



## Allowable expenses for Sole Trader

Type	Allowable expenses
<b>Costs of goods bought for resale or goods used</b>	Cost of goods bought for resale, cost of raw materials used; direct costs of producing goods sold; adjustments for opening and closing stock and work in progress; commissions payable; discounts given. Taxi and minicab drivers and those in the road haulage industry should include fuel costs in this category
<b>Wages, salaries and other staff costs</b>	Salaries, wages, bonuses, pensions, benefits for staff or employees; agency fees, subcontract labour costs; employer's NICs and so on.
<b>Car, van and travel expenses</b>	Car and van insurance, repairs, servicing, fuel (if you use the business mileage rate under the simplified expenses rules, all these expenses are included in the flat rate), parking, hire charges, vehicle licence fees, motoring organisation membership; train, bus, air and taxi fares; hotel room costs and meals on overnight business trips.
<b>Rent, rates, power and insurance costs</b>	Rent for business premises, business and water rates, light, heat, power, property insurance, security; use of home as office (business proportion. This can be calculated using actual expenditure or flat rates under simplified expenses).
<b>Repairs and renewals of property and equipment</b>	Repairs and maintenance of business premises and equipment; renewals of small tools.
<b>Phone, fax, stationery and other office costs</b>	Phone and fax running costs; postage, stationery, printing and small office equipment costs; computer software.
<b>Advertising and business entertainment costs</b>	Advertising in newspapers, directories etc. mailshots, free samples, website costs.
<b>Interest on bank and other loans</b>	Interest on bank and other business loans; alternative finance payments.
<b>Bank, credit card and other financial charges</b>	Bank, overdraft and credit card charges; hire purchase interest and leasing payments; alternative finance payments.
<b>Irrecoverable debts written off</b>	Amounts included in turnover but unpaid and written off because they will not be recovered.
<b>Accountancy, legal and other professional fees</b>	Accountant's, solicitor's, surveyor's, architect's and other professional fees; professional indemnity insurance premiums.
<b>Depreciation and loss/profit on sale of assets</b>	Depreciation and loss/profit on sale of assets are not allowable expenses
<b>Other business expenses</b>	Trade or professional journals and subscriptions; other sundry business running expenses not included elsewhere; net VAT payments.
<b>Annual Investment Allowance</b>	You can claim a capital allowance called an Annual Investment Allowance (AIA) up to an annual amount if you bought equipment (but not cars) during the year. Annual amount: £250,000 until 5 April 2014 £500,000 from 6 April 2014 – 31 December 2015 £ 25,000 from 1 January 2016

## Disallowable expenses

Type	Disallowable expenses
<b>Costs of goods bought for resale or goods used</b>	Cost of goods or materials bought for private use; depreciation of equipment.
<b>Wages, salaries and other staff costs</b>	Own wages and drawings, pension payments or NICs; payments made for non-business work.
<b>Car, van and travel expenses</b>	Non-business motoring costs (private use proportions); fines; costs of buying vehicles; lease rental expenses for cars with CO2 emissions over 130g/km if purchased after 5 April 2013 (160g/km if purchased between 6 April 2009 and 5 April 2013) (15% of the amount paid); travel costs between home and business; other meals.
<b>Rent, rates, power and insurance costs</b>	Costs of any non-business part, or use, of premises; costs of buying business premises.
<b>Repairs and renewals of property and equipment</b>	Repairs of non-business parts of premises or equipment; costs of improving or altering premises and equipment.
<b>Phone, fax, stationery and other office costs</b>	Non-business or private use proportion of expenses; new phone, fax, computer hardware or other equipment costs.
<b>Advertising and business entertainment costs</b>	Entertaining clients, suppliers and customers; hospitality at events.
<b>Interest on bank and other loans</b>	Repayment of the loans or overdrafts, or finance arrangements; a proportion of interest and other charges where borrowing not used solely for the business.
<b>Bank, credit card and other financial charges</b>	Repayment of the loans or overdrafts, or finance arrangements; a proportion of interest and other charges where borrowing not used solely for the business.
<b>Irrecoverable debts written off</b>	Debts not included in turnover; debts relating to fixed assets; general bad debts.
<b>Accountancy, legal and other professional fees</b>	Legal costs of buying property and large items of equipment; costs of settling tax disputes and fines for breaking the law.
<b>Depreciation and loss/profit on sale of assets</b>	Depreciation of equipment, cars and so on, losses on sales of assets (minus any profits on sales).
<b>Other business expenses</b>	Payments to clubs, charities, political parties and so on, non-business part of any expenses; cost of ordinary clothing
<b>Annual Investment Allowance</b>	Private use proportion of the plant and equipment

Source:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/354297/sa103f-notes.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/354297/sa103f-notes.pdf)

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