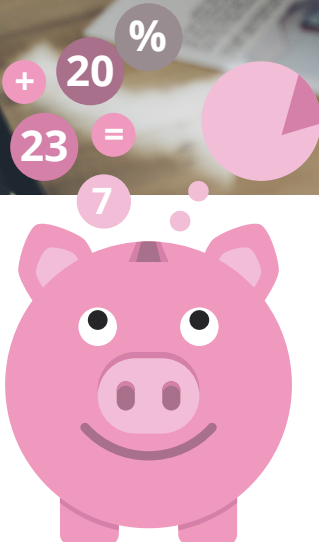




What Expenses can I Include in my Limited Company Accounts?

We can help you

A handy guide of the expenses you can and can't include on your tax return.



*Because less time on your books,
means more time with your family*

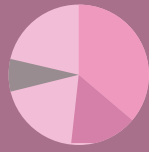
*Company Formation | Bookkeeping | Payroll | VAT Returns
Year End Accounts | Business Tax | Self Assessment*

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Accountancy, Legal & Professional Fees



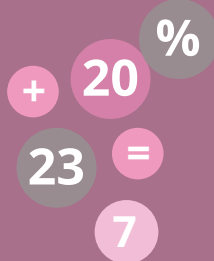
Yes, you can claim your accountant's, solicitor's and any other professional fees (eg a Virtual PA) in most cases as long as they are solely related to your business. The cost of preparing your personal tax return cannot be claimed through your limited company.

Advertising & Marketing



All advertising and marketing costs for your business can be claimed. This includes literature you print, business cards, leaflets etc, advertisements in print and online, trade shows, as well as networking meeting fees.

Animals



You may be able to claim tax relief on the costs associated with some animals.

Farm Animals, such as cattle, sheep or laying hens are tax deductible as either stock, or as a capital asset if they form a production herd (they produce products, ie milk, eggs, wool, etc).

Some dogs may be classed as working animals (ie farm working dogs, guard dogs etc) and would be classed as a capital asset.

Costs associated with caring for these animals would also be tax deductible expenses. These include food, insurance, vet fees. Costs can only be included if they are solely for business purposes - therefore costs for your pet dog cannot be claimed for.

Bank Interest, Overdraft Charges Credit Card Charges & PayPal Fees



Business Accounts - if the charges relate to a separate business account all the fees can be claimed as an expense.

Personal Accounts - if you use your personal account for business purposes too, these cannot be claimed.

Broadband



If you have a separate broadband contract for your business then the whole cost will be an allowable expense. However if you use your home broadband for both business and personal then you can only claim for the business use percentage.

Business Use of Home



If you work from home you can claim a proportion of your electric, gas, water, council tax, insurance and mortgage interest or rent. If you are lucky enough to have a cleaner you can also claim the business proportion of their costs. The amount to claim is based on the amount of rooms in your house used for business purposes and the amount of time working from home.

Charitable Donations



You can usually get tax relief on making charitable donations.

Childcare



Your company can provide childcare facilities or help fund the costs of childcare up to £55 per week for all employees and claim tax relief on these costs, however you must have registered with a voucher prior to 4th October 18 to be able to do this

Clothing



Generally clothing is not an allowable expense. However there are a few exceptions. If you provide a uniform or costume as part of your business then these can be claimed. Logo'd clothing is also an allowable expense. Protective clothing, i.e. safety helmet, high vis jacket, steel toe cap boots, aprons, etc can also be claimed as an expense.

Computer Equipment Consumables & Software



Computer Equipment will not be classed as an expense, but will be classed as an asset and you can claim capital allowances for the costs. You can also claim capital allowances for second hand equipment and equipment you owned personally then brought into the business. If you use the equipment for personal purposes as well, then only the business percentage can be claimed.

Software and Consumables are classed as an expense, and only the business percentage of these can be claimed if there is any personal use.

Cost of Sales



All costs relating to purchasing goods for re-sale or provide a service with are allowable. Costs of services sub-contracted to another supplier are also allowable.

Dividends



Dividends are not an allowable expenses – these are taken from your company after corporation tax is paid from the remaining profit.

Entertaining



Entertaining employees - this is allowable for tax relief, but only in certain circumstances. To ensure it is a qualifying event and not a taxable benefit for your staff it must be an annual event (ie Christmas party), open to all staff, and cost less than £150 per guest present.

Entertaining clients - unfortunately you can't claim any expenses for entertaining clients on your corporation tax return, but these can be paid through the company.

Food and Drink

See next page for details and useful infographic.

Furniture



Generally furniture cannot be claimed as an expense, but will be classed as a capital asset and capital allowances can be claimed. Furniture includes your desk, chair, filing cabinet, etc, and must solely be used for business purposes (if you work from your dining room table you can't claim the cost of your table and chairs!).

Gifts



Gifts to employees - small gifts to employees are usually allowable, but larger gifts could be a taxable benefit to your employee.

Gifts to anyone else - as long as the gift is prominently marked with your business' name or logo and isn't food, drink, tobacco or vouchers, and costs less than £50 per recipient then you can claim the cost as an expense.

Food & Drink

Food and drink has always been a tricky one, as HMRC argue you need food and drink to live, therefore it is not an allowable expense. However there are a few occasions when you can claim the costs as an expense.

At your home or office - if you are the sole director and employee then you can't claim the cost of food and drink you buy for when you are working at home or in your usual office. If you do have employees you can claim the cost

of basic food and drink for them, and free meals at a canteen - as long as they are available to all staff.

While travelling - you are able to claim for food and drink when you are travelling for work, or for when you are staying away from home overnight for business purposes.

See below to help determine if you are able to claim your food and drink costs.



Cheryl guides you through the maze of claiming for edible expenses on business trips.



Insurance

✓ Policies that are solely for business purposes can be claimed. Medical Insurance can be provided to employees, but will be a taxable benefit for them.

Irrecoverable Debts

✓ If your customer will not be paying you, or they have ceased to trade you can include the amount of their invoice as an irrecoverable debt.

Loan Interest

✓ If you have taken out a loan for solely business purposes you can include the interest on the loan as a business expense, but not the loan repayment part itself.

Mileage

✓ If you use your own car or bicycle for business journeys then you can claim mileage, which covers the cost of fuel, running costs, and wear and tear.

Business journeys include any trips for solely business purposes - seeing a customer or supplier, deliveries, going to meetings, going to the bank etc.

You must keep a mileage log (have a look at handy app Mile IQ- we can offer a discount if purchased through us), and the rates are shown below.

Tax Free Mileage Allowance

Employees own car or van	2018-19
Up to 10,000 business miles	45p per mile
Over 10,000 business miles	25p per mile
Each passenger making the same trip	5p per mile
Motorcycles	24p per mile
Cycles	20p per mile

Office Costs



If you work from an office you can claim all of the associated costs - electric, gas, water, rent, business rates, cleaning, etc.

Parking Fines & Speeding Tickets



These are not allowable expenses, even if the fines were incurred during a business journey. Fines for unpaid Dart Charges or Congestion Charges are not allowable either. Any admin fees relating to these fines are not allowable either.

PAYE & National Insurance



PAYE and National Insurance contributions deducted from employees salaries, and employers National Insurance contributions are all allowable expenses.

Pension Contributions



Any contributions to your own personal pension are not classed as an expense, however when the company makes contributions to it's own pension scheme the cost of these contributions are an allowable expense.

Postage & Courier Costs



You can claim any postage or courier costs as part of your business as an expense. This includes posting paperwork to customers and suppliers, delivering goods, etc.

Pre Trade Expenses



Pre trade expenses for up to 7 years before you commence trading can be included in your first accounting period and tax return. For more information on pre trade, please read [here](#).

Professional Subscriptions



You can claim subscriptions to professional bodies as an expense, as long as the money is paid direct to the body, and it is listed on [HMRC's list](#).

Stationery



Any stationery you buy for your business can be claimed as an expense. This includes business cards, letterheads, pens, paper, printer ink, notebooks, files, folders etc.

Telephone (Landlines & Mobiles)



If you have a separate contract for business only then the whole cost of the contract (line rental & calls) can be claimed as an expense. However if you use your home phone or personal mobile for business use then only the business percentage can be claimed for. Supplying a mobile phone to your employees is not a taxable benefit.

Training & Personal Development



You are able to claim all costs for training for employees, as long as the training is 'wholly and exclusively' for the purpose of the company's business.

Travel



If the main purpose of your travel is for business purposes, and you can separate any personal costs, then you can claim the cost of your travel, including flights, train tickets, tolls, parking costs and hotel/accommodation.

Vehicles



If you purchase your car or van through your company then it will be classed as a capital asset and you can claim capital allowances, based on the CO2 emissions. If the vehicle were purchased through the company then you would claim the actual running costs rather than mileage. If the vehicle is used for personal journeys too, then only the business proportion of the running costs can be claimed and the capital allowances will also reflect the business use only.

Website Costs



The build of your website, hosting fees, domain fees, email hosting etc are all allowable expenses.

About Pink Pig Financials

We like to think that we remove the gobbledygook from the accounting process. We speak to our customers in jargon-free plain English, leaving you more time to focus on your business rather than trying to unravel what we're talking about.

Pink Pig Financials is more than just about offering a great accounting service and here are our two main reasons why:

Reason 1

We help parents (especially mums) lay the foundations on which to build successful businesses and achieve their goals to fit around their family life.

Reason 2

We want to give other hardworking mums an opportunity of joining our team; we offer flexible working that fits around our children as we recognise how important it is to be present in their little lives.

We do this and so can you; we truly know what you're going through!

Pink Pig Financials help you to take back control of your life; we are here to support your start-up business through all its transitions, allowing you to be there for your family. Imagine how good it feels to set your own working hours and never have to ask permission to be at a school play, sports day or enjoy long school holidays?

Our accountancy packages provide clear options and guidance for small businesses, but we still tailor our services to fit the varying needs of your business; from cookery school franchise and bespoke plastering to creative designers and everyone in between.

*Because less time on your books,
means more time with your family*

For more information about how
Pink Pig Financials can help you
please visit our website
www.pinkpigfinancials.co.uk

or email us on
hello@pinkpigfinancials.co.uk