

## Limited Companies - Expense Entitlements

### Outside IR35 - what can I claim?

Contractors working for their own limited companies operating outside of IR35 legislation are entitled to claim for a variety of allowable expenses provided they are deemed wholly and exclusively necessary for the course of business activities.

Allowable expenses include:

- ▲ Gross salaries paid for duties performed
- ▲ Accountancy fees
- ▲ Certain home office costs
- ▲ Business equipment / computer software
- ▲ Travel costs
- ▲ Motor cars / mileage claims
- ▲ Accommodation and subsistence
- ▲ Business telephone calls (landline/mobile)
- ▲ Mobile telephone handsets
- ▲ Stationery and postage
- ▲ Commercial insurance
- ▲ Training courses
- ▲ Professional subscriptions
- ▲ Protective clothing
- ▲ Charitable donations
- ▲ VAT on expenses (company must be VAT registered) \*\*
- ▲ Business bank account - interest and charges
- ▲ Pension contributions (to HMRC approved schemes)

\*\* A limited company cannot generally reclaim any VAT on purchases if it is registered within the Flat Rate VAT scheme. The benefit has already been taken into account when the flat rate percentage was established.

### **Inside IR35 - what can I claim?**

Contractors working for their own limited companies operating inside of IR35 legislation are also entitled to claim for a number of allowable expenses.

Allowable expenses include:

- 5% reduction to deemed income to cover administration expenses
- Employers NI contributions
- Mileage and travel costs
- Accommodation and subsistence costs
- Professional indemnity insurance
- Charitable donations
- Pension contributions (to HMRC approved schemes)
- Professional subscriptions