



Expenses - Sole Trader

Accountancy & Professional

You can claim the full cost of professional fees incurred for the business (for example, the fees a solicitor charges you) for tax relief, except in specific circumstances. For more details about these circumstances speak to your accountant.

Advertising & Marketing

You can claim tax relief on advertising and marketing costs for your business. Watch out though - some costs that you consider “marketing” (like taking a client out to lunch) may be considered “entertaining” by HMRC.

Bank Interest & Overdraft Charges

If you use a personal account for your business banking, then how much interest and charges you can claim tax relief on will depend on how much you use the account for business. If the business use of the account is minimal, then you shouldn't claim any tax relief on these costs, but if you use the account mainly for business, then it's worth including at least some of these costs and being prepared to discuss this with a visiting HMRC inspector. Again, if you use the cash basis of accounting, you can't claim more than £500 for this.



Expenses

Broadband

As from 6th April 2013, you can use a new simplified flat rate allowance to claim some of your business use of home costs (unless your business is a LLP). This only covers heat, light and power, though, so you would need to claim tax relief on your other home working costs by claiming a proportion of the actual costs you spent.

Business Use of Home

If your business use of home cost is under £4 per week then HMRC have said they will not ask to see proof of how this was calculated, but any higher than this and you would need to be able to demonstrate to a visiting inspector how you worked out your business use of home cost.

Charitable Donations

You can get tax relief on some charitable donations, but they aren't included in your business accounts as a cost. Instead, the donations go in the main section of your tax return in one of the 'charitable giving' boxes.

Stock

Stock is classed as a direct cost and these cost can be claimed.



Expenses

Clothing

If you buy clothing specifically for business use such as safety clothing or PPE these can be claimed. HMRC will not allow claims for things like jeans, or suits.

Computer Equipment

You can claim the proportion of the expenses if you use them for business use. So if you use something for 50% business and 50% personal you can claim 50% of the cost.

Council Tax

As from 6th April 2013, you can use a new simplified flat rate allowance to claim some of your business use of home costs (unless your business is a LLP). This only covers heat, light and power, though, so you would need to claim tax relief on your other home working costs by claiming a proportion of the actual costs you spent.

Cycle Travel

HMRC says that sole traders and partners can't claim tax relief on business journeys undertaken by bicycle. If you employ anyone, then your employees can claim tax relief on business bicycle travel - but you can't!



Expenses

Dogs

Some dogs (and other animals) are classed as “working animals”, for example farm working dogs, gamekeepers’ spaniels, police dogs, or army bomb disposal dogs. These working animals are treated in the business books as capital assets that qualify for capital allowances, and feeding and caring for them would be tax-deductible expenses. So you could put food for these animals, veterinary fees and so forth into your business’s profit and loss account as business costs, and save tax.

Electricity

As from 6th April 2013, you can use a new simplified flat rate allowance to claim some of your business use of home costs (unless your business is a LLP). This only covers heat, light and power, though, so you would need to claim tax relief on your other home working costs by claiming a proportion of the actual costs you spent.

Entertaining

Unfortunately, you can’t claim tax relief for entertaining clients - there is no tax relief available on the cost of entertaining anyone other than bona fide payroll employees. When you’re entertaining your employees, this may be allowable for tax relief in your business’s accounts, but it could also be a benefit on which your employees have to pay some tax.



Expenses

Equipment

You can claim the cost of tools & equipment that you need to carry out your business.

Farm Animals

A production herd is one that is kept for what the animals yield while they are still alive, such as wool, eggs, milk, honey, or live young - and each production herd is made up of animals of the same species used for the same purpose. So for example, a flock of sheep kept for wool is the same herd whether it's a mixture of breeds or not, but a flock of one breed kept for wool and another breed for cheese would be two separate herds. HMRC calls them herds whatever the actual collective noun for the animals is – for example, a hive of bees kept for its honey is still referred to as a production herd.

Flights

You can only claim the cost of flights in full if the primary purpose of your journey was for business. If it was mixed (i.e. for both business and private), then you can only claim any costs that you can clearly separate from the private part of your journey. If you can't separate the journey, you can't claim any of the costs.



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Food & Drink

You can only claim tax relief on the cost of your food and drink when you're making a journey that's outside your normal working pattern, such as going to visit a client who you usually deal with online. However HMRC don't define "normal working pattern" in any more detail, so if you include a claim for the cost of food and drink on this basis, you should be prepared to justify it to a visiting inspector.

Gas

If you work from home, you can claim tax relief on a percentage of your gas costs, based on how much you use your home for business and how much for non-business.

Gifts

Here is no specific guidance from HMRC about whether you can claim tax relief on gifts to employees by putting them in your accounts as a cost - you should ask an accountant about your individual case.



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Hotel Accommodation

You can only claim tax relief for the full cost of hotel accommodation if the primary purpose of your stay was for business. If it was mixed (i.e. for both business and private), then you can only claim tax relief for any costs that you can clearly separate from the private part of your stay. If you can't separate the stay between business and private, you can't claim tax relief for any of the costs.

Insurance

You can claim tax relief on the full cost of insurance for business, such as contents insurance for an office, or a specialist home business policy. However, you can't claim tax relief for any insurance that has a dual purpose, such as private medical insurance for the business owner.

Machinery

You can claim the tax relief on the amount spent on machinery as long as it is for business use.

Materials

You can claim the cost of materials purchased if they are used to produce a saleable product.



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Medical Treatment

You can almost never claim tax relief for the cost of medical treatment, even if it relates to an injury you sustained at work. The exception is for an actor or other performer who has cosmetic surgery that they can prove is purely for business. HMRC's example is that of an experienced radio performer who has her teeth straightened to allow her to work in TV

Mileage

You can claim per business mile travelled at HMRC's approved rate.

Mobile Phone

You can claim the full cost of all of your business use of your mobile phone line (using an itemised bill), and a percentage of the line rental, based on how much you use it for business purposes and how much is for personal use. HMRC say that if the personal use is 'not significant' you can claim all the cost as a business expense.

Mortgage

If you work from home and pay a mortgage, you may be able to claim tax relief for a proportion of the interest that you pay, but not the capital repayment.



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Rent

If you work from home and pay rent to a landlord, you may be able to claim a proportion of the rent for your business. For more details about how to work out the proportion. If you rent an office that you use just for business, you can claim tax relief on the full cost of that rent. The exception is a rent deposit, which goes on your balance sheet and isn't available for tax relief.

Uniform

If you have to buy a uniform that identifies clearly what you do, you can claim tax relief on it. For example, if you are a self-employed nurse, you can claim tax relief on that uniform. You can't, though, claim tax relief on buying any clothing other than your uniform, such as shoes or tights.

Vehicle

This all depends on the type of vehicle. Speak to your accountant for more information.

Wages & Staff Cost

You can claim the full cost of employing staff including their wages and national insurance contributions as an expense when those staff have carried out normal business work.



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Expenses

Water

If your business use of water is only minor, you can't claim tax relief for any of the cost for your business.

Website Costs

You may be able to claim tax relief for the costs of building a website if you think that your website will earn you more money than the cost it takes to build it. HMRC use the analogy of a website as a "shop window" to clarify when you can claim tax relief for the costs see link below.