



Tax deductible expenses

– what can you claim?

Doing your accounts might not be the most exciting part of your business, but it can really pay to keep an eye on what you claim in tax deductible expenses, to make sure you only pay as much tax as you should and don't miss out on any legitimate savings.

While you may have an internal accounts department or outsourced financial manager helping you to keep on top of your taxes, knowing what you can claim for is pretty essential for any business owner. This awareness will help to ensure that you keep hold of any relevant receipts or invoices –but remember that any expenses claimed must be “wholly and exclusively” for business purposes.

The easiest way to keep a record of your tax deductibles is through *regular* bookkeeping – weekly or

monthly is ideal, depending on the size of your business. Get a filing cabinet or system in place and make sure everyone knows where to submit their paperwork.

This is where systems like Receiptbank and Expensify can come into their own – who needs paper when you can capture the detail electronically!

What things can I claim as a legitimate business expense?

There are a few intricacies of accounting that need to be considered when it comes to your tax, such as how much you decide to pay yourself and how you split it between salary, dividends and benefits.

There are even tax breaks available, specific to certain industries, and these can change fairly frequently, so it pays to keep up-to-date with HRMC and their tax saving schemes and incentives.

However, the more unusual aside, here's a pretty comprehensive list of everything you can claim as a tax deductible expense if you're an SME:

Direct Costs – these would typically be your cost of sales:

- Materials – anything you use in manufacturing or production
- Stock that you buy to re-sell

Indirect Costs / Overheads

- Business premises including running costs or if you work from home you can claim a contribution or use of home allowance
- Office costs – stationery, postage, printer ink, furniture etc.
- Travel costs – fuel expenses, public transport, taxis, parking, congestion charges etc.
- Business uniforms (with company logo, not suits or smart office wear!)
- Staffing costs – salaries, subcontractors
- Insurance – such as Public or Professional Indemnity
- Bank charges and interest
- Marketing – advertising, graphic design, website costs etc.
- Professional services – accountancy, consultants etc.
- Warehousing costs

- Telephone lines, handset costs, mobile phones, VoIP systems and internet
- Subsistence – expenses incurred when travelling away for work e.g. food and drink
- Incidental Overnight Expenses (IOEs) [HMRC Guidance can be found here](#)
- Magazine subscriptions and business books – providing they are directly relevant to your industry/activities

There are also a couple of areas that a lot of people overlook and some that trip people up:

- **Plant, machinery and equipment** – this is generally shown in your accounts as the depreciation charge but the depreciation is not tax deductible – instead we claim capital allowances for these kind of items.
- **Research & Development** – not only can this be a tax deductible expense, qualifying spend can

also receive a tax credit of up to 220%!

- **Insurance** – as well as the more obvious/common forms of insurance you can also include things such as life insurance and critical illness cover.
- **Pensions** – not many people realise that pension contributions made by the business are a tax deductible expense up to a contribution of £40,000 per year!

Making life easier

In order to keep your bookkeeping and accounting efficient, keep all invoices in your business name and try to make all of your purchases on a business credit or debit card – otherwise the purchaser will need to submit a personal expense claim to the company. It pays to keep things as simple and streamlined as possible.

If you need any assistance with streamlining your processes and systems, advice on what you can and can't claim or need someone to look over your accounts to make sure you're doing things right, you

can bring in an accountant or financial manager on an outsourced basis to help.

Call Corrigan and Co Today on

02866329255 for more information or

support with your accounts.