

What Expenses Can I Include in my Limited Company Accounts?

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



You don't have to choose between
your business & your life

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Accountancy, Legal & Professional Fees

Yes, you can claim your accountant's, solicitor's and any other professional fees (e.g., 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, i.e. milk, eggs, wool, etc). Some dogs may be classed as working animals (i.e. 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 and 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 and 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.

Internet/Broadband

If you have a separate broadband contract for your business, 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

The short answer is no, you can't claim through your business unless you registered for childcare vouchers before October 18. However, check out 'tax free childcare' on HMRC's website for more information on how the government will help with your childcare costs. Further more you can [check out our blog post on the subject](#).

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. Logoed 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 own personally and bring 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 that relate to purchasing goods for re-sale, or providing a service, 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 (i.e. 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.

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

Food & Drink

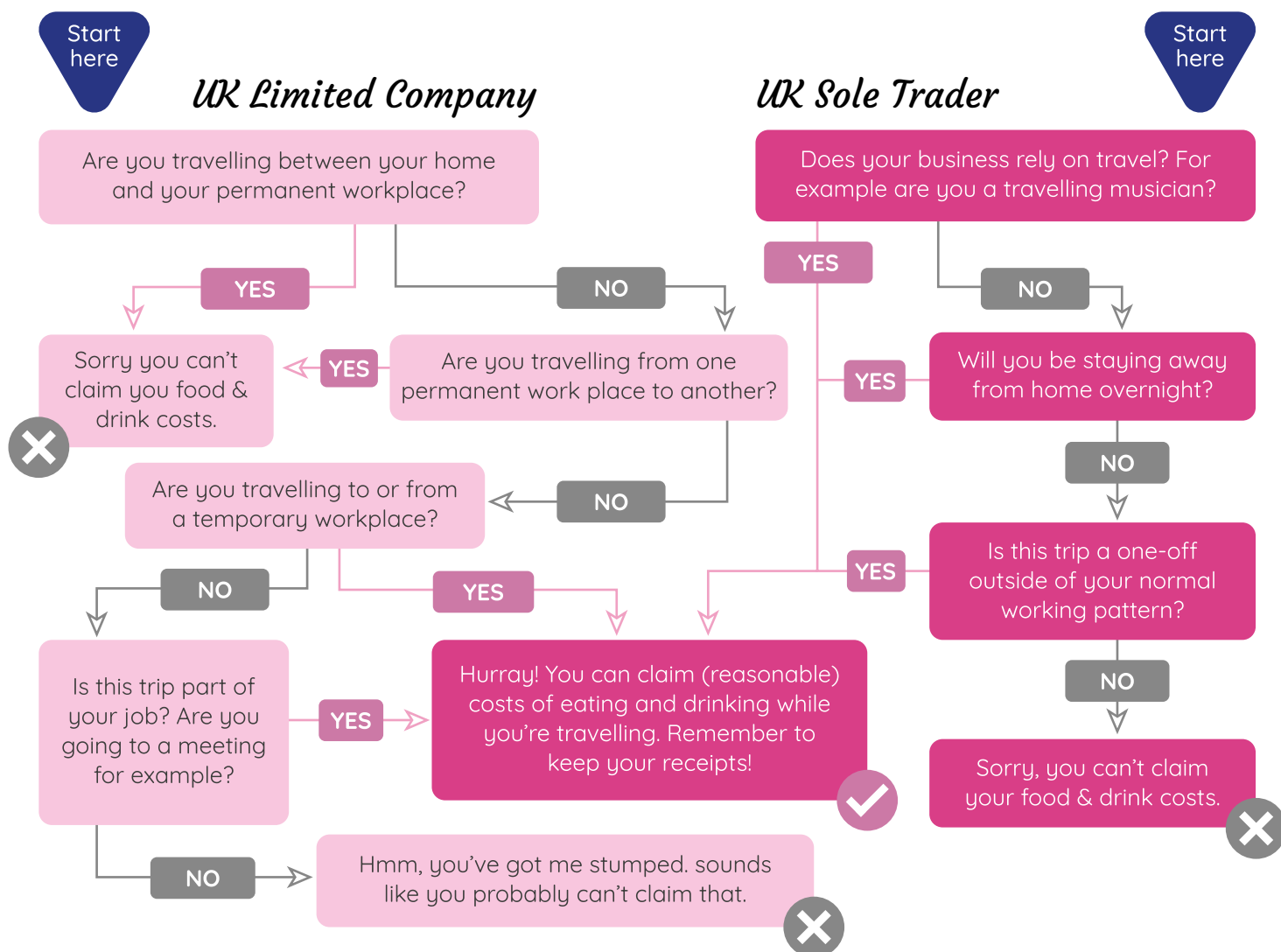
Food and drink has always been a tricky one, as HMRC argue you need food and drink to live. Therefore it is not an allowable expense. However, there are a few occasions when you can claim the costs as an expense.

At your home or office - if you are the sole director and employee, 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.



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), and the rates are shown below.

Employees own car or van	2022-23
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
Motocycles	24p per mile
Cycles	20p per mile
Fully electric/Hybrid cars	5p per mile

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.

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 also not allowable.

PAYE & National Insurance

PAYE and National Insurance contributions deducted from employees' salaries, and employer's 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 its 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.

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.

Website Costs

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

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 was purchased through the company, then you can 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.

About Pink Pig Financials

When we set up Pink Pig Financials, we identified we were on a dual-mission.

MISSION 1

To make the accounting process as quick and simple as possible for parents, so our clients can focus on their businesses and doing the things they love with the people they love.

MISSION 2

We want to give other hard working parents an opportunity to join 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.

Imagine how good it feels to set your own working hours...

- To never have to ask permission to be at a school play or sports day
- To enjoy those long school holidays with the kids
- To be there for the important stuff

And still have business nailed business done. **That's what the mission means to us.**

Now imagine sales expanding, your team expanding, your profit expanding...

- You start to feel more like a business owner and less like you're just doing a job.
- You have time for that holiday you've been putting off for years
- Your thoughts about the dream house stop being a dream and become an action plan.

That's where we want the mission to take you.