



EST 2018

BEAUTY
iN NUMB3R5
E B O O K



HAVE LESS. DO MORE.

FINANCE TIP: COSTLY MISTAKES

THIS MISTAKE WILL HAVE
YOU RECEIVING AN INSTANT
PENALTY FROM HMRC...

HOW THE BEAUTY
INDUSTRY WILL BOUNCE
BACK FASTER THAN
FASHION

iPhone

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WHAT IS AN ALLOWABLE EXPENSE?

Allowable expenditure is offset against the sales revenue and reduces the amount of taxable profits, so it is important to get this right. The test to determine if a purchase is an allowable expense is if the expense is incurred 'wholly and exclusively' for the purpose of the business.

Here's some tips for those in the beauty industry. This list is not exhaustive but features some of the most common expenses.

WORKING FROM HOME

– HMRC offers a flat rate as part of the simplified expenses for sole traders working from home for more than 25 hours a week that starts at £10 a month.

RENT

– The rent charge or commission that you pay in return for a beauty space is an allowable expense.

MILEAGE EXPENSE

– A flat rate is available of 45p per mile for the first 10,000 miles as part of the simplified expenses from HMRC, which is very important for mobile therapists.

PURCHASES

– This includes things such as gel polish, acetone, nail files, couch roll, glitter, brushes etc. Fixtures and fittings are also allowable, as are consumables, postage, advertising and stationery.

PROFESSIONAL SUBSCRIPTIONS & INSURANCES

Yes – your subscription to Scratch magazine and other trade magazines or memberships is an allowable expense.

BUSINESS INSURANCE

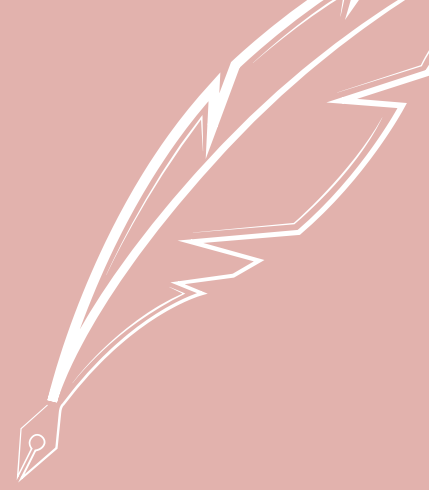
is always allowable.

FINANCE COSTS

– Interest, bank charges and fees. Don't forget to include these, especially if you use a business credit card.

TELEPHONE & INTERNET

– A percentage for business use is allowable. My advice would be to get a business phone contract and then the whole cost is allowable, providing you have another line for personal use.



DIS-ALLOWABLE EXPENDITURE

These may seem obvious, but some business owners still include the below in their tax returns which is incorrect and not allowable.

CHILDCARE

is not allowable.

PETROL AND TRAVEL TO WORK

– is not allowable when the place of work is the same place each day, for example a salon.

MILEAGE EXPENSE

– Everyday workwear is not allowable. Uniforms and protective clothing are allowable, so beauty tunics will be allowable but plain black tops and plain black trousers will not. HMRC reveals that fixing a permanent and conspicuous badge to what would otherwise be ordinary clothing may be enough to make it a uniform, but each case must be considered on its merits. A detachable badge is not sufficient to make the clothing to which it is attached part of a uniform.

MEALS

– Everyday meals are not allowable, but the cost of food may be allowable in special circumstances or if incurred outside of the normal work routine, for example when travelling to a business event/meeting. Check this with your accountant if you are unsure.

PARKING CHARGES AND HMRC PENALTIES

are not allowable.

TRAINING

– If you are learning a new skill or trade, this is not allowable revenue expenditure. HMRC has some really good guidance at gov.uk so do check if you are unsure.

