



THE ULTIMATE SME EXPENSE CHECKLIST

Stop overpaying HMRC! Most SMEs miss £2,000-£5,000 in legitimate tax deductions annually.

Fear not! With this comprehensive checklist, you can identify every allowable expense with minimum fuss, freeing up time to focus on important business matters while keeping you compliant with HMRC!

Before using this checklist, remember: You cannot claim expenses if you are already using your £1,000 tax-free trading allowance.

Office expenses

Office expenses cover everything from stationery and equipment used in the office to the office building and its running costs.

What can I claim?

Any of the below that are valid expenses will need to be claimed as allowable expenses if you use cash basis accounting, and capital allowances if you use traditional accounting.

| Expense | Can I claim it? |
|---|---------------------------------------|
| Phone, mobile, fax and internet bills | YES |
| Postage and courier services | YES |
| Stationery and office supplies | YES |
| Printing, ink and cartridges | YES |
| Computer software | YES (if used for less than two years) |
| Computer software with regular licence payments | YES |
| Rent for business premises | YES |



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| Business and water rates | YES |
| Utility bills (gas, electricity) | YES |
| Property insurance | YES |
| Security systems and monitoring | YES |
| Using your home as an office | YES (but only the part used for business) |
| Purchasing building premises | NO |
| Repairs and maintenance of buildings, including alterations | YES |
| Office furniture under £1,000 | YES |
| Office cleaning services | YES |

Vehicle and travel expenses

Travel and vehicle costs can add up fast, but many are tax-deductible if they are purely for business use. If you use cash basis accounting, you may claim car purchases as capital allowances (if not using simplified expenses). If you use traditional accounting, claim purchases as capital allowances and other costs as allowable expenses.

You can also choose to use simplified expenses (45p per mile for first 10,000 miles, then 25p per mile).

| Expense | Can I claim it? |
|-----------------------------------|-----------------|
| Vehicle insurance | YES |
| Repairs and servicing | YES |
| Fuel | YES |
| Parking charges | YES |
| Vehicle hire charges | YES |
| Vehicle licence fees and road tax | YES |



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| Breakdown cover | YES |
| Train, bus, air and taxi fares | YES |
| Hotel rooms (for overnight business trips) | YES |
| Meals (on overnight business trips) | YES |
| Congestion charges and tolls | YES |
| Travel between home and regular workplace | NO |
| Personal/non-business travel | NO |
| Parking fines and other penalties | NO |

Clothing expenses

Not all workwear is tax-deductible, but if it is specifically for your job, you may be able to claim it as an allowable business expense.

| Expense | Can I claim it? |
|--|-----------------|
| Uniforms (specific to your job or branded with company logo) | YES |
| Protective clothing needed for work (safety boots, high-vis jackets, gloves) | YES |
| Costumes for actors or entertainers | YES |
| Laundry costs for work uniforms | YES |
| Everyday clothing (even if worn only for work) | NO |
| Smart clothing for meetings or client visits | NO |

Staff expenses

If you employ people in your business, many of the costs related to paying and supporting your team can be claimed as allowable expenses.



| Expense | Can I claim it? |
|--|---------------------------|
| Employee and staff salaries | YES |
| Bonuses and commissions | YES |
| Employer pension contributions | YES |
| Staff benefits (health cover, company perks) | YES |
| Agency fees (temporary staff or recruitment) | YES |
| Subcontractor payments | YES |
| Employer's National Insurance contributions | YES |
| Training courses directly related to your business | YES |
| Staff Christmas party costs | YES (up to £150 per head) |
| Redundancy payments | YES |
| Carers or domestic help (nannies, housekeepers) | NO |

Reselling goods

If you buy or produce goods to sell as part of your business, many of those costs are allowable expenses. Just make sure they are for business use only.

| Expense | Can I claim it? |
|--|-----------------|
| Goods bought for resale (stock) | YES |
| Raw materials used to make goods | YES |
| Direct costs from producing goods (packaging, manufacturing) | YES |
| Warehouse and storage costs | YES |
| Shipping and delivery costs to customers | YES |



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| Goods or materials used for personal/private use | NO |
| Depreciation of equipment used to produce goods | NO |

Legal and financial costs

Running a business often involves professional advice and financial services — many of these can be claimed as allowable expenses.

| Expense | Can I claim it? |
|--|--|
| Hiring accountants, solicitors, surveyors or architects (for business) | YES |
| Professional indemnity insurance | YES |
| Public liability insurance | YES |
| Other business insurance policies | YES |
| Bank, overdraft and credit card charges (business accounts) | YES |
| Interest on bank and business loans | YES |
| Hire purchase interest | YES |
| Leasing payments | YES |
| Alternative finance payments (e.g. Islamic finance) | YES |
| Debt collection costs | YES |
| Bad debts included in turnover (traditional accounting only) | YES |
| Legal costs of buying property or machinery | NO (claim as capital allowances if using traditional accounting) |
| Fines or penalties for breaking the law | NO |
| Repayments of loans, overdrafts or finance | NO |



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| Debts not included in turnover | NO |
| Any bad debts using cash basis accounting | NO |

Marketing, entertainment and subscriptions

Spreading the word about your business and promoting it to gain customers can be a legitimate business cost, but not everything is claimable.

| Expense | Can I claim it? |
|--|-------------------------------------|
| Advertising in newspapers, online or directories | YES |
| Website costs (design, hosting, maintenance) | YES |
| Social media advertising | YES |
| Business cards and promotional materials | YES |
| Trade shows and exhibitions | YES |
| Free samples to promote your business | YES |
| Email marketing software | YES |
| SEO and digital marketing services | YES |
| Trade or professional journals | YES |
| Membership to trade bodies or professional organisations | YES |
| Gifts to customers | YES (under £50 per person per year) |
| Entertaining clients, suppliers or customers | NO |
| Event hospitality (food and drink at events) | NO |
| Payments to political parties | NO |
| Gym memberships | NO |



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| Donations to charity | NO (but sponsorship payments may be allowable) |
|----------------------|--|

Training and development

Upskilling and staying up-to-date are important aspects of business, and many training costs can be claimed as allowable expenses, as long as they relate directly to your current work.

| Expense | Can I claim it? |
|--|-----------------|
| Training to improve existing skills used in your business | YES |
| Training to stay up-to-date with technology in your industry | YES |
| Courses to develop new skills linked to changes in your industry | YES |
| Training in administrative or business-related skills | YES |
| Professional development and certification courses | YES |
| Conference attendance fees | YES |
| Health and safety training | YES |
| Courses to help you start a new business | NO |
| Training for a completely new business area, unrelated to current work | NO |

Technology and equipment

Modern businesses rely heavily on technology, and many of these costs are allowable expenses.

| Expense | Can I claim it? |
|-------------------|---|
| Computer hardware | YES (capital allowances if over £1,000) |



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| Software subscriptions (accounting, CRM, project management) | YES |
| Cloud storage services | YES |
| Antivirus and security software | YES |
| Mobile phone contracts (business use) | YES |
| Tablet devices for business | YES |
| Office equipment under £1,000 | YES |
| IT support and maintenance | YES |
| Data backup services | YES |
| Internet hosting and domain names | YES |

Missed something? Don't leave money on the table!

Need expert guidance on maximising your tax efficiency?

Our AMS Model® doesn't just handle compliance — we actively hunt for tax savings and help structure your business for maximum efficiency.

Ready to stop overpaying HMRC?

Contact Auxima for your free tax efficiency review:

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