

Allowable and Disallowable Expenses

Allowable Expenditure

Staff related costs
 Employers NIC
 Insurance
 Rents
 Heating, Lighting, Rates
 Security
 General maintenance of:
 business premises and machinery
 Telephone, mobiles
 Postage, printing
 Trade & professional journals
 Car insurance, servicing, repairs
 Road fund licence
 Petrol/Diesel
 Parking fees
 Rail fares, air fares, taxi
 Hotels
 Accommodation & subsistence
 Advertising, mailshots
 Accountancy fees
 Solicitors fees
 Professional indemnity insurance
 Unrecoverable debts
 Interest on business bank loans
 Bank charges, credit card charges
 Pre-trading expenditure
 Use of home as an office
 Music cds, videos, dvds
 Laundry
 Grooming
 Christmas parties (Up to certain limits)

Disallowable Expenditure

Not wholly & exclusively incurred for trade
 Your own wages, salary or drawings
 The initial cost of buildings
 Council tax relating to the private use
 of your home
 Alterations & improvements to business
 premises (Capital Allowances)
 Travel between your home & workplace
 Entertaining
 Legal fees and fines if you break the law
 General reserves for bad debts
 The cost of clothes which could be worn
 for non-work purposes
 Payments to clubs, charities
 Depreciation
 Capital (Pre-acquisition)
 Gifts to customers- £15 max
 No food, drink or tobacco unless
 conspicuous advertising under certain limits
 Hire charges for expensive cars
 Lease premiums
 Theft by Directors & senior staff

Allowable Deductions

Expenses incurred solely for business purposes are generally allowable. This expenditure is usually referred to as 'Wholly & Exclusively'.

Disallowable Deductions

Expenditure which is not wholly and exclusively intended for trade purposes, is not allowable.

An easier way to remember what is allowable is to use the Tax Return itself. On the Tax Return, the Inland Revenue lists the items, which should be included as expenditure items.

This is a good indication as to what the Inland Revenue will allow.

www.fitnessindustryaccountants.com