

Business expenses guide



Contents

- 02** Why should I claim business expenses?
- 03** Common business expenses
- 04** Expense claims that cause confusion
- 07** Looking for help with your expenses?



Why should I claim business expenses?

If you run your own business, then it's useful to understand what business expenditure you can claim for as allowable expenses.

Recording your expenses allows you to:

- ✓ Understand the financial health of your business more accurately.
- ✓ Reduce your tax bill.

Will I get my expenses back from HMRC?

This is a really common question, but sadly the answer is no! 'Claiming' expenses does make it sound like you'll be reimbursed for what you spend – but this is not the case.

Instead, you deduct your expenses from your business income to reduce the amount of profit.

Your tax bill is worked out based on your profits, so including everything you spend money on shows your actual profit, which mean you will pay less tax.



Common business expenses

Different types of business will have different types of expenditure. For example, a taxi driver will have weekly settle fees, and a plumber will have tools and material costs.

The good news is that most business expenditure is allowable, so you can claim for it on your tax return. Even expenses you have incurred personally for the business are generally allowable too.

The list might include:

- ✓ Repairs and renewals. This can include repairs to equipment or small renewals such as computer peripherals.
- ✓ Admin costs can include telephone and internet costs.
- ✓ Advertising and marketing costs.
- ✓ All your business insurances.
- ✓ Membership and subscriptions fees, if you're a member of an association for your business or subscribe to an industry magazine for example.
- ✓ Motor expenses: The cost and running of your vehicle, or a mileage allowance instead.
- ✓ Staff costs and wages.
- ✓ Work clothing.
- ✓ Professional fees, such as accountancy and some legal fees.
- ✓ And more!



Expense claims that cause confusion

Some types of expenses seem more confusing than others, so we'll try to answer some of the most frequently asked expense questions.

Motor expenses

If you have a commercial vehicle then you can normally claim the whole purchase price, as well as all the running costs.

If you have a car and it's not solely used for business, then it's a bit different.

- ✓ If you're a sole trader, you will need to apply a private use percentage so that you don't claim for the proportion of the costs which relate to personal use.
- ✓ If you have a company then it's usually better to own the car personally, and then charge business mileage to the company.



Using your home as an office

There are a few ways to claim expenses if you use your home as an office. You can choose to claim the basic HMRC allowance, or you can apportion your household costs according to the floor area the home office takes up.

Work clothing

As a general rule you can't claim expenses for work clothing if it can be worn outside of work.

This means that you're usually only able to claim for clothes if they're part of a uniform, or necessary for personal protection. Unfortunately, you won't be able to claim that fancy new suit you've just bought!

Training costs

You can claim training costs as an expense if it's to top up your skills. Training to qualify for something or to gain new skills is not allowable.

However, if you have employees that are training to qualify for skills relevant to your business then this is allowable.



Travel and subsistence expenses

Travel and subsistence costs, such as train fares, food, and hotel costs are generally only allowable if you are not commuting to a permanent place of work.

This area can get complex so please speak to your dedicated accountant for more details!

Entertaining

Entertaining employees can be allowable for expenses, but with certain restrictions. Entertaining customers is not.

You might find that it's still beneficial for your business to pay for client entertaining costs though, even if they're not allowable for tax purposes.



Looking for help with your expenses?

If you have any further questions simply call us on 020 3355 4047 and one of our friendly accountancy advisors will be happy to help.

 [Get An Instant Quote](#)



