



My Virtual Financial Controller

Financial Wizardry for the Self Employed

Sole Traders

Dates and Deadlines

“On a mission to help women in business”

Accounting, tax & bookkeeping services
for women in business & microbusiness

Tax saving tips and tricks

Sole Traders - Tax Deductible Expenses

Any expenses must be **wholly and exclusively** for the purpose of carrying out your trade.

- Direct materials, manufacturing costs, etc;
- Legal and accounting fees;
- Business insurance;
- Website running costs;
- Telephone (both landline and mobile) take proportion based on business use.
Keeping a call log for a couple of weeks is a good way to support your business use;
- Broadband, again business use proportion;
- Magazine subscriptions (if relevant to your trade);
- Ongoing training costs to keep your skills up to date;
- Travel – hotel room costs, meals on overnight business trips, etc;
- Motoring costs including fuel OR mileage rates (can only use mileage rates if your turnover is below the VAT registration threshold, currently £81,000);
- PayPal fees, bank charges, credit card charges, interest on business loans;
- Postage, stationery, office supplies;
- Working from home:
 - **Non exclusive** use to avoid tax complications when you sell your house;
 - Look at how much of your home you use (floor space, number of rooms);
 - Look at how much time you use the room for business vs. personal;
 - Example business use calculation:
 - Use dining room which is 10% of total floor space;
 - Use it for business 3 hours a day, for personal use 2 hours a day;
 - Calculate proportion of $10\% \times \frac{3}{5} = 6\%$;
 - Mortgage interest (NOT capital) or rent;
 - Utility bills and insurance;
 - Cleaner;
 - Redecoration or repair if relevant.



Expenses you can't claim:

- Subsistence if no overnight stay;
- Childcare costs;
- Entertaining;
- Clothing (unless protective, or logo'd uniform);
- Own NI contributions;
- Any non-business spend.

