

Expense Type	Description	Allowable
<b>Income Expense</b>		
Accountancy fee	Paying an Accountant to prepare Profit & Loss Accounts, book keeping costs, receiving account managing advice	Yes
Advertising cost	Promoting the goods and services you provide in newspaper, adverts on TV, on the radio, on the internet. Getting leaflets, posters or business cards designed and made.	Yes
Bank charge	Applies to business accounts only. The amount The Bank or Building Society charges on each transaction, in or out of the account, whether it's by cash, cheque or BACS. Charges to open the account and to use the overdraft and credit card facility.	Yes
Building maintenance cost	Paying for damages to a property that you have been leasing before you have to give it back to the landlord	Yes
Business entertainment cost	Paying for meals, drinks and admissions to entertainment venues for potential customers and staff	No
Business Rates	Charges applied by the Local Authority for business properties depending on it's size, facilities and use.	Yes
Business Rent	The charge for renting a property to run your business from. Note: You can choose to run your business from home and the business rent will be an allowable expense once compared to commercial sector rents, but the amount used will also be added to your income.	Yes
Carriage charge to deliver goods	Cost for goods to be delivered to your customers	Yes
Cleaning of business premises and assets	Cleaning costs of the business property or vehicles	Yes
Commission to convert foreign currency to sterling	Cost of changing foreign currency such as Euros or Dollars into British Pounds when selling goods and services abroad	Yes
Debt of the current business	Money you owe which is not part of any allowable expenses.	No
Debt recovery cost	Paying for bailiff services or court costs to try and recover money that's owed to	Yes
Delivery charge to receive goods	Cost for goods to be delivered to you	Yes
Drawings	Money taken from the business to use for your personal living costs.	No
Fuel for heating, lighting, hot water, cooking and power to machines	Amount you pay for fuel, electricity, gas, light and hot water to power machines and cooking facilities	Yes
Hire, rental, leasing and consumer credit agreement charge	Cost of hiring, renting or leasing equipment, machinery or cars	Yes

Expense Type	Description	Allowable
<b>Income Expense</b>		
Income Tax payment on behalf of an employee	The amount of Tax you pay to the Inland Revenue for each of your employees based on what their salary is	Yes
Income Tax payment on behalf of the self-	The amount of Tax you pay to Inland Revenue. Even though this is not an	No
Insurance premium for business liability and	Cost of insurance to protect Employers and Public liability, and customers against	Yes
Interest payment on business loan, including a bank or building society overdraft	Paying interest on business loans, overdrafts or other borrowed money from Banks or Building Societies	Yes
Legal fee	Costs for receiving legal advice relating to your employees, products or contracts. Legal costs could also include your registration for VAT, Companies House, or the Information Tribunal.	Yes
Loss incurred before the Assessment or Computation Period	Money you have lost anytime outside of the one year fixed period you have given us.	No
Loss occurring in another business or employment	Money you have lost for any other businesses you currently have or have had in the past	No
Miscellaneous item	Small amounts of money on allowable items	Yes
National Insurance Contributions - Class 1 on behalf of an employee	The amount of Class 1 National Insurance Contributions you pay to HMRC for each of your employees. This also includes your standard rate as an employer.	Yes
National Insurance Contributions - Class 2 and Class 4 on behalf of the self-employed person	The amount of Class 2 and Class 4 National Insurance Contributions you pay to HMRC. Even though this is not an allowable expense, it's still taken off from your gross profit.	No
Pension Scheme - company premium on behalf of an employee or the self-employed person	The amount you pay towards your employees pension scheme	Yes
Pension Scheme - personal premium paid by the self-employed person	The amount you pay towards your own pension scheme. However, only 50% of this is taken off from your gross profit.	Yes
Personal expense	Any money used for your own living or leisure.	No
Postage charge	Charges for stamps, 1st or 2nd class delivery or recorded delivery made by the	Yes
Proven bad debt due to insolvency - bankruptcy/sequestration/liquidation	Money that you cannot recover from a customer or because they are now bankrupt, or their assets are being repossessed, or their company has gone into liquidation.	Yes

Expense Type	Description	Allowable
<b>Income Expense</b>		
Proven bad debt where the debtor died with no estate	Money that you cannot recover from a customer because they have passed away and have left no assets	Yes
Proven bad debt where the debtor is disappeared	Money that you cannot recover from a customer because they cannot be found	Yes
Proven bad debt where the debtor is imprisoned	Money that you cannot recover from a customer because they have gone to prison	Yes
Provision for bad debt	A fund that you have set up in case you suffer any losses.	No
Raw material	Money you spend to buy items which will make your final product	Yes
Special clothing	Money you spend on protective clothing such as overalls, goggles, gloves and hats	Yes
Sponsorship payment	Providing funding to a person or company to promote your business	Yes
Stationery costs, including for computer consumable and printing	Money you spend on paper, envelopes, paper clips, bull-dog clips, treasury tags, rubber bands, pens, pencils, rubbers, pencil sharpeners, staplers, staple removers, scissors, folders, files, pockets, labels, rulers, drawing pins, hole punchers, ring reinforcers, batteries, sellotape, paper glue for business use. Stationery can also include items for computer such as toners, ink cartridges, floppy disks, recordable and re-writable CD's and DVD's, back-up tapes and other media	Yes
Stock	Money you use to bulk buy the items you'll need to make your products	Yes
Subscription to trade publication	Paying for access to websites or magazines in order to receive regular information or updates about your particular business	Yes
Subsistence	Money you spend on your meals and drinks, or that of your employees if any of you need to work away from your normal place of work	Yes
Telephone, telex and fax charge and rental	Bills for mobiles, landlines, faxes and the internet that are used for your business.	Yes
Tools charges	Money you pay to your employees who provide and look after their own	Yes

Expense Type	Description	Allowable
<b>Income Expense</b>		
Transport costs for fares, petrol, road tax, AA/RAC, servicing, insurance, etc	Costs for train, plane, bus, boat, helicopter, ferry, or taxi journeys. If driving, this also includes money spent on your petrol or diesel. Breakdown cover includes for membership of such as AA/RAC/Green Flag etc. Servicing your vehicle. Insurance includes for comprehensive or 3rd party only after any no-claims bonus is deducted from the premium. Other transport costs include for a hire charge, valeting, car parking, toll charge, repair, fitment of in-car service eg satellite navigation equipment.	Yes
Value Added Tax paid in excess of a Value Added Tax refund	As a VAT registered company, you must include VAT in the cost of any goods or services you provide and in doing this you therefore collect VAT which you must pass on to HM Customs & Excise. If the the VAT you have paid out for purchasing these goods or services is more than what you've collected, you can claim this as an allowable expense.	Yes
Wages to a life partner	Paying your partner to work for you. This does not include business partners	Yes
Wages to an employee other than to life partner	Paying someone to work for you	Yes
Water charge	Charges to use water if it's required in order to make your products	Yes
Expense Type	Description	Allowable
<b>Capital Expense</b>		
Expenditure on a new capital asset financed via a loan	A loan taken out and spent on paying for a new capital asset. Only the interest on the loan is an allowable expense (taken from the gross profit)	Yes
Expenditure to replace or repair an existing capital asset financed via a loan	A loan taken out and spent on paying to replace or repair a capital asset that is broken/no longer works. Both the capital and interest on the loan is an allowable expense (taken from the gross profit). <b>Note:</b> When you claim the insurance on the capital asset that has broken/or no longer works and receive the insurance payout, this will be counted as your income.	Yes

Expense Type	Description	Allowable
<b>Capital Expense</b>		
Capital expenditure on a new capital asset, or to repair or replace an existing capital asset NOT financed via a loan	Spending your profits on a new capital asset or on replacing/repairing a capital asset that is broken/no longer works.	No
Capital expenditure from any source used or intended to set up the business	Money spent to start up the business	No
Depreciation of capital asset	The amount of money you lose because the value of your capital asset has gone down over time	No