

# What can I claim as self-employed expenses on my tax return?



## About

# Simply Business

Simply Business is one of the UK's biggest insurance providers, protecting nearly one million customers with tailored insurance. We strive to offer simplicity, choice, and value, to help make it easier for small businesses and landlords to get the cover that's right for them.

## How does it work?

Answer a few questions about your business and we'll show you quotes from a range of insurers. After you buy, our team will be with you through every step of your cover, whether you have questions about your policy or you need to make a claim.

## Not quite ready to buy?

Sign up for a reminder to get your insurance with Simply Business and we'll send you a £25 gift card after you buy.

We'll then send you a link to buy insurance at the right time for you. To get your gift card, you'll need to use this link when buying your policy.

If your policy is still in place (with up to date payments) three weeks after your start date, we'll send you an email with instructions on how to redeem your reward within 45 days.

[Terms and conditions apply.](#)



# What are self-employed allowable expenses?

You can subtract your self-employed expenses from your turnover when working out how much tax you need to pay each year.

But not all business expenses are allowable expenses, so it's important to know what costs you can claim on your tax return.

This guide is specifically for sole traders and the self-employed, and can also apply to company directors. If you run a limited company, then the expenses process is slightly different.



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# Understanding self-employed allowable expenses

HMRC has clear rules on what you can and can't include in your tax return. The costs you can include are called 'allowable expenses'.

Understanding which of your self-employed expenses are allowable (and calculating your profit accurately) helps make sure you pay the right amount of tax.

Calculating your tax deductible expenses means you can get immediate tax relief as it reduces the tax you owe on your business profits.

## Here's an example:

*Jimmy's painting business earns £25,000 in a tax year, but his allowable expenses add up to £5,000.*

Jimmy only needs to pay tax on £20,000, which is his taxable profit.





# How early can you do your Self Assessment expenses?

The Self Assessment tax deadline for the 2024-25 tax year is 31 January 2026.

But even though the deadline is in January, you can complete your tax return any time after the start of the new tax year on 6 April. Completing an [early tax return](#) can help you minimise the risk of mistakes and make sure that you're claiming all the allowable expenses possible.

## What can i claim on my taxes?

Office expenses, travel, marketing costs, and even business insurance all count as business expenses. Keep reading to understand how you start claiming your expenses on your tax return.



# What expenses are tax deductible?

When you're completing your tax return, there are certain costs that usually count as allowable business expenses (also known as tax deductible expenses).

## Self-employed allowable expenses

Types of expenses you can claim as allowable expenses on your tax return include:

- office expenses
- business premises
- travel
- stock and materials
- legal and financial costs
- business insurance
- marketing
- staff costs
- subscriptions

## Office expenses

You can claim business expenses for items that you'd usually use for less than two years. This includes business stationery like:

- phone, mobile, fax, and internet bills
- postage
- stationery
- printing
- printer ink and cartridges
- computer software your business uses for less than two years
- computer software if your business makes regular payments to renew the licence (even if you use it for more than two years)

You can also include business equipment that you'll keep for a longer time, like computers, printers, and other computer software – but you may have to claim these as capital allowances if you don't use [cash basis accounting](#).

## 5 common expenses mistakes made by the self-employed

Common mistake	Why it's an issue	How to avoid it
1. Claiming <b>personal costs</b> as business expenses	You could be investigated and fined by HMRC	Make sure you only claim for expenses that are wholly and exclusively for your business
2. Forgetting to <b>record</b> purchases	You won't be able to claim purchases you haven't recorded, resulting in a higher tax bill	Keep digital records or use a receipt tracking app
3. <b>Misunderstanding</b> working from home rules	You could be investigated and fined by HMRC	Get to grips with HMRC guidance on working from home expenses
4. <b>Not claiming</b> for allowable expense categories	Your tax bill will be higher if you don't claim all allowable expenses	Review all your expenses and double check you're not missing any categories
5. <b>Failing to keep records</b> for long enough	You could be investigated and fined by HMRC	Keep all your invoices and receipts for at least five years



## Expenses examples

Expense	Allowable (you can claim)	Not allowable (you can't claim)
Travel	Parking and fuel costs for work journeys	Travel costs for commuting from home to your main place of work
Office expenses	Stationary and supplies such as printer cartridges and pens used for work	Stationary bought for personal use
Marketing	Promotional materials or social media ads	Costs for entertaining clients
Working from home	A portion of your utility bills, based on how much of your home you use for business	Mortgage repayments or rent
Business premises	Rent and utility bills	The cost of buying a premises or building work
Subscriptions	Memberships to trade bodies and subscriptions to journals relating to your business	A Netflix subscription for personal use

<b>Legal and financial costs</b>	Costs for a professional like an accountant or interest on business loans	Fines for breaking the law or bad debts
<b>Stock and materials</b>	Stock or materials used for your business	Materials bought for private use
<b>Business insurance</b>	The cost of insurance such as public liability or professional indemnity	Personal insurance, such as home insurance
<b>Staff costs</b>	Employee salaries and pension contributions	The cost of employee fines, such as parking tickets



## Business premises

You can claim expenses for:

- rent
- maintenance and repair
- utility bills
- property insurance
- security

You can't claim expenses for buying or building your business premises.

## Working from home?

It's also possible to claim some working from home expenses on your tax return. For example, if you've [started a home business](#), you can include part of your home utility bills, but you need to work out the proportion of your home that's used for business, and what proportion of the month it's being used for business purposes.

The government gives an example method of dividing the costs by the number of rooms:

- you have four rooms in the house and you use one as an office
- your electricity bill for the year is £800, and each room uses an equal amount of electricity
- you can divide the bill by four to claim £200 allowable business expenses

If you work from home at least 25 hours a month, you can use ['simplified expenses'](#), which is a flat monthly rate calculated by the government.



## Travel

You can claim business-related car or van costs on your tax return, including:

- vehicle insurance
- fuel
- hire charges
- daily [ULEZ charges](#) if you drive in London and other clean air zone charges in UK cities
- repairs
- servicing
- breakdown cover

Vehicle expenses can be difficult to calculate, so you can use '[simplified vehicle expenses](#)', which is a flat rate provided by the government.

You can also include business travel by train, bus, plane or taxi, and hotel rooms and meals during overnight business trips.

Bear in mind that travel for things like meetings and site visits is included, but you can't claim for the cost of travelling between home and work – so commuting or travelling to your business premises doesn't count.

Also note that if you take a journey for both personal and business reasons, you must be able to separate out the business cost in order to include it.

You can't claim for entertaining clients, suppliers and customers, or event hospitality.

Finally, if you buy a vehicle for your business and use **traditional accounting**, you can claim it as a capital allowance.

If you use **cash basis accounting** and buy a car for your business, you can claim it as a capital allowance (if you're not using simplified expenses). You claim other types of vehicle, like vans, as allowable expenses.



## Stock and materials

You can include the cost of your stock, your raw materials, and the direct costs that arise from producing your goods.

You can't claim for goods or materials bought for private use, or depreciation of equipment.

## Legal and financial costs

If you need to hire a professional like an accountant, a solicitor, a surveyor, or an architect for business reasons, you can include the cost in your calculation.

You can also include bank, overdraft and credit card charges, interest on bank and business loans, hire purchase interest, and leasing payments.

Note that if you're using cash basis accounting, you can only claim up to £500 in interest and bank charges.

If you use traditional accounting, you can claim money that you won't receive and don't think you'll ever receive (bad debt). That's because with traditional accounting, you include this debt in your turnover.



But you can't claim for:

- debts not included in turnover
- debts related to the disposal of fixed assets, for example land, buildings, machinery
- bad debts that aren't properly calculated – you can't just estimate that your debts are equal to five per cent of your turnover

You can't claim for debt in this way when using cash basis accounting, because you only record income you've actually received on your tax return.

Finally, you can't claim fines for breaking the law as business expenses, or for repayments of loans, overdrafts, and finance arrangements.

## Business insurance

You can include the cost of [business insurance](#), for example:

- [public liability insurance](#)
- [professional indemnity insurance](#)
- [employers' liability insurance](#)

There's more information about this on our [FAQ pages](#).

## Marketing

You can claim for the cost of marketing, including newspaper advertising, directory listings, mailshots, free samples, and website costs.

## Clothing

You can include the cost of uniform, necessary protective clothing, or costumes for actors or entertainers, but you can't include the cost of everyday clothing that you wear to work.







## Staff costs

Employee and staff salaries count as allowable expenses, as do:

- bonuses
- pension contributions
- benefits
- agency fees
- employer National Insurance contributions
- training courses related to your business

## Subscriptions

You can include the cost of membership to trade bodies or professional membership organisations if they're relevant to your business, and the cost of subscriptions to trade or professional journals.

# How to calculate self-employed expenses

You need to rely on your tax records when calculating your allowable expenses – the figures will be unique to your business.

It's a case of adding up your expenses from your bills and receipts, so it's important that you keep them all, otherwise you might miss out on a claim.

Calculating expenses will also depend on whether you're using cash basis or traditional accounting.

Using [cash basis accounting](#), you record expenses when you pay them. But with traditional accounting, you record expenses when you receive the bill or receipt.

When you complete your tax return, you may get the option to give a single figure for your allowable expenses or to give a detailed breakdown. If you choose to enter a single figure, you still need to work out all your expenses accurately, and keep a record of your workings in case HMRC queries your figures.

You should also keep receipts or other proofs of purchase.

You don't need to include these with your tax return, but you may need to present them if you're subject to a tax investigation.

HMRC says that you need to [keep tax records](#) for at least five years after the 31 January deadline of the relevant tax year.

Read about [how to fill in your tax return](#).



# Making Tax Digital – what does it mean for self-employed expenses?

[Making Tax Digital for income tax](#) is being phased in from April 2026. It will impact how the self-employed manage their expenses in the following ways:

## Mandatory digital expense recording

Taxpayers will be required to record all their expenses digitally - this means you'll need a digital version of all paper receipts and invoices.

## HMRC-Approved digital tools

Digital expenses must be recorded using HMRC-approved software (or using a spreadsheet and bridging software).

## Quarterly tax updates required

Instead of just one annual submission, taxpayers will need to send HMRC a summary of their income and expenses every three months (plus a final declaration each year).



**HMRC**

**allowable expenses**

**explainer sessions**

HMRC hosts free, regular 'talking points' meetings and webinars, designed to help tax agents get to grips with completing returns on behalf of their clients, as well as other issues. Have a look to see the [range of sessions](#) available.

# Limited company expenses

The rules are different for limited company expenses. If you fall into this category, switch to our [guide to allowable expenses for a limited company](#).

## What about director expenses?

Directors of limited companies can claim certain allowable expenses too. As you're effectively considered an employee, any expenses outside of your salary you pay yourself is treated as a benefit in kind.

For example, if you have a [company car](#) then you must claim it as a benefit in kind on your personal Self Assessment tax return. If it's also used for personal journeys then you'll need to work out the proportion used for business purposes.

As another example, if you buy something for your business out of your own money, then this will count as a [director's loan](#) and should be outlined on your company's [P11D](#) form. And again, this would be recorded as a benefit in kind on your Self Assessment.

Tax is particularly complex for limited companies so it's always best to speak to a professional if you're unsure of anything.

## More guides to help you with your taxes

[How to amend a Self Assessment tax return](#)

[HMRC Time to Pay – how to set up an HMRC payment plan](#)

[Self-employed tax code: what you need to know](#)

[HMRC scam email, call or text: is this HMRC contact genuine?](#)

Tax can be complicated, and you can face fines if you make a mistake on your tax return, so look at the guidelines on the [government's website](#) and seek professional advice if you need it.

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