



Self-Employed Expense Guidelines

GUIDELINES FOR CLAIMING EXPENSES AGAINST TAX - SELF-EMPLOYED STATUS

Full details of allowable expenses are set out by HM Revenue and Customs in the document 'Tax return: Self-employment (full) notes', a copy of which can be provided upon request. Alternatively it can be viewed at www.hmrc.gov.uk. If you are self-employed you should familiarise yourself with the contents of this document to ensure that you are claiming all expenses that you may be entitled to and thus keep your tax bill to a minimum.

The main headings to consider include:

- Cost of goods bought for resale, raw materials used, direct costs of producing goods sold, commissions payable, discounts given
- Construction Industry Subcontractor payments (before taking off any tax)
- Salaries, wages, bonuses, pension and benefits paid to staff; agency fees, subcontract labour costs and employers' NI
- Car and van insurance, repairs, servicing, fuel, parking, hire charges, licence fees, motoring organisation membership (excluding any private use of car and van)
- Train, bus, air and taxi fares
- Hotel room costs and meals on overnight business trips
- Business premises rent, rates, light, heat, power, insurance, security (use of home as office - business proportion only)
- Repairs and maintenance of business premises and equipment; renewals of small tools and items of equipment
- Telephone, fax, postage, stationery, printing and small office costs, computer software
- Advertising, mail shots, free samples, website costs
- Interest on bank and other business loans, bank overdraft and credit card charges, hire purchase interest and leasing payments, alternative finance payments
- Amounts included in turnover but unpaid and written off because they will not be recovered

- Accountants', solicitors', surveyors', architects' and other professional fees
- Trade or professional journals and subscriptions; other sundry business running expenses

The cost of any equipment or machinery used in the business should not be included. Instead, capital allowances are claimed on these items. This is the tax relief equivalent of depreciation.

Disallowable expenses include:

The cost of goods or materials bought for private use

- Own wages and drawings, pension payments, tax and NI contributions
- Non-business motoring costs (private use proportions), fines, costs of buying vehicles, travel between home and business
- Meals not specified as allowable
- Costs of any non-business parts of the premises, repairs to non-business parts of premises or equipment
- Costs of buying business premises
- Costs of improving or altering premises or equipment
- Entertaining clients, suppliers and customers and hospitality at events
- Repayment of loans or overdrafts
- Debts not included in turnover, debts relating to fixed assets, general bad debt provisions
- Legal costs of buying property
- Costs of settling tax disputes and fines
- Depreciation of equipment, cars etc
- Losses on sales of assets
- Payments to clubs, charities, political parties
- Non-business part of any expenses

As a general principle it is helpful to keep your private expenditure separate from your business expenditure, otherwise certain costs will need to be apportioned between private and business use.

If you have a query about any expenses that are not detailed here, you can contact our Customer Care Team on 0845 620 9255 for further guidance.

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