01 / THE RIGHT RATE

Business mileage made clear.

Use your own vehicle for work? Record the business journey, then apply the right mileage rules.

Company director or employee

Your company can reimburse qualifying business miles in your **personally owned vehicle**. Approved payments are normally free of personal tax and NI. They are business costs, not dividends.

Sole trader

Eligible businesses can instead use mileage as a deduction against profit. There is no separate tax-free payment to yourself. The alternative is the business share of actual vehicle costs, with the relevant purchase-cost rules.

Once you use simplified mileage for a vehicle, keep that method while it remains in the business. Do not use it after claiming its purchase cost or capital allowances.

DO NOT CLAIM THE SAME CAR COST TWICE

Mileage covers fuel or charging, insurance, servicing, repairs and the vehicle's ownership costs. Do not add those again. Qualifying parking and tolls can be separate.

2026/27 rates for qualifying business miles

Vehicle	Rate
Personal car / van: first 10,000 miles	55p per mile
Personal car / van: above 10,000 miles	25p per mile
Motorcycle	24p per mile
Bicycle: company employee/director only	20p per mile

The 55p rate applies from **6 April 2026**. Earlier years use their own rates. Personally owned electric cars use the same car rates, not company-car electricity rates.

Employees combine car/van miles for the same employment; changing cars does not reset 10,000 miles. Ask SBX about several vehicles, employments or a business year end other than 5 April.

An employer can also pay **5p per mile per qualifying fellow-employee passenger** in a car/van on a journey that is business travel for both. This is not a sole-trader passenger uplift.

Scope: personally owned vehicles, not company cars or the Cycle to Work scheme. No statutory sole-trader bicycle mileage rate is included. Payments above approved amounts need a separate Income Tax and NI check.

CHECK THE RULES 2026/27 mileage rates · 2026 mileage and NI change · Sole-trader mileage method · Employee mileage payments · Mileage records and tax relief

02 / WHICH JOURNEYS COUNT?

Business travel is not ordinary commuting.

The purpose and pattern of the journey matter more than whose name is on the car.

Journey	Usual approach	What to record or check
Office to a customer for a genuine meeting	Usually business	Customer, purpose, start/end postcodes and actual miles.
Home to your regular office, shop or usual base	Usually private	Do not assume answering emails at home changes commuting.
Home to changing customer sites	Check the working pattern	Employee temporary-workplace rules and sole-trader rules differ.
Business trip with a school-run or shopping detour	Exclude the private element	Log the eligible journey and the extra private miles separately.
Trip to collect business materials or attend relevant training	Usually business if genuinely for work	Identify the supplier or course and exclude private travel.

Directors and employees: temporary workplaces

A client site is not automatically temporary. Attending for 40% or more of working time over a period expected to exceed 24 months normally makes it permanent. Relief can stop when that expectation changes, not only at month 24.

That is not the only test: a short appointment can still have a permanent workplace. Tell SBX about repeated sites, long contracts and employment-status issues.

Sole traders: do not copy the 24-month rule

Your trade's base and pattern of work matter. Someone travelling between changing jobs may be treated differently from someone regularly travelling to a fixed work base. Ask us to confirm recurring routes.

Keep a journey log as you go. A rounded annual estimate is much weaker evidence. A GPS app can help, but private trips still need excluding.

TWO EASY MISTAKES

A tax-relief claim is not the whole reimbursement: £200 of eligible employee mileage left unpaid gives £40 relief at 20%, not £200 cash from HMRC. VAT is separate: never take one-sixth of a 55p mileage claim. A fuel-VAT claim needs fuel evidence and the correct calculation.

CHECK THE RULES Employee commuting and temporary workplaces · Sole-trader travel between sites · Sole-trader vehicle rules · Mileage records and tax relief · VAT on motoring expenses

03 / COMPLETED EXAMPLE

See how the tracker works.

This fictional company-director example crosses 10,000 miles mid-journey. Distances are illustrative.

Driver: Alex **Vehicle:** personal car **Period:** October 2026 **Earlier qualifying miles this tax year:** 9,970

Date	Start and finish, including postcodes	Business purpose	Eligible miles	Rate calculation	Claim
5 Oct	Office BS1 4ST to client BA1 1SU, return	Oak Design project meeting	60	30 × 55p + 30 × 25p	£24.00
7 Oct	Office BS1 4ST to supplier BS34 5DG, return	Collect job materials	20	20 × 25p	£5.00
9 Oct	Office BS1 4ST to course BS23 1HU, return	Training for current role	80	80 × 25p	£20.00
10 Oct	Home to usual office, return	Ordinary commute: 18 private miles	0	Excluded	£0.00
Total			**160**		**£49.00**

The first row, explained

Only **30 miles** remain at 55p because 9,970 were already recorded. The next 30 miles are at 25p. The new running total is 10,030 miles, so later car miles use 25p.

Month-end qualifying total: 9,970 + 160 = **10,130 miles**. The commute adds nothing to that total. Keep the earlier log supporting the opening figure.

THE COMPANY PAYS THE APPROVED BALANCE

The company may reimburse the £60 total shown alongside. If it has already reimbursed £50 of this same claim, only £10 remains payable. Keep this claim separate from salary and dividends.

Add separate travel costs once

Claim reconciliation	Amount
Mileage from the log	£49.00
Business parking, receipt P01	£8.00
Business toll, receipt T01	£3.00
Total claim	**£60.00**
Already reimbursed against this claim	£50.00
Balance to reimburse	**£10.00**

For a sole trader using the mileage method, the eligible claim is a business deduction. Moving the same amount between your own accounts does not create another expense.

No passenger supplement or fuel-VAT claim is included. Parking and tolls are assumed eligible and supported. Do not reuse the demo distances as evidence for real journeys.

CHECK THE RULES 2026/27 mileage rates · Mileage records and tax relief · Employee mileage payments · Sole-trader vehicle rules

04 / YOUR REUSABLE TRACKER

Your mileage and reimbursement record.

Edit or print this page. Continue one running record for the tax year. This template does not calculate automatically.

Business / company: [enter] **Driver:** [enter] **Tax year / claim period:** [enter]

Vehicle and registration: [enter] **Route:** [company reimbursement / sole trader mileage] **Opening miles:** [enter]

Date	From / to postcodes and return?	Customer and reason for journey	Eligible miles	Rate split / claim amount	Receipt / payment note

Mileage this sheet: [enter] **Closing tax-year miles:** [enter]
Mileage claim: £[enter] **Parking / tolls:** £[enter]

Total: £[enter] **Already paid:** £[enter]
Balance to reimburse, company route only: £[enter]

Before sending: exclude commuting and private detours; split the journey that crosses 10,000 miles; attach parking/toll receipts; flag any qualifying passenger payment separately.

Claimant and date: [enter]
Approved by / date paid / payment reference: [enter]

Contact our office or your account manager. info@sbxaccountants.com | 020 7046 1730

CHECK THE RULES Mileage records and tax relief · 2026/27 mileage rates · Sole-trader mileage method