

IN-Formed: Guide to Expenses



Are you claiming all the expenses you should from your business?

Limited company or Sole trader, one of the most effective ways to reduce the tax you pay is by carefully planning how and what you should be paying for through your business rather than personally.

If you operate within a limited company there will be more options open to you, but you should always take advice from a good accountant on what you can and can't claim legitimately.

This quick guide aims to provide you with a comprehensive list of the most common expenses you should be claiming. But remember, each business is unique, so there may be some things not listed here which would apply to your individual case.

If in doubt, please get in touch and we will be happy to advise you.

Mileage Allowance

First and foremost, look at what and how you are claiming for the business mileage you travel.

HMRC's current rates are 45p for the first 10,000 miles each year and 25p per mile thereafter.

As well as actual mileage, remember if you are VAT registered you will be able to claim a certain amount of the VAT you pay on fuel back too.

Mileage can mount up so this claim could prove to be a great way to save tax for the company/business whilst providing you with tax-free income.

Remember every little helps so note down every business trip you do, even the small ones to your bank, post office or accountant!

Company Car

Some people prefer the idea of having a company car and running this through their business. More often than not we find that this is not the most tax efficient route. Again, every situation is different so if you would like us to look at this for you, please do get in touch.

If you do decide on a company car, remember to claim every allowable motor expense to maximise the benefit to you.

Allowable motor expenses include:

- Finance
- Repairs and Maintenance
- Insurance
- Servicing
- MOT and Road Tax

Client Case Study

Our client was running his own business, but claiming no expenses when he came to us. We advised him on the expenses he could claim with the following result:



BEFORE ADVICE

TAX:	£6,000
NI (Class IV):	£2,700
NI (Class II):	£138
Total Tax Due:	£8,838

AFTER ADVICE

TAX:	£4,716
NI (Class IV):	£2,122
NI (Class II):	£138
Total Tax Due:	£2,456



If we can be of further assistance please contact us via:



@in_accountancy



0161 456 9666



askus@in-accountancy.co.uk

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Travel & Accommodation

If you need to travel for business and use train/plane/taxi/bus, then the cost is an allowable business expense.

In addition, if you are required to stay overnight then these costs are also allowable.

Make sure you keep receipts as far as possible and if a receipt is not issued, make a note of the amount as you may still be able to claim.

Meals and drinks

Many businesses take you away from the office/home for full days which makes purchasing lunch/dinner and drinks necessary.

Again, these expenses are all allowable so make sure that you keep the receipts.

Alternatively, you can claim fixed rate expenses for each period you are away from home. Sometimes these fixed rates are higher than the amounts spent which leads to further tax relief. In addition, it is easier to record these.

Mobile Phone

These days, everyone has a mobile phone and usually on a contract - simply transfer this contract into the company name and begin paying from the company bank account.

The company reduces its tax bill each year and you save money personally.

Staff Party

You are able to hold an annual event for your staff and claim tax relief on the costs, provided it is:

- Open to all staff;
- Costs less than £150 per head

Flat Rate VAT

Depending upon your role, it may be possible to claim a flat rate one-off expense each year from the company/business.

There is too long a list to detail here, so please contact us to see if you qualify or refer to our **IN-Formed Guide to Flat Rate VAT schemes**.

Clothing & Laundry

If your role requires overalls or other protective clothing, you can claim the costs of these.

In addition, you can claim the laundry costs of these for the company/business.

Childcare Vouchers

If you own and operate within a limited company your company can provide childcare vouchers for the staff (including directors).

These vouchers reduce the tax and National Insurance payments for both the employee and the employer, meaning that if you are a self employed contractor you feel the benefit twice.

Use of Home Office

Most small business/company owners work from home at some point and HMRC allow you to claim an allowance for the extra utility costs this leads to.

It is only a small claim (£5 per week) but it will save the company tax and allow you to withdraw cash from the company.

Pension Contributions

If you operate through a limited company you should consider making your personal pension contributions through your business - this is an allowable expense and will reduce your corporation tax by 20%.

There are other additional benefits to making pension contributions through your business from a personal tax point of view, which we would be happy to review with you on an individual basis.

For any further
information please visit us



www.in-accountancy.co.uk



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If we can be of further assistance please contact us via:



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0161 456 9666



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