



MAITLAND

Working from Home

A Maitland Guide for: Limited Companies

Created by Maitland Ltd.

What expenses can I claim?

As a director or employee, you can reclaim all homeworking expenses from your limited company. This might include things like furniture and a laptop, as well as heating bills and repair costs.

You can claim for things like:

- ✓ Lighting and heating
- ✓ Office equipment & stationery
- ✓ Business calls
- ✓ Insurance of business equipment
- ✓ Repairs to business equipment
- ✓ Office cleaning costs
- ✓ Broadband

! Always remember to ask for receipts, and keep a record of all invoices and expenditure

In most cases* you cannot claim for fixed costs like:

- ✗ Council tax
- ✗ Mortgage interest
- ✗ Rent
- ✗ Water rates

*Exceptions may be made if the company pays you rent for its office space – see p2 to find out more.



How to claim your homeworking expenses

HMRC give you two options:

a) A flat rate allowance

You can accept a homeworking allowance of £4 per week, with nothing to report to HMRC – this isn't a huge amount, agreed, but it's an easy option if your expenses are low. For anything over £4 a week, you'll need to provide records or show your calculations.

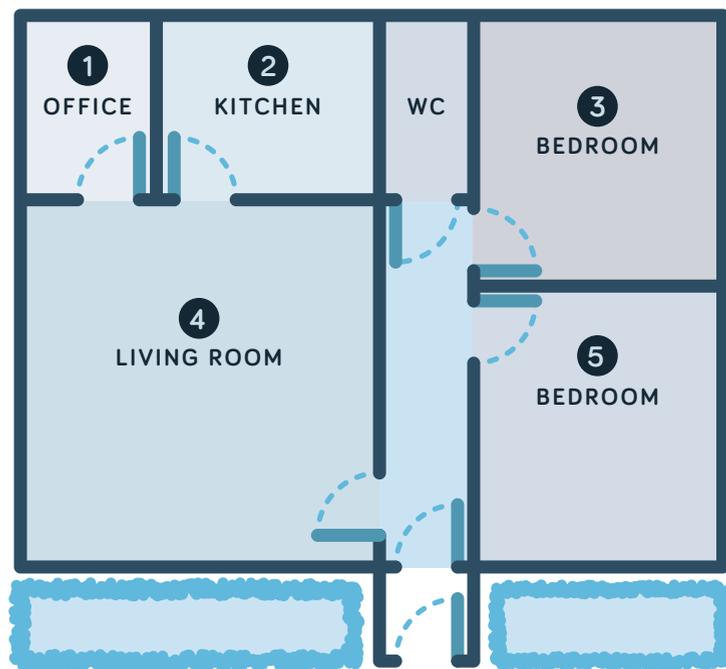
b) Actual costs

Alternatively, you can claim your actual running costs as a portion of your household utility bills. This is calculated by working out the percentage of time and space used in your home for business activities.

Use our Home Office Expenses Calculator to work out how much you can claim

Actual running costs are based on:

- > The percentage of your home used for business eg. one of ten rooms
- > How much each utility is used eg. heating your office for 50% of each day



“My flat has five rooms. I use one room (20%) for business, and I pay to heat and light that room for 70% of each month. To work out my claim, I multiply the cost of my monthly utility bills by 20%, then by 70%.”

More than one room?

HMRC may raise eyebrows if you claim multiple rooms for business use.

You need a good reason to justify the claim. For example:

“I need a cellar to brew my craft beer, plus a study to do admin.”



How can I claim for my rent or mortgage interest?

In most cases, you cannot claim for fixed household costs like rent and mortgage interest – HMRC takes the stance that you would have to pay for your mortgage whether you worked at home or not.

To get around this...

As the company director, you may be able to claim a portion of these fixed costs if:

- > The company rents an office room from you; or
- > You've rented or bought a home with additional space, specifically for business use.

Under these circumstances, you can claim tax relief on a portion of your mortgage interest and council tax, provided you have a Licence Agreement in place. To find out more, see our [Guide to Building or Creating a Home Office](#).

How to avoid Capital Gains Tax - our advice

It isn't always a good idea to use a room in your home solely for business use. If you do, you may have to pay Capital Gains Tax when you sell your home. To prove that your workspace also gets some personal use, keep non-business items in it like a PlayStation or yoga equipment.



Our top tips for easier expenses

Make your life easier and avoid attracting HMRC's attention by following our practical tips:

- › Keep hold of all your receipts and/or take photo back-ups with your smartphone.
- › Collect clear evidence of business-use – your expenses must be ‘wholly and exclusively’ for business needs, so anything with a dual purpose may be subject to extra tax.
- › Avoid excessive expenses. HMRC allows for ‘fair and reasonable’ costs, so bear this in mind if you’re eyeing-up fancy new equipment that may be surplus to your business needs.
- › Submit your claim forms regularly (monthly or quarterly) to make sure your accounts are as accurate, up-to-date and well-evidenced as possible.
- › If there could ever be any doubt over the amount of time you’re claiming to spend working from home, keep clear evidence in a diary or calendar.



Need help?

For more advice on any aspect of home working,
speak to our team on 01825 748308

From all at Team Maitland

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