



Complete Accounting Services

Expenses Factsheet

What is and is not claimable as a tax expense?

Motoring. There are two ways to claim business motoring costs, you should use the one that provides the most tax relief. The two options are:

Claiming business % of the tax allowable for the cost of the car. This involves keeping records of the type and cost of the car, cost of fuel, CO2 output, car tax, insurance, services, repairs, loan or hire purchase interest. You will then need to estimate the % of business use compared to personal use.

Or, claim mileage allowance. If the vehicle is owned by you personally, claim expenses for work use by using the mileage allowance. This does not include travel between home and your normal place of work. The rate is 45p per mile for the first 10,000 business miles in the tax year and 25p per mile once over 10,000 miles.

Entertainment. The entertaining of clients, suppliers or customers is a non-allowable expense for tax purposes.

Clothing. The HMRC guidance on this states that this is a non-allowable tax expense unless you need specialist items that are entirely used for work.

Travel and subsistence. Train, bus, air and taxi fares are allowable expenses. Hotel room costs and meals on overnight business trips are also allowable. All other meals are a non-allowable expense.

Taxable benefits- Form P11D

This is the form used to report expenses and benefits paid to directors and employees which have not been subject to PAYE tax. Taxable expenses to be reported are those which the business incurs directly but that have a personal benefit to the employee. The type of expenses that should go on the form are:

Private medical and dental insurance

Living accommodation

Professional fees or subscriptions
Vouchers or credit cards (using company credit cards to fund personal expenditure)

Payments made on your behalf (e.g. paying personal bills from a company account)

Mobile phones (unless the contract is in the name of the company)

Company cars if used for private journeys and includes fuel for private journeys. You don't need to report on:

Privately owned cars

Cars available for business journeys only

'Pool' cars as these are shared by employees for business purposes and kept on premises

Fuel for private use if this is paid back to the company by the employee