

Are motor and travel costs allowed as a tax deduction from trading profits?

Claim not allowed for tax

Claim is allowed for tax	
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Are you operating as a limited company?

Yes

See notes

NO

All business

NO

Is the expense  
part business and  
part private?

NO

All private

Yes

Can you accurately calculate which proportion is business and which is private?

NO

Yes

Apply the following rules to the business element only

Do you have to attend the destination for the purposes of the trade?

NO

Yes

Does the journey start and finish at home?

NO

Yes

Is the journey to a base of operations? (somewhere you attend on a regular, habitual basis)

NO

Yes

Do you have a base of operations at home (i.e. You must work from home for a substantive reason, not just convenience)

NO

Yes

The journey is from and to a base of operations and the only reason for making the journey is business (not to get home )

HMRC consider that part of the journey is about getting home and therefore it is not wholly and exclusively for business

NOTES:

Limited Companies: If a limited company pays a travel expense then the default position is that this is an allowable expense of the company but employment income of the individual. However, if conditions are met, the individual can claim an equivalent tax deduction from the income and no tax is paid. Please see the separate flow chart "Can an employee claim a tax deduction for motor and travel costs?"

Site workers: If you work a specific area, the whole area is your base of operations and the above rules should be applied as if that area is a single location. Travel within the area is allowed, travel to the outskirts and then home again is not allowed. If you live in the area, all travel is allowed.

Base of operations at home: For travel from home to another base of operations to qualify then the home base must be at home for a substantive reason i.e. you really have no choice but to work from home and do not do this purely for convenience.

If the journey is allowed then you can claim a deduction for both the cost of travel and possibly meals. Contact Complete Accounts for full details

*This article is designed as an aid to understanding the basic rules that apply when making a tax deduction in the UK. It is not designed to replace detailed professional advice and no responsibility is accepted by Complete Accounts Limited for any decision made based on this article. Complete Accounts are available to discuss any specific item in detail on*

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