

Understanding Allowable Expenses - Self Employment

Office Costs									
<p>The costs of running an office (either at your home or elsewhere) are allowed for tax.</p> <p>Items you'd normally use for less than 2 years - eg:</p> <ul style="list-style-type: none"> stationery supplies, printing, printer ink etc computer software licences <p>Office, studio, workshop or storage rent</p> <ul style="list-style-type: none"> + rates, power and insurance costs <p>Equipment you use solely for your work - eg:</p> <ul style="list-style-type: none"> computer, projector, headphones, paint brushes etc <p>Postage</p> <ul style="list-style-type: none"> stamps, packaging etc 	<p>If you work from home - use HMRC "simplified expenses" - figures below valid in Jan 2018 https://www.gov.uk/simpler-income-tax-simplified-expenses/working-from-home</p> <table border="1"> <thead> <tr> <th>Hours of business use per month</th> <th>Flat rate you claim per month</th> </tr> </thead> <tbody> <tr> <td>25 to 50</td> <td>£10</td> </tr> <tr> <td>51 to 100</td> <td>£18</td> </tr> <tr> <td>101 and more</td> <td>£26</td> </tr> </tbody> </table> <p>Internet & phone (a proportion of your total bill)</p> <ul style="list-style-type: none"> eg if you use your phone 50% for work, you can claim 50% of your phone bill 	Hours of business use per month	Flat rate you claim per month	25 to 50	£10	51 to 100	£18	101 and more	£26
Hours of business use per month	Flat rate you claim per month								
25 to 50	£10								
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Travel costs									
<p>The costs of travel (& associated expenses like accommodation and subsistence for trips) are allowed for tax - eg:</p> <p>Public transport & travel costs</p> <ul style="list-style-type: none"> Train, bus or air fares, parking, taxis or costs for hire cars / vans etc <p>Accommodation & subsistence (for trips)</p> <ul style="list-style-type: none"> Hotel rooms for overnight business trips Meals on overnight business trips Food, soft drinks etc if you are away from your normal workplace for a whole day <p><u>Don't</u> claim for normal home-to-work travel</p> <p><u>Don't</u> claim for travel that is not directly associated with your self-employed work</p> <p><u>Don't</u> claim for meals or subsistence that aren't associated with being away from your normal workplace (eg having your lunch at your office)</p>	<p>If you use your own car for work - use HMRC "simplified expenses" for vehicles https://www.gov.uk/simpler-income-tax-simplified-expenses/vehicles</p> <table border="1"> <thead> <tr> <th>Vehicle</th> <th>Flat rate you claim per mile</th> </tr> </thead> <tbody> <tr> <td>Cars and goods vehicles first 10,000 miles (in the tax year)</td> <td>45p</td> </tr> <tr> <td>Cars and goods vehicles after 10,000 miles (in the tax year)</td> <td>25p</td> </tr> <tr> <td>Motorcycles</td> <td>24p</td> </tr> </tbody> </table> <p>Alternatively, you can claim for vehicle insurance, fuel, repairs and servicing, breakdown cover (on cars that are used solely for your business)</p> <p><u>Don't</u> claim for both fuel / insurance / repairs & flat rate (choose one or the other)</p>	Vehicle	Flat rate you claim per mile	Cars and goods vehicles first 10,000 miles (in the tax year)	45p	Cars and goods vehicles after 10,000 miles (in the tax year)	25p	Motorcycles	24p
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<p>ADVANCED INFO: If you want to buy a car or vehicle solely for your self-employed work - find out more about how Capital Allowances work - https://www.gov.uk/capital-allowances/business-cars</p>									

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Staff costs	
<p>The costs of employing or paying other people to do work for you are allowed for tax - eg:</p> <ul style="list-style-type: none"> • employee and staff salaries, bonuses, pensions, or other benefits • agency fees • subcontractors - eg Event Producer, Gallery Install Technician, Programmer 	<p><u>Don't</u> claim for carers, childcare or nannies etc.</p> <p>For information about Tax-Free Childcare & government help with childcare costs see: https://www.gov.uk/help-with-childcare-costs</p>
Materials & Stock	
<p>The costs of materials you buy for producing your self-employed work & things you buy to sell on are allowed for tax - eg:</p> <ul style="list-style-type: none"> • goods for resale (stock) • raw materials • direct costs involved in producing goods 	<p><u>Don't</u> claim for any goods or materials bought for private use</p>
Clothing expenses	
<p>The costs of clothing required or worn solely for your self-employed work are allowed for tax - eg:</p> <ul style="list-style-type: none"> • uniforms • protective clothing & PPE needed for your work • costumes for actors or entertainers • professional cleaning of clothing required or worn solely for your self-employed work 	<p><u>Don't</u> claim for normal clothes (even if you wear them to work)</p>
Financial & Legal costs	
<p>The costs of financial and legal services associated with your self-employment are allowed for tax - eg:</p> <p>Specialists Fees</p> <ul style="list-style-type: none"> • hiring accountants, solicitors, surveyors and architects etc for business reasons <p>Fees & charges</p> <ul style="list-style-type: none"> • bank charges - overdraft and credit card charges, interest on bank and business loans (up to £500), money transfer costs • hire purchase interest or leasing payments • fees or commission paid to websites for processing payments or in selling goods or services (eg Eventbrite, Ebay, PayPal) <p>Insurance</p> <ul style="list-style-type: none"> • professional indemnity insurance premiums (eg Public Liability Insurance) 	<p><u>Don't</u> claim for legal costs of buying property and machinery</p> <p><u>Don't</u> claim for fines for breaking the law (eg parking tickets, speeding fines)</p> <p><u>Don't</u> claim for repayments of loans, overdrafts or finance arrangements (ie claim for the interest only, not capital repayment amounts)</p>

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Marketing, advertising, entertainment and subscriptions	
<p>The costs of marketing your self-employed activity & membership of trade bodies are allowed for tax - eg:</p> <p>Website & online presence - eg:</p> <ul style="list-style-type: none"> costs associated with setting up and running a website online advertising (inc sponsored posts via social media) <p>Print & traditional advertising - eg:</p> <ul style="list-style-type: none"> advertising in newspapers or directories publicity, brochures, catalogues, photographs, business cards and flyers (and associated print & design costs) bulk mail advertising (mailshots) <p>Free samples, launches & special events - eg:</p> <ul style="list-style-type: none"> costs associated with providing free samples to potential clients or customers costs associated with launch events, exhibition openings etc (but not hospitality / food & drink costs) <p>Documentation, photo & video - eg:</p> <ul style="list-style-type: none"> documentation of your work to be used to secure future work <p>Subscriptions & memberships</p> <ul style="list-style-type: none"> subscriptions to trade or professional journals (if related to your business) membership of trade body or professional organisation (if related to your business) 	<p><u>Don't</u> claim for entertaining clients, suppliers and customers or event hospitality (ie drinks at an exhibition opening event)</p> <p><u>Don't</u> claim for gym membership, political party membership or charity donations</p>
On-going training and development	
<p>Once a knowledge, skill or qualification is acquired, the cost of updating or continuing development costs are allowed for tax - eg:</p> <ul style="list-style-type: none"> Research costs such as literature, trips to museums or galleries (if directly related to your self-employed work) Business training - developing your skills in running a business, marketing your business etc. 	<p><u>Don't</u> claim for costs associated with training or courses that deliver a "new skill"</p>

