

# The truth about tax relief – we drill down to the truth

**Karen Wicks** answers some of the most frequently asked questions that arise when discussing the expenses you can claim tax relief

As a newly self-employed associate you will undoubtedly have several questions regarding the expenses you can claim tax relief for and those you can't.

Below we have answered some of the most frequently asked questions that arise when we present to newly qualified associates.

## What is a tax deductible expense?

Your tax liability will be based on the calculation of your taxable profit. The taxable profit figure is illustrated below:

Income – £50,000  
 Less: tax allowable expenses – £(10,000)  
 = Taxable profit – £40,000.

As you can see from the above example, the higher your tax allowable expenses are, the lower your taxable profit will be. Thus, the lower your tax liability will be.

## 2. Which travel costs can I claim tax relief for as an associate?

Travel expenses must relate to journeys undertaken wholly and exclusively for business purposes and must not be in respect of journeys between your home and the practice in which you work.

We would recommend that a mileage log book be kept detailing all business mileage undertaken. Maintaining a log book will provide evidence of business mileage should HMRC require evidence to support a deduction for travel costs.

If you haven't got a log book and would like one



**Karen** joined Humphrey & Co in 2007 having completed a law degree at the University of Leeds where she focused on both company and business law.

She went on to become a qualified chartered accountant in 2010. Karen is a partner and healthcare specialist accountant for the firm. She lectures to VT groups across the country, provides financial updates for some of the largest banks and has also given Section 63 seminars on tax and finance to dentists.

then please contact us and we will send one in the post to you.

## 3. Can I claim for my lunch while at work?

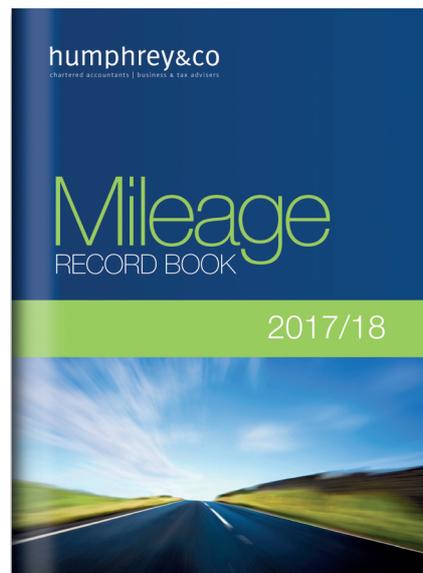
The cost of food and drink is referred to as subsistence. The general rule is the cost of food and drink is not eligible for tax relief as the self-employed dentist must 'eat to live' and thus the expenditure does not meet the 'wholly and exclusively' test.

However, subsistence costs incurred at a place travelled to in the course of trade,



or the cost of food/drink consumed in the course of travelling to such a place can be deducted providing attendance at that place

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## Here are some of the main examples of travel costs you can obtain tax relief on:

- Visits to labs
- Domiciliary visits
- Travel to courses (provided the cost of the course itself is an allowable expense)
- Opening up the surgery for an out of hours emergency treatment
- Travel between surgeries in the same day, for example, if you work at two different practices, one in the morning and one in the afternoon, the mileage between the two surgeries is tax deductible
- Travel in connection with your business, for example, going to see your accountant.

## The log book should include the following information:

- Date of the journey
- Starting place of the journey
- Journey destination
- Purpose of the journey
- Miles travelled.

We have the expertise and skills to advise and guide you regarding expenses, tax relief and other tax matters, so why not contact us if you have any questions? If you prefer, you can call us to arrange a free, no obligation meeting, please email us at [dentists@humph.co.uk](mailto:dentists@humph.co.uk) with your details.

is occasional and there is no regular 'pattern' of travel.

This is most likely to occur when attending courses or conferences.

#### 4. Can I get tax relief on my income protection payments?

There are several types of insurances that you may buy throughout your career. These may include public liability insurance, income protection insurance and sickness insurance amongst other ones.

**As long as the clothing is protective, the cost of purchasing such clothing will be a tax deductible expense**

Generally, only your public liability insurance will be tax deductible. For the cost of insurance to be deductible, the policy has to be taken out for a specific business reason. As income protection and sickness insurance

policies are taken out for personal (non-business) reasons, tax relief is not available.

#### 5. Are my clothes that I wear to work tax allowable?

As long as the clothing is protective, the cost of purchasing such clothing will be a tax deductible expense.

The cost of 'ordinary' clothing is not allowable as these are not specific to your trade. Examples would include scrubs, clogs and lab coats.

If you are required to wear a uniform and it bears the logo of your practice, you are able to claim tax relief on this cost.

#### We're here to make accounting clearer for you!

The above is only general guidance to expenses that may be incurred as an associate. It is important to remember that every associate's position will be different and whether an expense is tax deductible or not will vary depending on the associate's personal circumstances. **YD**



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