

How to Identify and Claim Business Expenses



The SRCOP means that if you earn above this amount, you pay tax on that part of your earnings at the higher rate of tax. Earnings below the SRCOP are taxed at 20%.

Personal Tax Credits

| Personal Tax Credit | Tax Year 2006 € | Tax Year 2007 € |
|---|-----------------|-----------------|
| Single Person | 1,630 | 1,760 |
| Married Person | 3,260 | 3,520 |
| Single Tax Credit | 1,490 | 1,760 |
| Widowed Person | | |
| With dependent children | 2,130 | 2,310 |
| Qualifying One-Parent Family Tax Credit | 1,630 | 1,760 |
| One-Parent Family | | |
| Widowed Person | 1,630 | 1,760 |
| Other Person | 1,630 | 1,760 |
| Widowed Person (5 years) Tax Credit | | |
| Deceased in | | 3,750 |
| 2003 | 3,000 | 3,250 |
| 2002 | 2,000 | 2,750 |
| 2001 | 2,000 | 2,250 |
| | 1,630 | 1,750 |
| | 1,130 | - |
| | | 770 |
| Home Care's Credit | 770 | 770 |
| Age Tax Credit (over 65) | | |
| Single/Widowed | | 27 |
| Married | 50 | 55 |
| Blind Person's Tax Credit | | |
| Single Person | 1,500 | 1,7 |
| Spouse Blind | 1,500 | 1, |
| Spouses Blind | 3,000 | 3 |
| Ally for Guide Dog | *825 | * |
| * allow individual's highest rate tax | | % |
| Other Tax | | |
| Dependent Rel | | Credit |

Avoid Excessive Costs

Business travel is renowned for driving sales, increasing contacts and producing big profits. Sales is a career that allows you to travel in the UK and abroad for business, a possibility that makes it such an appealing profession.



WHY THIS GUIDE?

With the growth of global business, sales people are expected to travel further for longer, and this all has a cost. Flights alone can set you back hundreds of pounds and this is before you take into account hotels, food and transport. As a result, people are spending significantly more on sales trips, but can fail to claim back on these increasing costs.

This guide explores the various business expenses that you can claim on and how to secure these returns.

Business Expenses

Taxes are often an unpopular topic, but the HMRC have a system of claiming money back on business expenses. A trip is classed under business travel only if the normal demands of your work take you away from your home for longer than one day's work.



“Claims can be made on any costs that are incurred on behalf of your business, but they have to be ‘wholly, necessarily and exclusively’ as part of your job role.”

These tax rebates can cover anything from petrol needed for your journey to the price of your business lunch, although anything extravagant or unreasonable will not be reimbursed.

Officially, a person is entitled to £25 of ‘subsistence’ payments when they have been travelling away from their business base for over 10 hours.

It is essential to keep all receipts as proof of the expenses incurred on your business trip. It is often helpful to keep an organiser to ensure all events and costs are documented.



The HMRC will not provide any tax relief on business expenses without the required documentation and will only accept claims within 4 years of the end of the tax year in which the expenses were made.

How to claim

You might think that claiming on business expenses would be a lengthy process because there are so many nuances to what is covered. However, in simple terms, the method of claiming tax relief back on your travel expenses depends on the amount of money you have spent.

Claims must be made through a HMRC self-assessment tax return, which anybody wanting to claim expensed should be familiar with. If this self-assessment form is not something you complete and your expenses are under £2,500 then, alternatively, you can fill in a P87 form and return that to HMRC.

Those who have already taken advantage of the HMRC expenses claims may not know that if your expenses are less than £1,000 and you've made a successful claim in the previous tax year, you can simply make your claim through the telephone.

For those who make frequent business trips and need to make a claim for over £2,500, the only option is to fill in the self-assessment form. As with the application process, the method through which you receive your expenses rebate depends on the amount of money you've claimed.

For claims that are over £2,500 the government will alter your tax codes for the year the claim is made and those following until the full amount is reimbursed. In addition to this tax adjustment, HMRC will send you a tax return that is to be filled in to keep their documentation updated.

If you are unsure as to the exact amount your tax relief needs to be, you are able to submit an estimated amount to HMRC. Once they have reviewed your claim at the end of the tax year, HMRC will then implement the relevant changes to your tax codes for the following year.

Is it just abroad?

Expenses claims apply to business costs that are accumulated in the UK and abroad. For instance, if for the majority of the week you're travelling across the UK for numerous business meetings, then you're entitled to claim on mileage.

Unfortunately you cannot claim on the petrol for your car journey between home and work. However, on any other business related travel you have to make for sales, you should be able to claim mileage allowance relief.

It is very simple to work out how much tax relief you can claim for travel expenses. The HMRC have set guidelines for this known as approved mileage rates.

They dictate that for the first 10,000 business miles you travel in the tax year, you can claim 45p per mile and for anything after the first 10,000 miles, you're entitled to 25p per mile.

To make your expense claim calculation, simply add up your business mileage for the tax year and multiply it by the relevant approved mileage rate.

In order to validate your tax relief claim, the date and distance of every business journey needs to be logged. You may be able to deduct petrol costs, tolls and parking, as long as the vehicle's sole use was for business.

What about dinner?



When travelling on business you will often find yourself on vital networking lunches with your own meals to purchase. Over frequent trips this can add up.



“If you are required to spend the night on your business trip, then meals (of a reasonable price) can be claimed as expenses. Even if you do not stay overnight, you can still apply for a 50% deduction from HMRC, as long as the costs are directly business related.”

However, make sure that if you claim tax relief on your meal as part of your travel expenses, that you don't claim on this same meal as a personal deduction.

A hotel room, the price of your plane ticket, or even car hire, are all costs that need to be considered when applying for your expenses tax claim. To support your claim, it is helpful to list the times of flights, keep proof of car rental and record dates and times of meetings as evidence of these necessary business expenses.

Conclusion...



We are passionate about global business and know that it can be expensive, which is why it's important to know the methods to deduct as many costs as possible. Fortunately, there are numerous claims you are able to

make, which means all you have to worry about is making new contacts, securing existing relationships and enjoying your trip.

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