

COMPLETE CLOUD
Accounting Solutions

A-Z GUIDE TO EXPENSES FOR YOUR LIMITED COMPANY

Created by Complete Cloud Accounting Solutions

WELCOME

Thanks so much for downloading our A–Z Guide to Limited Company Expenses.

If you're running a limited company, you'll want to be confident you're claiming what you're entitled to, while staying as tax-efficient (and stress-free) as possible.

A good rule of thumb: expenses should be "wholly and exclusively" for business. If something has a personal element, it may affect what you can claim and could increase the tax due.

Inside the guide you'll find:

- A practical A–Z list of common limited company expenses

This guide is for limited companies only. If you're a sole trader, the rules and claimable expenses can be different.

Everything included is for general guidance, if you're unsure about anything, it's always best to get professional advice.

Questions? Drop me a message and I'll be happy to help.

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ABOUT US



I'm Pauline, the owner behind Complete Cloud Accounting Solutions.

At Complete Cloud we work with small business owners, landlords and individuals who want clear advised, organised finances and less stress around tax compliance. I've been in the industry for 30 years, and I'm known for being approachable, efficient and knowledgeable.

Below are some of our values - the things we don't compromise on — because they make things work better for everyone.

- **Make a difference:** We focus on delivering meaningful impact through the work we do for clients. Every action is aimed at improving outcomes, adding value, and making a positive difference in the services we provide.

- **Be approachable:** We aim to be open, friendly, and easy to talk to, so people feel comfortable coming to us with questions or concerns. We listen without judgement and respond in a clear, supportive way.

- **Build relationships:** We prioritise trust and meaningful connections, taking time to understand clients and their needs. We value both long-standing relationships and new connections, ensuring every interaction is built on respect and trust.

We've put this guide together to help you. We're friendly and approachable and no question is ever a silly one, so please don't be afraid to reach out. We look forward to speaking with you soon!

Pauline McAuley

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Accommodation

Hotel and accommodation costs can usually be claimed when they're incurred for a genuine business trip. If you rent accommodation because you're working at a temporary workplace, you can normally claim this for up to 24 months.

Accounting fees

Accounting costs are generally allowable where they relate to the company's business activities — and this can include certain fees incurred before the business starts trading.

However, if the company pays for a director's personal Self Assessment tax return, this usually isn't allowable and may create a benefit in kind. In some cases (for example, certain work linked to an HMRC enquiry), parts of the fees may be treated differently, so it's worth checking with your accountant.

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Advertising

Costs for promoting your business—such as flyers, leaflets, business cards, and paid ads (e.g., Facebook or Google)—are usually allowable. The exception is where the spend counts as capital expenditure, in which case it may need to be treated differently.

Bad debt

If you have a sales invoice that's been unpaid for more than six months, and you've taken reasonable steps to recover the money, you may be able to claim it as a bad debt expense—provided you're not using cash accounting.

Bank fees

Bank charges and service fees are generally deductible where they relate to business bank or credit card accounts held in the company name.

Bikes

Bikes provided through the Cycle to Work scheme are generally an allowable business cost. If you use your own bike for business journeys, you can usually claim mileage at 20p per mile.

Bookkeeping

Bookkeeping fees are generally an allowable business expense where they relate to maintaining your company's financial records.

But they're not just "another cost" — they buy you visibility, and the added bonus is that they're tax deductible

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Cars

If you use your own car for business travel, you can usually claim mileage at 55p per mile for the first 10,000 business miles, then 25p per mile after that.

If a company car is available for private use, this will normally create extra tax and National Insurance — typically through a Benefit in Kind charge. For that reason, it's uncommon for small companies to provide a car to a director. Electric cars: electric and low-emission company cars can be more tax-efficient than petrol or diesel because the Benefit in Kind rate is often lower. The company may also be able to claim certain running costs (and potentially installation of workplace charging), but the rules vary depending on whether the car is company-owned vs personally owned, and whether there's any private use—so it's worth checking the best setup with your accountant or bookkeeper.

Pool cars: to avoid a taxable benefit, a pool car generally must not be kept at or near an employee's home and must meet specific conditions. The rules can be complex and mistakes can be costly, so it's best to take separate professional advice.

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Charitable donations

Charitable donations and certain sponsorships can be allowable, depending on how they're structured and who they're paid to.

Clothes

Clothing is usually only deductible if it's a genuine uniform (for example, branded workwear) or it's required for health and safety. Everyday clothing, even if worn for work, normally isn't allowable.

Computers

If you need a computer or laptop to do your work, the cost is usually allowable where it's purchased for business use.

If the company later sells the equipment to an employee, it should be sold at fair market value to avoid any unexpected tax implications.

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Eye tests (and glasses)

The cost of an eye test for an employee is generally allowable where it's needed for their work—particularly if they use display screen equipment (VDUs) as part of their role. If the test shows they need prescription glasses specifically for work, those can often be covered too, without creating a Benefit in Kind in many cases.

Gifts for employees

Small gifts for employees can often be provided tax-free where they're £50 or less per person and they're not linked to performance, not part of their contract, and not a reward for doing their job.

Hire of machinery

The cost of hiring machinery is usually allowable where it's needed to carry out your work or to meet a contractual requirement.

Hire purchase costs

If you buy business equipment on hire purchase, the costs are generally allowable where the equipment is used for the business. If interest is charged, the interest element is usually allowable too.

Home office

You can currently claim tax relief on either £6 per week or the exact amount you've spent. You can claim this for previous take years, but from 2026-27 tax year this will no longer be allowed.

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Insurance

If your company employs anyone other than the director/shareholder, it's legally required to have Employer's Liability insurance. Professional Indemnity cover is also often needed—especially where it's required under a client contract.

Other types of business insurance may be allowable too, such as:

- Public Liability
- Tax Investigation
- Office Contents
- Jury Service
- Motor insurance (for company-owned business vehicles)
- Key Person/Key Man cover

Some policies can still be paid by the company but may create a Benefit in Kind for the individual (for example, certain executive income protection or health insurance arrangements), so it's worth checking the tax treatment first.

Interest

Interest is usually allowable where it relates to business borrowing or business finance, such as:

- Interest on business loans
- Interest on company credit cards
- Interest on a company overdraft

Interest charged on late-paid tax can also be allowable. Interest on personal credit cards (even if used for business spending) isn't normally allowable for the company.

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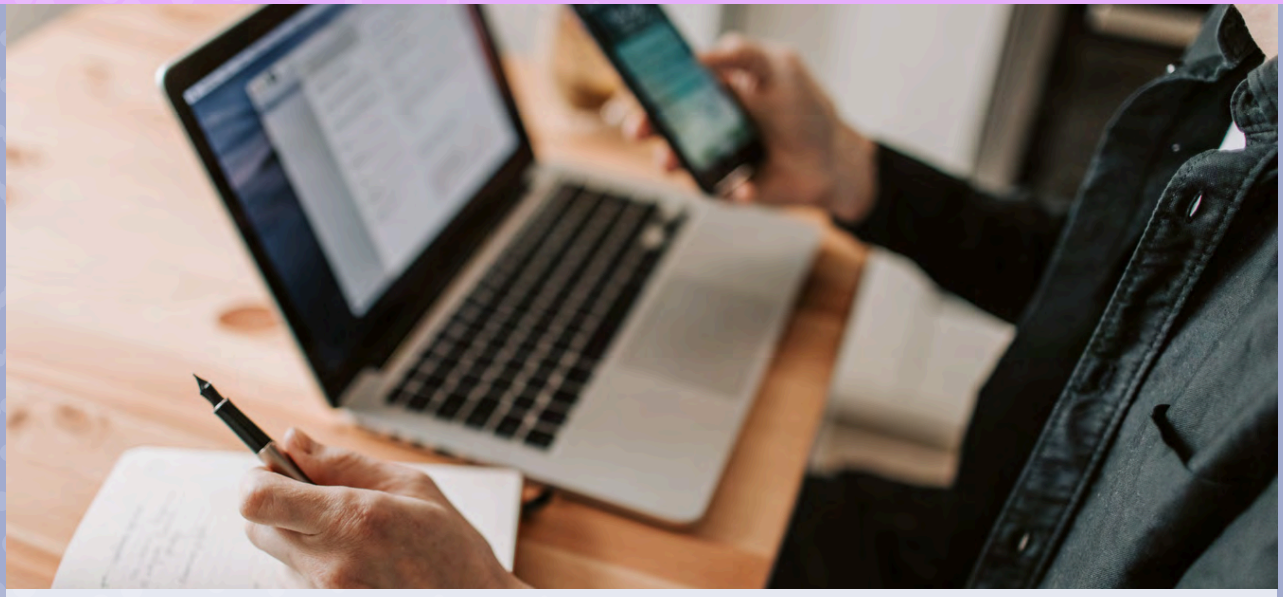

Landline phone

A landline phone line that's billed to the business is usually an allowable expense. If you use a home landline for business calls, you can normally claim the business-related call costs (rather than the full line rental).

Leasing

There are different types of leasing, most commonly finance leases and operating leases. and they're treated differently in the accounts.

With a finance lease, the leased item is typically recorded on the balance sheet as an asset, with depreciation charged over time. The lease payments (and any interest element) are generally allowable for tax purposes, provided the lease relates to business use.

Legal costs

Legal fees are usually allowable where they're incurred wholly for business purposes. They generally can't be claimed if they relate to fraud, fines, or illegal activity, or where the costs are linked to capital items (as these may need different treatment).

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Marketing

Marketing costs are generally allowable where they're wholly and exclusively for promoting the business, generating leads, or retaining customers.

Common examples include:

- Advertising & paid media: Google Ads, Facebook/Instagram/LinkedIn ads, boosted posts, retargeting ads
- Marketing support/services: marketing consultants, freelancers, agencies, PR support, copywriters, designers
- Branding & design: logo design, brand identity work, templates, brochures, leaflets, business cards
- Website costs: website build (where treated as revenue spend), hosting, domain names, maintenance, landing pages, website plugins
- Email marketing: email platform subscriptions, template design, list management tools
- Content creation: photography/videography for business use, editing, stock images/video, graphics, podcast editing
- Software tools: social scheduling tools, analytics/reporting tools, heatmaps/CRO tools, link tracking tools
- Events & promotion: exhibition stand fees, event sponsorship (where it's business-related), promotional materials for events
- Print & distribution: printing costs, postage for marketing mail-outs
- Market research: surveys, customer research tools, focus groups

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Medical insurance

The cost of annual medical check-ups provided to an employee is generally allowable for the business and typically doesn't create a Benefit in Kind.
If the company pays for an employee's private medical insurance, the cost is usually claimable by the business, but it will normally create a Benefit in Kind for the employee.

Where an employee is working abroad, insurance that specifically covers medical treatment while they're overseas is often allowable and may be provided without a Benefit in Kind charge, depending on the circumstances.

Mileage

Approved mileage rates are typically 55p per mile for the first 10,000 business miles in a tax year, then 25p per mile after that (when using your own motor vehicle for business journeys).

If an employee is claiming mileage for using their own vehicle and also carries passengers on a business journey, an additional 5p per mile per passenger can usually be claimed.

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Mobile telephone

Mobile phones provided to employees are generally allowable where the contract is in the company name. As long as the phone is provided for the employee's use (and not used by family members), it's typically treated as no Benefit in Kind.

If the phone contract is in the employee's name, the company can't usually claim the full cost—only the business call charges, where these can be separately identified. Claiming business calls from a personal contract with an unlimited minutes bundle can create a Benefit in Kind, so it's one to handle carefully.

Motorbikes

Mileage claims for motorcycles are usually at a flat rate of 24p per mile. For bicycles, the standard rate is typically 20p per mile.

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National Insurance contributions

Employer National Insurance Contributions (NICs) paid on top of employees' gross salaries are generally deductible for the company. Class 1A NICs paid on Benefits in Kind (reported on P11D) are also usually deductible.

Once you take on your first employee, you may be able to claim the Employment Allowance (subject to eligibility).

Parking charges

Parking costs are generally allowable where they're incurred for business purposes. Employees can usually be reimbursed for parking near work premises without a Benefit in Kind charge.

Parties

Staff parties and annual events can be allowable, as long as they're open to all employees and the cost is no more than £150 per attendee. (This limit applies per person, per year, across annual events.)

Pension

Company pension contributions paid into an approved scheme for employees/directors are generally allowable for the business.

Postage

Postage costs are generally allowable where they're incurred for business purposes. VAT on postage can be a bit more nuanced: stamps are VAT-exempt, but courier services may charge VAT (often at 20%), depending on the supplier and service.

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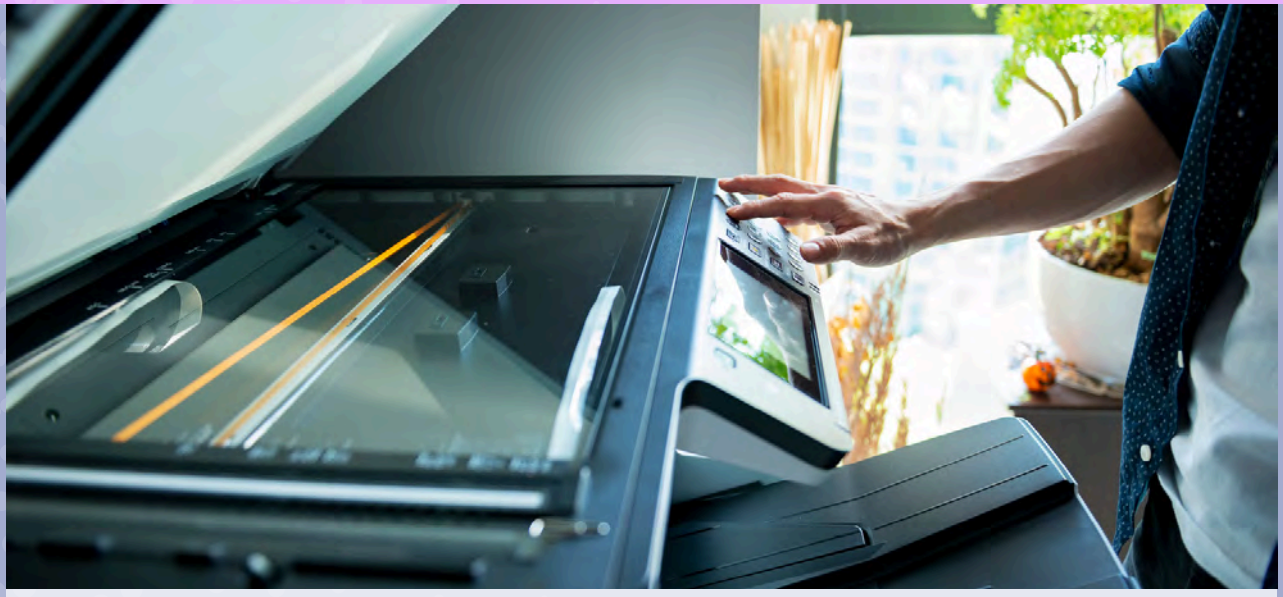

Printing

Printing costs are usually allowable where they relate to the business (for example, documents, marketing materials, or client paperwork).

Rent

Office rent and business rates are generally allowable business expenses.

Repairs

Routine repairs and maintenance are generally allowable. However, if the work significantly improves the asset or is needed to make it usable (rather than simply maintaining it), it may be treated as part of the asset cost and you may need to claim relief through capital allowances instead.

Salary

Salaries and employer National Insurance costs are usually allowable, as long as they're paid to people who genuinely work for the business and the pay is at a commercial/market rate for the role and skills provided.

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Social media manager

The cost of a social media manager (or social media management services) is generally allowable where it's incurred for business purposes.

Software

Most software costs are usually allowable where they're for business use (including accounting software and receipt capture tools). If the software provides benefit for more than 24 months, it may need to be treated as an asset/capital expenditure rather than a day-to-day expense.

Stationery

Stationery is generally allowable where it's purchased for business use.

Subscriptions

Subscriptions are usually allowable where they're wholly and exclusively for the business (for example, trade bodies, professional memberships, industry publications, or tools you need for work).

If the subscription relates to training, it may need to be with an approved provider (and be relevant to your role/business) for the cost to be treated as allowable.

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Subsistence

Subsistence (food and drink) on business trips is an area HMRC pays close attention to. The key point is that meals are only usually allowable when you're travelling for work in a way that meets HMRC's rules (because, as HMRC often notes, you'd need to eat even if you weren't travelling).

If you're travelling on business, you may be able to claim the cost of reasonable meals, and it's best practice to keep receipts. Alcohol has additional rules and may not always be allowable.
Some businesses use HMRC scale rates (instead of claiming actual receipts) where they have the right agreement/arrangement in place for employees.

If you're working at a temporary workplace (for example, on a contract/assignment), subsistence may be claimable, but the 24-month rule can apply—so it's worth checking the specifics before claiming.

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Training

Training costs are usually deductible where the training is relevant to the business and helps you maintain or improve the skills needed in your current trade.

If the training is to move into a new field or to gain new skills for a different trade, it may be treated differently (often as a capital cost) rather than a day-to-day business expense.

Travel

Business travel is generally allowable, as long as it isn't ordinary commuting (i.e., home to your normal place of work). Travel can be claimed across most transport types—bus, train, taxi, tram, tube, etc.

If you choose to upgrade (for example, to first class), it's best to be able to justify it as a business need, otherwise it could be viewed as a personal benefit.

If you're VAT-registered, the VAT treatment can be more complex. In many cases, where travel is recharged to a client, you'll need to apply VAT appropriately—so it's worth confirming the correct approach with your accountant/bookkeeper for your specific setup.

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Trivial benefits

HMRC allows certain small perks for employees to be treated as "trivial benefits". The rules are strict, and all of the following conditions must be met:

- The benefit costs £50 or less to provide
- It's not cash (and not a cash voucher)
- It's not a reward for work or performance
- It's not included in the employee's contract

If the benefit meets all of the above, there's usually no tax or National Insurance to pay, and it doesn't need to be reported to HMRC as a Benefit in Kind.

Example: a £25 non-cash gift voucher given to each employee as a Christmas gift can qualify.

Important: if the benefit costs more than £50, the full amount becomes taxable (not just the amount over £50).

For directors of close companies, there's also an annual cap: you generally can't receive more than £300 per tax year in trivial benefits.

Vans

Vans purchased by the company are usually treated as a company asset (a capital cost) and recorded on the balance sheet. The company would typically claim relief through capital allowances rather than treating the full cost as an everyday expense.

The van should be used for business. If there's personal use, this can create additional tax and National Insurance (often via a Benefit in Kind), so it's best to take separate advice before claiming.

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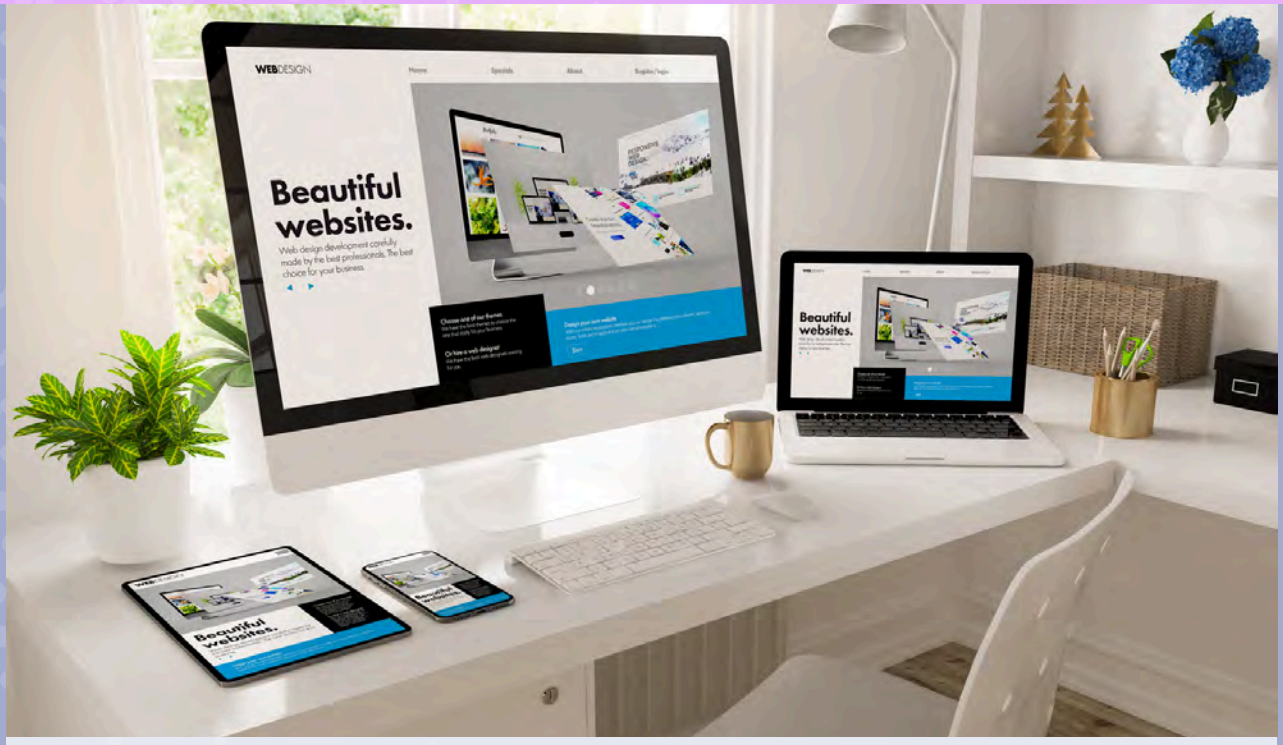

Virtual assistant

If you hire a virtual assistant to support business tasks, their fees are generally deductible. If they're engaged to provide personal support (rather than business support), this could create a Benefit in Kind.

Website

Website costs can be treated in different ways depending on what the website does. Where the website performs a core business function—such as taking payments or allowing customers to purchase directly (e-commerce)—the costs are often treated as capital expenditure and may be capitalised rather than expensed.

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What next?

If you're still totally baffled by expenses, or you're worried you're not being as tax efficient as you could be, then reach out today. It's always best to seek professional advice and ensure that you're claiming tax relief correctly.

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GET IN TOUCH

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