

Allowable Expenses

We are often asked “What expenses can I claim now that I am self employed?”

The rather glib answer is “Anything that relates to your business”. Whilst this is generally true, there are some expenses which, although genuine business expenses, are specifically excluded from tax relief, such as:

- Business entertaining including the VAT
- Charitable subscriptions and donations, except to small local charities
- Political donations
- Costs and Fines for breaking the law
- Loan Capital Repayments
- Drawings, including payments for tax and National Insurance contributions
- Depreciation; capital expenditure is subject to the capital allowance regime
- Expenditure on plant and machinery for most small businesses is likely to be covered by the annual investment allowance of up to £100,000

There are some helpful summaries on Pages SEFN8 and SEFN9 of the HMRC "Tax Return: Self-employment (full) notes".

This information is not exhaustive. Please contact us if you have any queries about the allowability of specific expenses.