; or
- The accommodation is provided so that you can perform your duties in a materially better way, and you are in the kind of employment in which it is customary for employers in that business to provide accommodation; or
- There is a threat to your security and special security arrangements are in force and you reside in the accommodation as part of those arrangements

For the accommodation to be regarded as 'customary' it is suggested that more than half of workers in comparative roles are provided with accommodation. It is likely that most agricultural workers could fall under the second exemption, but this could be more challenging if the accommodation is off farm, or some distance away from the farmyard.

It is advisable that if opting to utilise one of the exemptions then evidence demonstrating why and how the exemptions apply is recorded such as job descriptions, contracts, and rotas. Your accountant should be able to advise on this matter in relation to your business' specific circumstances.

Full guidance is available [here](#).

For further discussion or to help with any questions that you may have, please contact Consultant Support on consultantsupport@kiteconsulting.com or 01902 851007 / 07542 403225

