



MAITLAND

Expenses and Benefits A-Z

A Maitland Guide for: Limited Companies

Created by Maitland Ltd.



A Guide to Expenses for Limited Companies

As the director or employee of a limited company, claiming tax relief on your expenses can have a direct impact on the company's tax bill and your take-home pay. Depending on who pays and under what circumstances, expenses that are 'allowable' by HMRC may qualify for Corporation Tax relief and be exempt from National Insurance Contributions (NICs).

This A-Z provides you with a quick and easy guide to the expenses that you and your company may be eligible for. Our advice adheres to HMRC's strict tax rules, and we've included handy tips to help you save money and make running your business easier and more tax-efficient.

For more advice, please don't hesitate to contact the team here at Maitland on 01825 748308.



Using this guide

To make using this guide as easy as possible, we've clarified a few common terms and HMRC rules below. It's a good idea to skim over these before you get started.

You and The Company

'You' and 'the company' are separate legal entities, so it's important to know who is being referred to. Within this guide:

- › 'The company' or 'your limited company' refers to the expenses that your company can claim tax relief on. These expenses need to go through the company's accounts.
- › 'You' refers to the expenses that you, as a director or employee, are entitled to. These expenses should be claimed as a reimbursement from the company.

HMRC and Maitland Links

For each expense, we've provided the most relevant information for limited companies. HMRC's exact rates are subject to change so, where more detail or up-to-date rates would be useful, we've included links to HMRC webpages or our own in-house guides.

Paying Expenses

The company's expenses can be paid in two ways:

- Directly from the company bank account; or
- As a 'reimbursed expense' – Initially paid for from your own pocket, these expenses are refunded to you from the company's bank account. To do this, you need to complete an 'out of pocket' expense claim and keep any receipts to justify the expenditure.



HMRC House Rules

Certain 'house rules' underpin many of the decisions made by HMRC. Being aware of these can help you understand if and why an expense can be claimed:

1. The Allowable Expenses

All expenses must be incurred 'wholly, exclusively and necessarily' in the performance of your business duties. For example, you buy a chair to sit on at work – without this you would have to stand.

In addition to this rule, there are certain conditions to be aware of when claiming expenses through the company or as an individual:

Through the company: Where something serves a dual purpose (like a company phone also used to make personal calls), you need to pay tax on the portion used for non-business activities. The company records this as a 'benefit in kind' on a P11D form.

As a director or employee: In some cases, you may need to draw up a contractual agreement with your company or client. For example, if you claim expenses when working from home, your contract should state that you are required to work at home, rather than at a client's office.

2. The Business Travel Rules

HMRC states that 'business travel' must be either:

- › To a temporary workplace eg. travelling to a client's office or work site; or
- › Between business activities eg. travelling from one business meeting to another

Your daily commute between home and your main office is not allowable for tax relief. In some cases, 'triangular travel' (where you travel via a temporary workplace) may be allowable – ask our team to tell you more.



3. The Temporary Workplace Rule

To be eligible for expense claims, a 'temporary workplace' is somewhere where:

1. You carry out a task that lasts for a short period of time or is for a temporary purpose
2. You spend less than 24 months working there

Five tips to make claiming your expenses easier

1. **Keep all receipts and invoices** – Wherever you are in the world, proof of purchase is crucial when it comes to completing your accounts and making sure you don't pay too much tax.
2. **Use the company debit or credit card** for business expenses – This reduces the time spent claiming for out of pocket expenses. You'll also avoid paying unnecessary NICs and PAYE tax.
3. **Submit monthly expense and mileage claims** – The company can then reimburse you on a regular basis and you won't waste time creating back-dated expense forms.
4. **Address your supplier invoices to the company** – All expenses paid directly by the company should always be made out in the company's name. Always request a VAT receipt/invoice from the supplier so that the company can reclaim the tax.
5. **As a director, take steps to ensure that the company operates outside IR35** – IR35 affects the amount of tax you pay when providing contract work through your limited company. To help optimise your company's tax efficiency, use our Guide to Operating Outside IR35. For further information on IR35 see: [IR35 in this A-Z](#); HMRC [EIM32135](#) and HMRC [ESM5500](#).

Before using this guide, please note:

While we have made every effort to provide accurate and up to date information within this guide, the law is constantly changing and affects each person or business in different ways. The information contained within this guide is no substitute for specific advice and we can not accept liability if you rely solely on information from this guide.

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A

Accountancy Fees

The company can claim tax relief for the full cost of accountancy fees – this could include things like your Self Assessment fee and Maitland subscription. If the company pays for the preparation of your personal tax return, the cost becomes a ‘benefit in kind’ on your tax return and should be reported on the company’s P11D.

Advertising & Marketing

Your limited company can claim tax relief on the cost of advertising and marketing. This might include things like one-off printing costs or monthly PR fees. Just be aware that certain ‘marketing’ costs (like taking clients out for meals) may be seen as ‘entertaining’ by HMRC – see [Entertaining](#) for more details.

Accommodation

When you stay overnight somewhere for work, the company can pay you back for accommodation, providing the expense complies with [HMRC’s Business Travel Rules](#) ie. You travel to a temporary workplace or between business activities.

Legitimate reasons for accommodation claims include:

- › Staying away from home to attend a meeting or other work commitment
- › Sleeping in a hotel near a Temporary Workplace

Tip: A good rule of thumb is that if business travel expenses can be claimed, so can hotel, food and incidental expenses. Costs should be kept reasonable – a luxury suite may raise eyebrows at HMRC!



B



Bank Charges

> Business accounts in the company's name

The company can claim tax relief on overdraft interest and charges for any business account in its name. This also applies to interest charges on the company's credit cards.

> Personal accounts in your own name

You can't claim expenses or tax relief for any charges on your personal bank accounts or credit cards. Remember not to include these in the company's accounts.

Business Mileage – fuel & running costs

When you drive somewhere on a business journey, the amount you can claim depends on who owns the vehicle. For journeys that are made in:

> A company vehicle

The company can reimburse the cost of your business miles using HMRC's lower advisory mileage rates. VAT can be claimed back for certain running costs (like repairs, servicing and maintenance), providing the company is billed directly – see Company Car for more details.

> Your own vehicle

This could be a car, bike or motorcycle. As before, the company can reimburse you for every 'business mile' travelled. Costs are calculated using HMRC's higher approved mileage rates. Unfortunately, you can't claim for other running costs.

Remember: Your daily commute from home to your permanent workplace doesn't qualify as a 'business journey', so you can't claim tax relief on these travel costs.

C

Childcare Vouchers

Your limited company can claim tax relief when providing a fixed amount of childcare to employees or directors. The exact details depend on several factors, such as who provides the childcare. For more information on the government's current scheme, see [HMRC's guide to childcare expenses and benefits](#).

Clothing

There is no extra tax for you or the company to pay when protective or specialised clothing is needed for a job – like reinforced boots for gardening work, or high-vis jackets for event staff. This also includes any clothing that features the company logo but does not include buying suits for professional services.

Other than the clothing referred to above, clothes that are lent or provided outright need to be reported on the employee's P11D.

Club Membership

If the company pays for club membership fees, like a Club Wembley subscription for example, this is treated as a taxable benefit: the membership cost should be reported on a P11D form, the employee pays Income Tax on the benefit, and the company needs to pay Class 1A National Insurance.



C

Company Car

The company can claim tax relief and capital allowances for the cost of cars and fuel it provides to employees and directors; other running costs can also be claimed. The taxable benefit-in-kind for cars and fuel can be calculated using [HMRC's online tools for company cars](#). Capital allowances are calculated using the car's CO2 emissions – see [HMRC guidelines on capital allowances for business cars](#).

National Insurance: NICs need to be paid, and the expense must be reported as a 'taxable benefit' on a P11D. Exact reporting deadlines vary, depending on when you provide, change or stop providing the company car – check [HMRC's Company Car](#) webpage for the latest details.

Whenever you buy or change a company car: You need to send a completed P46 (car) form to HMRC.

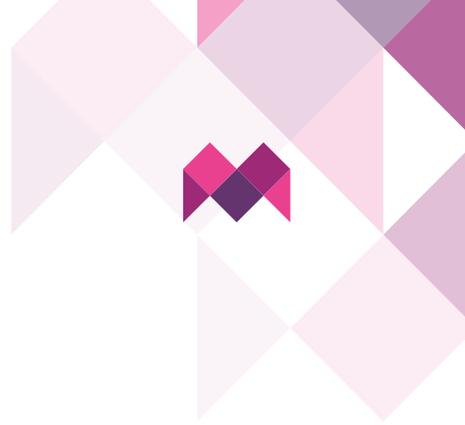
For a vehicle to be eligible for VAT and capital allowance claims: All paperwork for any vehicle purchase (finance agreements, DVLA documents, purchase invoices etc.) must be in the company name.

Good to know: Electric cars attract 100% First Year Allowances (FYA), and companies can receive a grant towards a new electric (plug-in) car or van that meets HMRC's conditions for plug-in vehicles.

Company Formation Fees

Unfortunately, the company can't claim tax relief on the cost of incorporation – fees of this type are treated as capital by HMRC. You can, however, be reimbursed by the company if you paid these costs out of your own pocket.

The good news is that you can claim for other expenses incurred when setting up your company, like buying stock or office equipment – see [Pre-trading Expenses](#).



C

Computer Equipment

› For business use only

Company-owned computers used solely for business purposes can be bought tax-free by the company and are exempt from National Insurance payments. Occasional personal use is ok, like online shopping or Facebook-ing a friend on the train home, so long as the computer is used primarily for business.

› For personal and business use

If you take your company-owned computer home for 'significant' personal use, it becomes a taxable benefit, even if you also use it for work. This means you'll have to pay extra National Insurance. To make it clear that your computer is used exclusively for business, only store work files only on it, rather than personal photos and memos.

› Personal equipment used at work

Good news. The company can claim tax relief if you bring your own computer into the office for business use. To claim, you'll need to work out the computer's market value at the point that you brought it in – look at sites like EBay and Amazon to compare similar equipment. But remember, if you also use the computer for regular personal use it becomes a taxable benefit.

› Second-hand equipment bought by the company

The company can claim tax relief on any second-hand equipment it buys, just as if it was brand new. To reclaim the VAT you'll need to ask the seller for a VAT receipt.



C

Council Tax – home

As a limited company, you can't claim tax relief on your household Council Tax, even if you work from home – the same goes for other fixed costs that you'd have to pay whether you worked from a home office or not.

Credit Card Charges

See Bank Charges.

Cycling

If you cycle to work on your own bike (rather than one owned by the company), HMRC's House Rules for Business Travel apply. For all journeys that qualify as business travel, you can claim 20p per mile in expenses.

Good to know: The company can provide employees with new bikes as a tax-free-benefit through the government's 'cycle to work' scheme.



D

Donations

If the company makes a donation to a registered charity, it can claim tax relief against its taxable income. Things get more complicated if you receive something in return (like tickets to an event) – if this applies, check [HMRC's charity donations](#) for the latest guidance.



E

Electricity & Gas

> At your own home

If you're the sole member of your limited company and you work from home, you can claim a percentage of your household electricity and gas costs back from the company. The amount you can claim depends on how much you use your home for business purposes. See [Home Office](#) for more details on working from home.

> At the company's office

You'll be pleased to hear that full tax relief is given to the company for all heating and lighting costs at the business premises.



E

Entertaining

> Clients

The company can claim a limited amount of tax relief for business entertaining costs. To be eligible, all costs (food, drink, taxis, tickets etc.) should be covered by the company, whether you're buying coffees in Starbucks or throwing a party for your favourite clients.

> Employees

Some social functions qualify for tax relief, like Christmas balls and annual summer parties. Other events, like one-off meals or celebrations, are classed as a taxable benefit by HMRC – this means that directors and employees may have to pay some tax through PAYE.

To qualify for HMRC tax relief, your event needs to tick three boxes:

- ✓ It is an annual event
- ✓ It is open to all staff
- ✓ It costs less than £150 per person present (one guest per employee is allowed)

If any of these conditions aren't met, the full cost of the event becomes a taxable benefit.

Friday night drinks?

Entertainment expenses must be 'wholly and exclusively' for business purposes, so if you and an employee regularly try to claim your Friday night pub drinks as an expense, HMRC may ask questions – Do your pub visits have a personal element? Is the employee also a friend that you socialise with?

To prove that a social event is for the benefit of the company, it's a good idea to write the name of attendees and the purpose of each event on the back of your bar and restaurant receipts.



E

Eye Tests & Glasses

You can claim for sight tests if good eyesight is important to your work – this is likely to include most computer users, or anyone who uses a screen or visual display at work.

The cost of glasses and contact lenses are only tax deductible if they are prescribed for VDU operation during your time at work. If you need them for personal use as well (e.g. for driving, reading magazines or watching TV) they have a 'dual purpose', so they can't be claimed as an expense.



F

Flights

The company can claim tax relief and reimburse you for flights you've paid for, providing you've stuck to [HMRC's House Rules for Business Travel](#). This means that your flight involves:

- › Travelling between business appointments; or
- › Travelling to or from a Temporary Workplace

If your flight doesn't comply with these rules, it becomes a taxable benefit.

Food & Drink

- › At home or in an office

As the sole member of your limited company, you can't claim for the food and drink you consume while working at home or in other company offices – HMRC takes the stance that everyone must eat to live. If your limited company has employees, then refreshments like tea, coffee and biscuits are allowed for tax relief.

- › Travelling & working away

The good news is that you can claim back the cost of food and drink when you're working away, providing your trip meets [HMRC's Business Travel rules](#). The company reimburses you for your outlay and includes the cost in its accounts for tax relief.

HMRC set benchmark rates for meal allowances, which you can use without prior approval – the rate is enough for basic meals and drinks but you'll have to hold back on the champagne and caviar. For the current benchmark rates, [see HMRC's Employment Income Manual](#).





F

Fuel Costs

See [Business Mileage](#).

G

Gifts – from the company

› Gifts to employees

The company can claim tax relief on small gifts to celebrate an employee's personal event – like chocolates for a staff birthday or flowers for the arrival of a baby. Classed as 'Trivial Benefits,' these expenses don't have to be reported and there is no National Insurance to pay. To check if your gift meets the current government guidelines, see [HMRC's Trivial Benefits webpage](#).

› Gifts to non-employees

In some cases, the company can claim tax relief for gifts given to non-employees, such as clients or an employee's partner. But be aware, HMRC have a strict list of rules you need to comply with.

- ✓ The gift can't be food, drink, tobacco or vouchers
- ✓ It must cost less than £50
- ✓ Only one gift is allowed per recipient each tax year
- ✓ The gift must feature the company name e.g. a notepad with the company logo



H

Home Office Expenses

You can claim back all home working expenses from the company, assuming you carry out some or all of your work duties from home. To do this, HMRC give you two options:

Option 1: A flat rate allowance

HMRC offer a homeworking allowance of £4 per week. You can claim this amount without having to provide reports or give detailed evidence.

Option 2: Actual Costs

Alternatively, you can claim a portion of your home's running costs through the company's accounts. You can claim for things like lighting and heating but not for fixed costs like council tax and water rates. Your costs should be calculated on a 'fair and reasonable' basis, depending on how much a utility is used for business purposes eg. you heat and light the office for 60% of each day, five days a week.

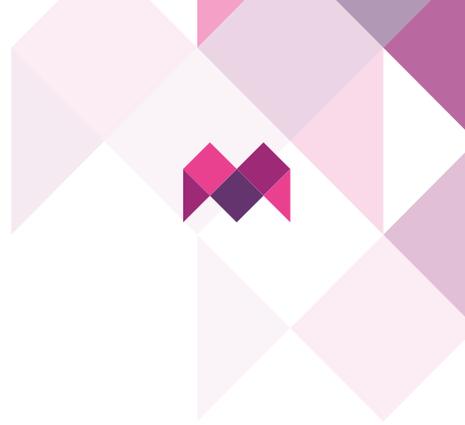
Ask about our [Home Office Expenses Calculator](#) to work out how much you can claim.

For more guidance on homeworking, see:

- › [Maitland guide to home working expenses](#)
- › [Maitland guide to setting up a home office](#)
- › [HMRC's Employment Income Manual: household expenses](#)

Hotel Accommodation

[See Accommodation.](#)





Insurance

Limited companies can claim full tax relief on the cost of business insurance – this could take the form of anything from professional indemnity and public liability to cyber insurance.

Private health insurance is different, as health costs are treated as a taxable perk. The company will need to make extra National Insurance Contributions. See [HMRC's medical expenses guide](#) for the latest information.

IR35

IR35 is a set of rules that may affect your tax and National Insurance payments if you carry out contract work through an intermediary.

The intermediary could be:

- › Your own limited company
- › A service or personal service company (an agency)
- › A partnership

IR35 determines whether you are deemed as 'employed' by your client or are providing them with 'self-employed' contracting services. This decision has an impact on the tax and NI you pay:

If you are deemed 'employed' by your client – The intermediary has to operate PAYE and National Insurance contributions on any salary or wages it pays you during the tax year. You'll need to submit a 'deemed salary' calculation to HMRC on April 5th each year, with PAYE & NIC payments due 14 days later on April 19th.



IR35 - continued

If you are 'self employed' – You need to jump through certain hoops to prove you operate outside IR35. This could involve:

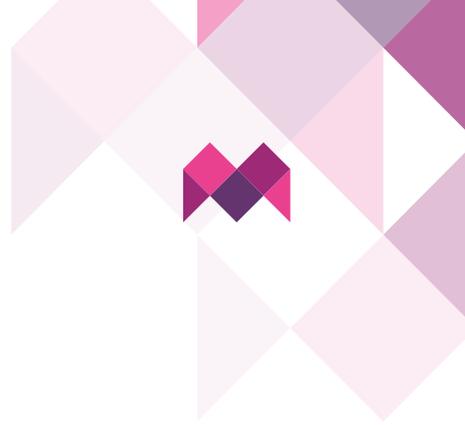
- > • Adhering to the working practices in an 'IR35 friendly' contract
- > • Taking out business insurance
- > • Working under your own control, rather than being managed by the client
- > • Providing and using your own equipment e.g. a laptop or gardening equipment
- > • Actively marketing your services e.g. own website, evidence of networking events
- > • 'Painting the picture' of a fully functioning business to the rest of the world

For more information, use our [Guide to Operating Outside IR35](#) and see [HMRC's guidance on IR35](#).

IR35 Contract Reviews

To keep your business operating outside IR35 where possible, we recommend having your contracts reviewed. Amendments should be written into the terms as early as possible to prove that you've taken steps to ensure your contracts fall outside IR35.

To help you with this, we recommend professional insurance broker [Qdos Contractors](#).



J

Journal Subscriptions

There is no extra tax or National Insurance to pay for subscriptions to professional journals, so long as the body is featured on [HMRC's List 3](#). For more info, see [Professional Subscriptions](#).

K

Keyman insurance

The tax deductibility of keyman insurance premiums is a complex area, and we recommend seeking professional advice. However, the cost of the insurance is likely to be tax deductible for the company in situations where:

- › You take out a policy insuring against the loss of profits arising from death or critical illness of a key employee,
- › The policy is effected to mitigate a loss of profits for the company – not a loss in capital value
- › The policy is a term policy that only provides cover while the key man is employed
- › The employee does not hold more than 10% of the shares in the company



L

Loans – to employees or directors

If the limited company gives a loan to an employee or director, this may need to be reported to HMRC, and National Insurance Contributions paid. Loans might be given to pay for things like an advance for a train season ticket.

The rules differ, depending on the type of loan:

- › Beneficial loans (£10K or more) – Loans that are interest-free or at a rate that falls below HMRC's official interest rate are classed as 'beneficial'. In most cases, you need to report these on a P11D and pay Class 1A NICs; in some cases, beneficial loans are exempt. Several factors affect what you pay, so ask our team or see [HMRC's webpage on beneficial loans for guidance](#).
- › Loans you write off – Report this type of loan on the company's P11D. You also need to deduct and pay Class 1 National Insurance on the value of the benefit but you don't pay PAYE tax instead it is taxed via Self Assessment as a distribution.
- › Taking a director's loan – As a director, you may have to pay tax if you charge a personal bill to your loan account within the company. Your tax responsibilities depend on things like the size and duration of the loan.

For advice on your specific loan type, speak to our team or see [HMRC's guidance on loans](#).



M

Medical Treatment

The company can provide tax-free medical treatment to employees in certain circumstances. For more details on what you can claim, see [HMRC's Medical Treatment Overview](#).

Mobile Phones

The company can provide you one mobile phone tax-free. You'll need to make sure the phone is registered in the name of your limited company but there is no restriction on the type of phone you can have – iPhone, BlackBerry, Nokia, it's up to you.

Mortgages – home

In most cases, you can't claim tax relief on your household mortgage or rent, even if you work from home. The same applies to other fixed costs, like water rates and council tax – HMRC takes the stance that you would still have to pay these bills whether worked at home or not.

Exceptions may be made if you rent part of your home to the company – for example, the company pays you rent for the office space it uses on your property. For more information, see our [Guide to Creating a Home Office](#).



N

Networking Events

Attending an event: You can claim the cost of travel to and from an event, as well as overnight and incidental expenses, like a hotel room, laundry costs and meals. This applies only if you are attending the event 'wholly and exclusively' for business purposes. See [Business Travel](#) for more information.

Hosting an event: You may be able to claim some tax relief for the cost of hosting a networking event, provided it is 'wholly and exclusively' for the benefit of your business eg. to attract new clients, recruit new staff, or promote your company. Expenses may include things like hiring an event space, paying for drink and snacks, and hosting a speaker.



O

Office Stationery

Your limited company can pay you back for any office stationery you buy for business use. The company can then claim tax relief on the amount reimbursed.

Remember: To save time and reduce admin work, it's best to buy stationery and other expenses with the company's credit or debit card. That way you don't have the faff of claiming the money back.



P



Parking Fines & Speeding Tickets

There's no getting out of this one we're afraid. Tax relief can never be applied to speeding tickets, fines or any other law-breaking offences – even if you had your foot down to get to a business meeting!

Pension Contributions

The Company can receive 100% tax relief on the payments it makes to your pension. Once a contract has been set up with a pension provider, it can contribute up to the approved HMRC limit per employee each year. You can top-up this allowance for the current tax year (6 April to 5 April) with any un-used allowances from the previous three tax years. For more information, see [HMRC's webpage on pension allowances](#).

Personal Incidental Expenses

You don't have to report or pay anything to HMRC for small, non-business purchases you make when you travel and stay overnight for business. These 'incidental' expenses include things like:

- > Buying newspapers
- > Paying for laundry
- > Phoning home

You can claim flat rate expenses from your company of:

- > • £5 per overnight stay for travel within the UK
- > • £10 per overnight stay for travel outside of the UK

For full details, see the [HMRC's guidance to incidental expenses](#).

P

Petrol

See [Business Mileage](#).

Pre-trading Expenses

You can claim back the preliminary costs needed to set-up your business and start trading, providing the expenses were incurred within seven years of starting to trade. These expenses might include things like purchasing stock, paying your Maitland accountancy fees and buying computers.

Pre-trading expenses can be claimed back in the same way you claim expenses when you're trading. Company formation fees, however, are non tax-deductible – see [Company Formation Fees](#).

Professional Fees

The company can claim tax relief on the full cost of professional fees – this includes services provided by solicitors, accountants, architects and other professionals. Exceptions are made in specific circumstances, which [HMRC outline in their Business Income Manual](#).

Professional Subscriptions

There is no extra tax or National Insurance to pay for subscriptions to approved professional bodies or journals. You can find all approved bodies on [HMRC's List 3](#), which includes everything from the Beer Writers Guild to the Underwater Medicine Society.

Subscriptions to any bodies not on this list are taxable benefits.



P

Property Repairs – at home

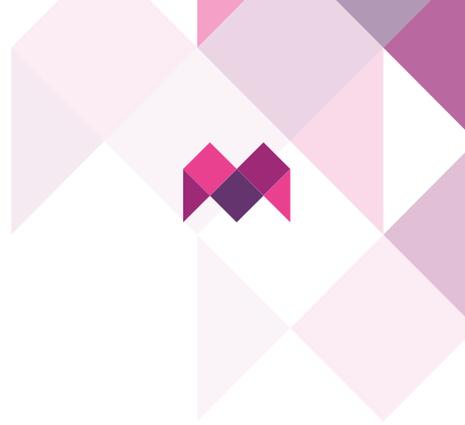
Sadly, you can't claim for tax relief on your household property repairs, even if you work from home. HMRC takes the stance that you would have to pay repair costs on your home whether you worked there or not.

For more guidance on working from a home office, see our [Maitland guide: Creating an office at home or converting part of a home into an office.](#)

Protective Clothing

See [Clothing](#).





Q

Qualifications

See [Training & Development](#)

R

Rent

> Of your home

As the director or employee of a limited company, you cannot claim tax relief on your rent. As with other fixed costs, HMRC says you'd have to pay rent whether you worked at home or not.

Tip: As a director, you may be able to rent out part of your home to the company and claim tax relief on mortgage interest and rent. For more detail, see our [Guide to Creating a Home Office](#).

> Of temporary accommodation

The Company can pay for your rental accommodation when you're working away from home at a temporary workplace. To comply, you need to make sure:

- a) The rental agreement should be in the company name
- b) You adhere to HMRC's Rules for Temporary Workplaces



S

Salaries

The salary you receive as the director of your limited company is treated as an allowable expense, as are any National Insurance contributions. You can choose the level of your own salary, providing you a) fall outside [IR35](#) legislation (see [HMRC's IR35 guide](#)) and b) have no contract of employment between you (as the director) and your company.

To receive tax credits, as well as qualify for basic state pension and short-term benefits, your salary must be in excess of HMRC's Lower Earning Limit for National Insurance Contributions.

Tip: Save money by paying yourself a tax-efficient, lower monthly salary that doesn't cross the NI threshold. Beyond this, you'll need to pay National Insurance contributions.

School Fees

If your company wants to pay the school fees of its employee's children, you'll need to follow certain tax, National Insurance and reporting rules. The details and rates of these depend on several factors, so it's best to speak directly to our team or refer to [HMRC guidance on expenses benefits for school fees](#).



T

Telephone and Internet

- › **Business line rental:** You can claim business expenses for any phone-line used exclusively for business purposes.
- › **Dual purpose phone-lines:** If you use your home or mobile phone-line for both business and personal calls, you can't claim for line rental. This is because there is a dual purpose – the line isn't used 'wholly and exclusively' for business purposes.
- › **Mobile phone contracts:** We usually argue that there is no private element if your 'free' minutes are more than sufficient to cover personal use. For info on buying a phone, see [Mobile Phone](#).
- › **Internet:** Your company can claim full tax relief on broadband contracts that are set-up in its name, providing the contract is primarily for business use. If the line is in your personal name, you can only claim a portion of the cost for business use.

Tip: The simplest and most tax-efficient way to claim phone and broadband costs is to set all contracts up in the company name. The company then claims tax relief on calls, line rental and broadband costs.

Tolls & Car Parking

You can claim the full cost of any tolls and car parking paid for when you're travelling on business. The company pays you back for your expenses and includes this cost in their accounts for tax relief. The rule applies to any 'business travel' made in either your own car or a company car. You can claim for tolls and parking along with your mileage costs – see [Business Mileage](#).



T

Train Tickets

The company can pay you back for train tickets you've bought, without HMRC considering this a taxable benefit. This rule applies if:

- › The train journey was between business appointments eg. you travelled from your workplace to a meeting, or from one client appointment to another.
- › You travelled to or from a Temporary Workplace.

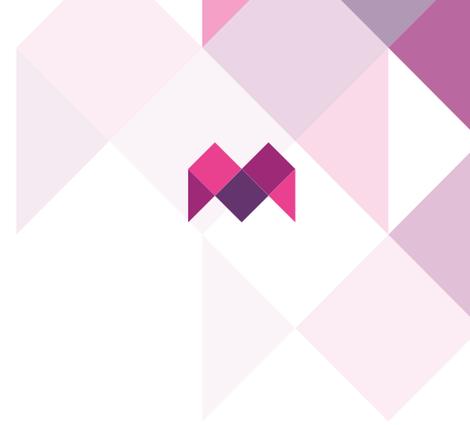
Travel

The company can reimburse you for any travel expenses you've paid for, providing the journey meets [HMRC's house rules for business travel](#). To qualify, your journey must be either:

- › Between business appointments e.g. You travelled from one client appointment to another; or
- › To or from a Temporary Workplace e.g. From the office to a client's site

Remember: Travelling to your permanent workplace doesn't count as business travel. In these situations the company can't reimburse you for your daily commute.

For travel outside the UK see [Worldwide Expenses](#)



T

Training & Development

Training expenses are eligible for full tax relief, provided the course or event is relevant to the company. Vocational training that keeps your current skills up to date is allowed but unrelated or 'dual purpose' courses (that have a personal element) may be questioned.

For example: If you're a tech start-up, you could claim for a UX workshop but not a kite-surfing lesson. For courses that could have a dual-purpose, like language classes for example, you'll need to prove that the training is 'wholly and exclusively' for business purposes.

Trivial Benefits

Subject to certain conditions, there is no tax to pay on benefits provided to employees, directors or members of their household. This recent ruling applies to trivial benefits provided from April 6 2016.

To qualify, the trivial benefit:

- › Cannot be cash or a cash voucher
- › Cannot exceed a cost of £50 per recipient
- › Is not provided as a contractual obligation or salary sacrifice arrangement
- › Should be given for non-business reasons, such as a birthday

If the employer is a close company:

- › An annual cap of £300 applies to directors, office holders and family members



U

Uniforms

See [Clothing](#)



V

Vans

You don't need to report or pay anything to HMRC if the company van is used wholly for business journeys, or as a pool van.

A business journey can be made:

- › Between work activities e.g. an electrician travelling between appointments
- › To a Temporary Workplace

Vans used for 'insignificant' private journeys are exempt – this could involve making a slight detour to pick up a newspaper on the way to work.

Pooled-use vans

You don't need to report your company's shared van to HMRC if it ticks all of the following:

- ✓ Available for use by more than one employee
- ✓ Available to employees that need it to do their jobs
- ✓ Not generally used by one employee to the exclusion of others
- ✓ Not normally kept at or near employees' homes
- ✓ Used only for business journeys – limited private use is allowed, but only if it's incidental to a business journey, like driving home to allow an early start the next morning

If the van isn't exempt, you must report the benefit on the employee's P11D and the company will pay Class 1A National Insurance on the value of the benefit. To work out the benefit, use [HMRC's company vans & fuel guide](#).

Useful documents: [Van Users Agreement](#) and [Minutes approving employee use of company van](#).



V

Vehicles

See [Business Mileage](#) for advice on using your own or the company's car, motorbike or other vehicle.

Vouchers

> Cash Vouchers

Any voucher that you can exchange for cash counts as taxable earnings. If the company gives a cash voucher to an employee, the company needs to:

- ✓ Add the value of the voucher to the employee's earnings
- ✓ Deduct and pay PAYE tax and Class 1A National Insurance through payroll

> Non-Cash Vouchers

Vouchers that you exchange for goods (like books) or services (like childcare or train travel) still carry tax and reporting obligations. For non-cash vouchers, the company should:

- ✓ Report the value of the voucher on form P11D
- ✓ Add the cost of the voucher to the employee's earnings when deducting Class 1A National Insurance (but not PAYE tax) through payroll

NIC exemptions: Some non-cash vouchers are exempt from Class 1 National Insurance deductions – see [HMRC's list of exemptions](#).



W

Worldwide Expenses

The company can reimburse you for the accommodation and subsistence costs you incur when travelling and working outside the UK. HMRC give benchmark rates for large cities, and separate rates for 'elsewhere' in the country. They set specific allowances for things like hotel rooms and breakfasts, and give an overall amount you can claim in a 24, 5 and 10 hour period or longer.

To find the allowance for the country or city you're travelling to, see:

[HMRC's Worldwide Subsistence rates](#)

Remember: Worldwide rates are only relevant to expenses paid in foreign countries. Costs you pay en route, like a taxi to Gatwick Airport, should be calculated using HMRC's UK rates.



X

Xmas presents

[See Gifts](#)

Xmas parties

> Employees

Christmas parties qualify for tax relief, provided the event is:

- ✓ Open to all staff
- ✓ Costs less than £150 per person present (one guest per employee is allowed)

If either of these conditions are not met, the full cost of your event becomes a taxable benefit.



X

Yearly Event

See [Xmas Parties](#)



Z

Zero Hours Contracts

Any staff engaged on zero hours contracts are subject to full PAYE procedures and National Minimum Wage legislation





Need help?

Please contact our friendly team with any queries or questions about your MRP.

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