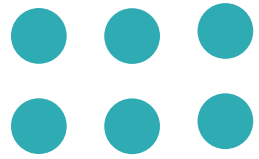




# Tax deductible expenses

- **Presented by Jo Tomlinson**
- Owner and MD of Business Works UK
- Certified Quickbooks Trainer



# Jo Tomlinson BA(hons) ACMA

MD Business Works UK LTD

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After 20 years in Industry analysing company data to support commercial business decisions, I founded Business Works with a vision to offer real-world solutions to businesses.

We have grown into a trusted partner for companies seeking a better understanding of their numbers, great customer service, and business growth.

With a team of 12, we are large enough to provide all the finance support SME business owners need, plus the value-added services that help them to flourish and grow.

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Wholly, Exclusively and  
Necessarily

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# Can I claim:

- 
- 1. Wholly**
  - 2. Exclusively**
  - 3. Necessarily**



# Can I claim:

- **Cost of Sale**
  - Things that you buy to sell
    - Raw Materials
    - Ingredients
    - Delivery costs
- Note – need to account for stock
- Note – watch out for private use



# Can I claim:

## People Costs

- Through Payroll
  - Employee and staff salaries
  - Bonuses
  - Pensions
  - Employers NI
- Staff related costs
  - Subcontractors
  - Agency fees
  - Training courses (related to your business)

Note – anything that is part of the PAYE system is outside of the scope of VAT

Note – all employees must go through the PAYE system unless they are under 16 and earn less than £12,570 p.a.



# Can I claim:

## Training Courses

- Improve skills and knowledge you are currently using in your business
- Keep up to date with technology in your industry
- Develop new skills and knowledge related to changes in your industry
- Develop new skills and knowledge to support your business (including admin)

Note – You can not claim for training courses that:

- Help you start a new business
- Expand into areas that are not what you currently do



# Can I claim:

- **Travel and travel related costs**
  - If the business owns the vehicle or it's hired by the company
    - Cost of vehicle (capital allowances)
    - Repairs and servicing
    - Insurance
    - License fees
    - Breakdown cover
  - If you own the vehicle but use it for business trips
    - Ltd companies – mileage
    - Sole traders – percentage split, business and private use
- Note – watch out for private use
- Note - Can not claim travel from home to work



# Can I claim:

## Travel and travel related costs cont.

- If on a business related trip
  - Parking
  - Train, bus, air and taxi fares

Note – Parking and speeding fines etc are not a tax-deductible expense



# Can I claim:

## Travel and travel related costs cont.

- Business owned/leased vehicles
  - Pool vehicles
  - Company car – P11D benefits in kind charge
  - Company Van

Note – where a business leases vehicles, VAT re-claims are restricted to 50%



# Can I claim:

## Costs of Premises

- Rent
- Rates and water rates
- Power
- Insurance
- Security
- Phones and internet
- Printing, postage and stationery
- Computer software subscriptions

Note – using your home as an office(special rules apply)



# Can I claim:



## Food and drink

- Travel and subsistence



# Can I claim:

## Food and drink

- Staff entertaining (rules apply, and max £150 per year per employee)
- Tea and coffee in the office

Note – event hospitality is not tax deductible i.e. corporate hospitality for clients

Note - client entertaining is not tax deductible



# Can I claim:

## Food and drink

- Training courses where refreshments are provided



# Can I claim:

## Gifts

- Staff (trivial benefits)
- Directors
- Client
- Donations

Note – Sole traders can not claim charity donations



# Can I claim:

## Staff Benefits

- Professional memberships if related to your business
- Private medical
- Cars
- Larger gifts or those linked to performance
- Gym membership

Note – your employee is taxed on these and you pay employers NI on benefits in kind

Note – eye tests are allowable for employees using computers for work, but glasses are only allowable if they are specifically for use on the computer and not general wear



# Can I claim:

## Workwear

- Health and safety related
- Uniforms
- Logo'd workwear

Note – HMRC view anything not included above as being worn for modesty and warmth and do not allow them as tax deductible



# Can I claim:

## Advertising and Marketing

- Advertising costs
- Free samples
- Website costs
- Signage on your premises or vehicles



# Can I claim:

## Legal and Professional

- Accounting
- Bookkeeping
- Solicitors
- Professional indemnity insurance
- Employer's insurance

Note – Some legal costs, for example when buying and selling buildings or machinery may be deemed capital expenses

Note – you can not claim fines for breaking the law as tax deductible



# Can I claim:

## Finance charges

- Bank, overdraft and credit card charges
- Interest on business loans
- Hire purchase interest
- Leasing payments

Note – HMRC don't like to take a percentage of things, they prefer it to be all or nothing, so if you are using a credit card for the business, **ONLY** use it for the business. Take out a separate loan for the business rather than extending your mortgage if you want to claim the interest



# Can I claim:

## Costs incurred before you start trading


- Taxable supplies in the prior 7 years. Ensure they are definitely for use in the business, and then treat them as if you incurred them on the first day of trading
- Note – ensure you have receipts and paperwork to support the claim
- Note - what if you incurred costs before the Company was formed, i.e. in the Directors/Owners name – if they were re-imbursed to the Director/employee, then yes.



# Can I claim:

## Summary

1. Wholly
2. Exclusively
3. Necessarily
4. Special rules may apply



**One to One support – limited availability**



## **Company Structure**

Tuesday 11<sup>th</sup> March

10am





## **Associated Companies**

Tuesday 18<sup>th</sup> March

10am





## VAT registration and Rules

Tuesday 25<sup>th</sup> March

10am





## Employing People

Tuesday 1<sup>st</sup> April

10am



# Thank

# You



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