



Expenses - Limited Company

Accountancy & Professional

The company can claim tax relief for the full cost of an accountant preparing accounts for the company. However, if the company pays for accountants' fees to complete employees own personal tax return, then they would have to report this amount as a taxable benefit on their own return.

Advertising & Marketing

The company can claim tax relief on advertising and marketing costs for the business. Watch out, though - some costs that you consider "marketing" (like taking a client out to lunch) may be considered "entertaining" by HMRC. For more details, see 'Entertaining'.

Animals

The company may be able to claim tax relief on the costs associated with some animals, such as farm animals or guard dogs.

Bad Debts

A bad debt can be written off for tax purposes if you can prove that the company has made reasonable efforts to collect it.

Speak to your accountant for more information.



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Bank Interest & Overdraft Charges

- Business accounts - If the company has a business bank account in its own name, it can claim tax relief on the interest payments and charges.
- Personal accounts - Interest and charges on a personal bank account or credit card aren't allowable for tax and shouldn't be included in the company's accounts.

Broadband

- Home - If you work from home as a one-person business and don't have a separate broadband contract for your business, you can claim back from the company the full cost of all of your business use of your home broadband (using an itemised bill), and a percentage of the line rental. If you pay a fixed fee for your broadband, you should claim the business percentage of your usage of broadband.

To calculate the percentage that you can claim, work out how much you use it for business purposes and how much is for personal use.



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Make sure that the company doesn't pay your home broadband bill directly to the phone company because this is a benefit that has to be taxed with your salary. You should pay the broadband bill personally, then claim the business use of the line back from the company.

- Office - If you have a separate broadband contract for business, make sure you put the contract in the company's name. The company should pay this cost directly to the telephone company (for example, BT or Virgin). The company can claim tax relief on the full cost of the broadband line rental and the business use of the broadband.

Business Use of Home

As the director of a limited company, you would only be able to ask the company to repay you for extra costs that you incurred as a result of working at home, such as electricity or gas. You can't claim any part of fixed costs that you'd pay whether or not you worked at home (such as your mortgage or council tax) back from the company without paying extra tax.

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.



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Charitable Donations

A company making Gift Aid donations to charity can usually claim tax relief on the cost of these donations. For other charitable donations, the rules are more complicated - you should see an accountant for more guidance.

Stock

The company may be able to claim tax relief for the cost of providing childcare facilities, or for funding the cost of childcare for its employees' children.

Clothing

The company can provide you with protective clothing that's necessary for you to do your job, such as a high-visibility jacket for a railway worker, or with a uniform that can only be worn at work to do your job. This includes clothing such as a jacket with the business logo on it.

The company can give these clothes to you outright or make them available to you, and although the company has to report these to HMRC on form P11D there's no extra tax for you or for the company to pay.

If the company provides you with other clothing, this may be a taxable benefit.



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Computer Equipment

Computer Equipment purchased for genuine business use will be classed as "Company Assets"

Council Tax

Unfortunately, HMRC says that Directors of Limited Companies can't claim tax relief for fixed costs like Council Tax, since you would pay these costs whether or not you worked from home.

Credit Card Charges

The company can claim the cost of charges incurred on business credit cards but a Director cant claim the personal charges on in the company accounts.

Cycle Travel

If you travel for work on a bicycle that belongs to you personally (rather than to the company), the usual rules for whether the journey counts as for business will apply and you can claim that expense from the company at a cost of 20p per mile.

Depreciation

The company can claim depreciation in certain circumstances. Please speak to you accountant to discuss this further.



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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 the company’s profit and loss account as business costs, and save tax.

Electricity

- Home - If you work from home and are the company’s sole staff member, you can claim back from the company a percentage of your household electricity cost.
- Office - The company can claim the full cost of heating and lighting your business premises for tax relief.

Entertaining

- Entertaining clients - Unfortunately, the company can’t claim tax relief for entertaining clients - there is no tax relief available on the



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Equipment

Equipment purchased for genuine business use will be classed as "Company Assets"

Farm Animals

Farm animals, such as cattle, sheep or laying hens, are tax-deductible in one of two ways - either as stock or as a capital asset. The animals are considered a capital asset if they form a "production herd".

Flights

Flight can be claimed if they can be proven to be solely for business use, either flights between business appointments or temporary workplace.

Food & Drink

The company can claim for food and drink yourself when you are away from your normal place of work on a business trip, you can claim that cost back from the company.

The company can also include this cost in its accounts for tax relief.



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Gas

- Home - If you work from home and are the company's sole staff member, you can claim from the company a percentage of your gas costs, based on how much you use your home for business and how much for non-business.

If you are not the sole staff member of the company, the costs you can claim become more complex, so you should check with an accountant about this. If you work from home as a one-person business and don't have a separate broadband contract for your business, you can claim back from the company the full cost of all of your business use of your home broadband (using an itemised bill).

- Office - The company can claim the full cost of heating and lighting business premises for tax relief.

Gifts

The cost of a small gift to an employee that celebrates a personal event for the employee, for example you give a bunch of flowers to an employee who has just had a baby is allowable but you should always check with your accountant before claiming larger gifts.

Hotel Accommodation

The Company can claim the tax relief on any accommodation that was paid for genuine business travel.



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Insurance

The cost of insurance for business, such as contents insurance for an office, or employer's liability insurance, is fully allowable for tax relief. The company can buy private medical insurance for its employees but in some circumstances this will incur extra National Insurance.

Machinery

The company can claim the cost of machinery used for business services and the machinery will become a "company asset".

Materials

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

Medical Treatment

In some cases, a company can provide medical treatment for its employees without HMRC considering this a taxable benefit. One example is if the employer pays for eye tests that are legally required for employees who have to use a computer screen.

Mileage

If you travel on a business journey for the company in your own car, the company can pay you back per business mile travelled at HMRC's approved rate. For more information on rates please see HMRC link below.



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Mobile Phone

The company can claim the cost of mobile phones used for business use if they are registered in the company name but please ask your accountant for more information.

Mortgage

A company can claim the cost for a mortgage is it a commercial business and used solely for business.

Rent & Rates

The company can claim the cost.

Uniform

The Company can claim the cost of providing a uniform to it's employees.

Vehicle

Vehicles purchased for genuine business use will be classed as "Company Assets" but the employee's maybe charged additional tax if the are allowed to use them for personal use.

Wages & Staff Cost

The company 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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Water

The company can claim the full cost of water at business premises for tax relief.

Website Costs

The company may be able to claim tax relief on the cost of building a website if you think that the website will earn the company more money than it cost to build it. HMRC use the analogy of a website as a “shop window” to clarify when the company can claim tax relief for costs please speak to your accountant.