



MCOC ACCOUNTANCY CLIENT BUSINESS EXPENSE MANUAL: SELF-EMPLOYED

TABLE OF CONTENTS

MCOC Accountancy Client Business Expense Manual: Self-Employed

Introduction	3
What is an Expense?.....	3
1. List of Common Business Expenses	
1.1 Travel Costs	4
AMAPs or Receipted Expenses	4
Other Travel Costs.....	5
1.2 Subsistence	6
Subsistence	6
1.3 Personal Protective Equipment (PPE)	6
1.4 Other Miscellaneous Expenses	7
Accountancy and Interest Charges	7
Mobile Phone	7
Stationery / Postage / Business Cards	8
Training and Professional Fees, Subscriptions Fees	8
2. Administration, Home Office and Capital Assets	8
2.1 Invoicing for Administration Work	8
2.2 Home Office	8
2.3 Capital Asset	9
Capital Allowances	9
Capital Allowances on Cars Bought on or After 1/6 April 2009	10
Worked Example:	11
3.0 Records	11

INTRODUCTION

This manual briefly outlines the business expenses an employee can offset against their tax liability, and is meant to act as a general guide for MCOC Accountancy clients.

The list of business expenses herein is not exhaustive, please contact MCOC Accountancy if you are in any doubt regarding whether you can or not offset a particular expense.

MCOC Accountancy does not accept responsibility for any errors or omissions.

WHAT IS AN EXPENSE?

For something to qualify as a business expense, it must have been incurred '**wholly, exclusively and necessarily**' in the performance of the business duties.

For the expense to be offset against a tax liability, it must have actually been incurred by the employee, and it cannot have a duality of purpose. (e.g. general clothing not allowed).

The retrospective submission of a tax (relief) reclaim must be made within 4 tax years of the expense being incurred and one cannot claim tax relief for any expense which has been reimbursed, for example, by your employer.

TEMPORARY WORK PLACE RULES & OVERARCHING CONTRACTS

Travel, subsistence and accommodation (and other related costs) can only be claimed if the expense was incurred going to and/or from a temporary work place, and your contract of employment is classed as overarching.

You can therefore only offset travel costs when travelling to a site which is not your normal place of work (or permanent workplace) and your employment is not a fixed term appointment at one or consecutive sites, i.e.:

- your employer is obliged to give you work, you are obliged to accept it
- there is always a genuine expectation of further work
- and your employer is obliged to pay you between sites, even if there is no actual work.

1. TRAVEL COSTS

If you have driven a private vehicle for the purposes of a business activity for which you have not been reimbursed, or wholly reimbursed, you can claim tax relief or request a tax reclaim.

1.1 AMAPS

To calculate the relief one can use HMRC's Approved Mileage Allowance Payment (AMAPs) as per the table below. Simply multiply the distance (in miles) by the rate relevant to your vehicle and the amount of miles claimed.

To demonstrate these travel costs satisfy the Temporary Workplace Rules, you must complete a business mileage log which should feature respective dates, leave times, return times, start and site post codes and be signed with your name, vehicle registration and a declaration you are responsible for the costs of the vehicle (i.e. it was yours or was hired by you).

To further collaborate this, please ensure you keep copies of annual MOT certificates (and prior year certificates) to verify the mileage driven year on year for your vehicle or provide us with a copy of your V5 vehicle registration document or hire agreements so we can access data ourselves.

From 2011/12	First 10,000 business miles in the tax year	Each business mile over 10,000 in the tax year
Cars and vans	45p	25p
Motor cycles	24p	24p
Bicycles	20p	20p

1.2 OTHER CAR RELATED COSTS

- Car parking fees
- Congestion charges
- Road tolls
- Tracker subscription

You may also offset any of the above costs providing they are incurred **wholly, exclusively** and **necessarily** in the performance of your business duties and providing these expenses are supported by receipts (or a valid reason they could not be obtained), which you would be able to provide to MCOC Accountancy upon request.

This would include business travel within the UK and overseas, by rail, road, sea or air, including bus, coach and ferry fares.

1.3 PUBLIC TRANSPORT

As with standard Travel Cards and Train Tickets, the whole cost of Public transport can be offset against your tax liability.

This would include business travel within the UK and overseas, by rail, road, sea or air, including bus, coach and ferry fares.

As with other expenses you must be able to prove only business use of the Public Transport is being offset.

2. SUBSISTENCE

You can offset expenses incurred on food and drink if you are of itinerant status for example:

- If the costs were incurred at a place which is outside of your normal place of business to which you travel as a result of your business duties
- And / or whilst travelling to a temporary place of work.

Subsistence, like all expenses, should be supported by receipts clearly showing amounts spent. Subsistence cannot be claimed if you are working at / from home, you have bought a week's worth of food and drink in advance, or sandwich making supplies have been purchased during a weekly shop.

The completion of a mileage log will help substantiate times and dates at which you leave and return home each day. In addition, HMRC accept food and drink receipts are not always obtained and state if this happens, you should make a brief note as soon as you can of the amount you spent, when you spent it and what it was for.

3. PERSONAL PROTECTIVE EQUIPMENT (PPE)

For different jobs, you need different types of work clothing and protective equipment. These items are deemed as allowable business expenses, which may include the following:

Construction	Health Care	Mechanic
Rigger boots with steel plate sole & toe cap	Tunics	Safety boots
Wellington boots with steel plate sole & toe cap	Trousers	Overalls
Full set of cotton overalls	Tabard	Latex gloves
Hi Viz lightweight trousers	Medical shoes	Barrier cream
Hi Viz water proof trousers		Protective eye goggles
Hi Viz lightweight jacket		
Hi Viz water proof jacket		
Hi Viz vest		
Light weight cotton gloves		
Heavy weight rigger gloves		
Protective eye goggles		
Protective ear defenders		
Protective hard hat		

You must however consider whether items are required solely for the purpose of your employment and do not have any personal use (duality). For example, while protective equipment such as safety glasses, steel capped boots and hi-visibility jackets are all allowable expense for a construction worker, jeans, normal glasses and t-shirts are not, even though these may be worn to site.

As above, receipts and invoices should be kept for up to six years to support a claim.

4. CLOTHING

A claim for tax relief is permitted for the cost of washing protective clothing or uniforms.

Some employees are covered by a nationally agreed flat rate expense that includes laundry costs as seen in the table below. For employees who are not covered by a nationally agreed flat rate expense, £60 a year is considered reasonable if there are no receipts to support actual expenditure.

If the expense is met partly by your employer the amount of the deduction should be restricted.

Table 1: Agreed flat rate expenses for washing and upkeep of uniform and PPE

Industry	Occupation	Deduction for 2008-09 onwards £
Agriculture	All workers.	100
Aluminium	a. Continual casting operators, process operators, de-dimplers, driers, drill punchers, dross unloaders, firemen, furnace operators and their helpers, leaders, mould-men, pourers, remelt department labourers and roll flatteners.	140
	b. Cable hands, case makers, labourers, mates, truck drivers and measurers and storekeepers.	80
	c. Apprentices.	60
	d. All other workers.	120
Banks and Building Societies	Uniformed doormen and messengers.	60
Brass and Copper	Braziers, coppersmiths, finishers, fitters, moulders, turners and all other workers.	120
Building	a. Joiners and carpenters.	140
	b. Cement works, roofing felt and asphalt labourers.	80
	c. Labourers and navvies.	60
	d. All other workers.	120
Building Materials	a. Stone masons.	120
	b. Tilemakers and labourers.	60
	c. All other workers.	80
Clothing	a. Lacemakers, hosiery bleachers, dyers, scourers and knitters, knitwear bleachers and dyers.	60
	b. All other workers.	60

Constructional Engineering	a. Blacksmiths and their strikers, burners, caulkers, chippers, drillers, erectors, fitters, holders up, markers off, platers, riggers, riveters, rivet heaters, scaffolders, sheeters, template workers, turners and welders.	140
	b. Banksmen, labourers, shop-helpers, slewers and straighteners.	80
	c. Apprentices and storekeepers.	60
	d. All other workers.	100
Electrical and Electricity Supply	a. Those workers incurring laundry costs only.	60
	b. All other workers.	120
Trades ancillary to engineering	a. Pattern makers.	140
	b. Labourers, supervisory and unskilled workers.	80
	c. Apprentices and storekeepers.	60
	d. Motor mechanics in garage repair shop.	120
	e. All other workers.	120
Fire Service	Uniformed fire fighters and fire officers.	80
Food	All workers.	60
Forestry	All workers.	100
Glass	All workers.	80
Healthcare staff in the National Health Service, private hospitals and nursing homes	a. Ambulance staff on active service	140
	b. Nurses, midwives, chiropodists, dental nurses, occupational, speech, physiotherapists and other therapists, healthcare assistants, phlebotomists and radiographers.	100
	c. Plaster room orderlies, hospital porters, ward clerks, sterile supply workers, hospital domestics and hospital catering staff.	100
	d. Laboratory staff, pharmacists and pharmacy assistants.	60
	e. Uniformed ancillary staff: maintenance workers, grounds staff, drivers, parking attendants and security guards, receptionists and other uniformed staff.	60
Heating	a. Pipe fitters and plumbers.	120
	b. Coverers, ladders, domestic glaziers, heating engineers and all their mates.	120
	c. All gas workers and all other workers.	100
Iron Mining	a. Fillers, miners and underground workers.	120
	b. All other workers.	100

Iron and Steel	a. Day labourers, general labourers, stockmen, timekeepers, warehouse staff and weighmen.	80
	b. Apprentices.	60
	c. All other workers.	140
Leather	a. Curriers (wet workers), fellmongering workers and tanning operatives (wet).	80
	b. All other workers.	60
Particular Engineering	a. Pattern makers.	140
	b. Chainmakers; cleaners, galvanisers, tinnerns and wire drawers in the wire drawing industry and toolmakers in the lock making industry.	120
	c. Apprentices and storekeepers.	60
	d. All other workers.	80
Police Force	Police officers (ranks up to and including Chief Inspector).	140
	Community support officers, and other police employees.	
Precious Metals	All workers.	100
Printing	a. Letterpress Section-electrical engineers (rotary presses), electrotypers, ink and roller makers, machine minders (rotary), maintenance engineers (rotary presses) and stereotypers.	140
	b. Bench hands (periodical and bookbinding section), compositors (letterpress section), readers (letterpress section) telecommunications and electronic section wire room operators, warehousemen (paper box making section).	60
	c. All other workers.	100
Prisons	Uniformed prison officers.	80
Public Service: Docks and Inland Waterways.	a. Dockers, dredger drivers and hopper steerers.	80
	b. All other workers.	60
Public Service: Public Transport.	a. Garage hands including cleaners.	80
	b. Conductors and drivers.	60
Quarrying	All workers.	100
Railways	See the appropriate category for craftsmen (for example engineers, vehicles, etc.) All other workers.	100
Seamen	a. Passenger liners.	165
	b. Cargo vessels, tankers, coasters and ferries.	140

Shipyards	a. Blacksmiths and their strikers, boilermakers, burners, carpenters, caulkers, drillers, furnacemen (platers) holders up, fitters, platers, plumbers, riveters, sheet iron workers, shipwrights, tubers and welders.	140
	b. Labourers.	80
	c. Apprentices and storekeepers.	60
	d. All other workers.	100
Textiles and Textile Printing	a. Carders, carding engineers, overlookers and technicians in spinning mills.	120
	b. All other workers.	80
Vehicles	a. Builders, railway vehicle repairers and railway wagon lifters.	140
	b. Railway vehicle painters, letterers, and builders' and repairers' assistants.	80
	c. All other workers.	60
Wood and Furniture	a. Carpenters, cabinetmakers, joiners, wood carvers and woodcutting machinists.	140
	b. Artificial limb makers (other than in wood), organ builders and packaging case makers.	120
	c. Coopers not providing their own tools, labourers, polishers and upholsterers.	60
	d. All other workers.	100

5. MOBILE PHONES

A claim for tax relief is permitted for the actual cost of specific work-related calls which can be demonstrated as being wholly, exclusively and necessarily for employment purposes only.

Phone rentals and / or contract charges are not permissible.

If the expense is met partly by your employer the amount of the deduction should be restricted.

6. STATIONERY / POSTAGE / BUSINESS CARDS

A claim for tax relief is permitted for the cost of specific work related stationery or postage expenses incurred which can be demonstrated as being wholly, exclusively and necessarily for employment purposes only, and not serve any dual purpose (standard stationery which can be used for other purposes is not allowable).

If the expense is met partly by your employer, the amount of the deduction should be restricted.

7. TRAINING AND PROFESSIONAL FEES, SUBSCRIPTION FEES

A claim for tax relief is permitted for the cost of specific training or professional membership fees exclusively and necessarily for employment purposes only. These are only fees incurred and not reimbursed without which the specified employment role cannot be undertaken.

For professional and subscription fees to be allowable, two conditions must be met:

- The duties of the employment must involve the practice of the profession to which the fee relates and
- The registration, certification, licensing or other reason for paying the fee is a condition that must be met before the person may practise the profession relevant to performing the duties of the employment.

In regards to training, the following criteria must be met:

- There is a mandatory requirement for the employee to undertake the external training as an intrinsic part of the duties of the employment and.
- Failure to complete the training and obtain the qualification will mean the employee will not be able to continue in employment with the employer in the role that would otherwise have been available to them after qualification.

If the expense is met partly by your employer, the amount of the deduction should be restricted.

8. OTHER EXPENSES

Only expenses which can be fully documented and are wholly, exclusively and necessarily for the purposes of employment and cannot be used for any dual purpose and which are not reimbursed by the employer are permitted for a claim for tax relief.

If the expense is met partly by your employer, the amount of the deduction should be restricted.

9. RECORDS

HMRC require you to keep business records for six years. HMRC have published “A general guide to keeping records for your tax return” which you can access from:

- A mileage log featuring:
 - The respective dates, leave times, return times, and start and site post codes
 - Signed with your name, vehicle registration and a declaration you are responsible for its maintenance (or hire).
- Copies of V5s and MOT certificates if you are the owner of the vehicle
 - Or evidence you are / were the hirer
- Bus, train, ferry, Underground and aeroplane tickets
- Receipts for petrol, tolls, subsistence, accommodation, tools, materials
- Itemised mobile and landline phone bills
- Receipts for Personal Protective Equipment (PPE) & laundry.

The higher the ratio of your business expenses is to your turnover, the more likely it is HMRC will inspect your self-assessment and or request sight of your records.

All ITSAs should be based on kept records.

Once you have received your Self-Assessment from MCOC Accountancy for your approval, it is very important you review all the data contained therein before you reply with your approval.

You must be aware such approval will imply you have kept business records to prove your turnover and business expenses.