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Simplified expenses if you're self-employed

1. Overview

Simplified expenses are a way of calculating some of your business expenses using flat rates instead of working out your actual business costs.

You do not have to use simplified expenses. You can decide if it suits your business.

Who can use simplified expenses

Simplified expenses can be used by:

- sole traders
- business partnerships that have no companies as partners

Simplified expenses cannot be used by limited companies or business partnerships involving a limited company.

Types of expenses

You can use flat rates for:

- business costs for [some vehicles \(https://www.gov.uk/simpler-income-tax-simplified-expenses/vehicles-\)](https://www.gov.uk/simpler-income-tax-simplified-expenses/vehicles-)
- working from home
- living in your business premises

You must calculate [all other expenses \(https://www.gov.uk/expenses-if-youre-self-employed\)](https://www.gov.uk/expenses-if-youre-self-employed) by working out the actual costs.

How to use simplified expenses

1. [Keep records \(https://www.gov.uk/self-employed-records\)](https://www.gov.uk/self-employed-records) of your business miles for vehicles, hours you work at home and how many people live at your business premises over the year.
2. At the end of the tax year use the flat rates for [vehicle mileage \(https://www.gov.uk/simpler-income-tax-simplified-expenses/vehicles-\)](https://www.gov.uk/simpler-income-tax-simplified-expenses/vehicles-), [working from home \(https://www.gov.uk/simpler-income-tax-simplified-expenses/working-from-home\)](https://www.gov.uk/simpler-income-tax-simplified-expenses/working-from-home), and [living at your business premises \(https://www.gov.uk/simpler-income-tax-simplified-expenses/living-at-your-business-premises\)](https://www.gov.uk/simpler-income-tax-simplified-expenses/living-at-your-business-premises) to work out your expenses.
3. Include these amounts in the total for your expenses in your [Self Assessment tax return \(https://www.gov.uk/self-assessment-tax-returns\)](https://www.gov.uk/self-assessment-tax-returns).

Use the [simplified expenses checker \(https://www.gov.uk/simplified-expenses-checker\)](https://www.gov.uk/simplified-expenses-checker) to compare what you can claim using simplified expenses with what you can claim by working out the actual costs. This will help you work out if simplified expenses suits your business.

2. Vehicles

Calculate your vehicle expenses using a flat rate for mileage instead of the actual costs of buying and running your vehicle, for example insurance, repairs, servicing, fuel.

You can use simplified expenses for:

- cars (except those designed for commercial use, for example, black cabs, hackney carriages or dual control driving instructors' cars)
- goods vehicles (for example, vans)
- motorcycles

You cannot claim simplified expenses for a vehicle you've already claimed [capital allowances \(https://www.gov.uk/capital-allowances\)](https://www.gov.uk/capital-allowances) for, or you've included as an expense when you worked out your business profits.

Vehicle	Flat rate per mile with simplified expenses
Cars and goods vehicles first 10,000 miles	45p
Cars and goods vehicles after 10,000 miles	25p
Motorcycles	24p

Example

You've driven 11,000 business miles over the year.

Calculation:

10,000 miles x 45p = £4,500

1,000 miles x 25p = £250

Total you can claim = £4,750

You do not have to use flat rates for all your vehicles. Once you use the flat rates for a vehicle, you must continue to do so as long as you use that vehicle for your business.

You can [claim all other travel expenses \(https://www.gov.uk/expenses-if-youre-self-employed\)](https://www.gov.uk/expenses-if-youre-self-employed) (for example train journeys) and parking on top of your vehicle expenses.

Use the [simplified expenses checker \(https://www.gov.uk/simplified-expenses-checker\)](https://www.gov.uk/simplified-expenses-checker) to compare what you can claim using simplified expenses with what you can claim by working out the actual costs.

3. Working from home

Calculate your allowable expenses using a flat rate based on the hours you work from home each month.

This means you do not have to work out the proportion of personal and business use for your home, for example how much of your utility bills are for business.

The flat rate does not include telephone or internet expenses. You can [claim the business proportion of these bills \(https://www.gov.uk/expenses-if-youre-self-employed\)](https://www.gov.uk/expenses-if-youre-self-employed) by working out the actual costs.

You can only use simplified expenses if you work for 25 hours or more a month from home.

Hours of business use per month	Flat rate per month
25 to 50	£10
51 to 100	£18
101 and more	£26

Example

You worked 40 hours from home for 10 months, but worked 60 hours during 2 particular months:

10 months x £10 = £100

2 months x £18 = £36

Total you can claim = £136

Use the [simplified expenses checker \(https://www.gov.uk/simplified-expenses-checker\)](https://www.gov.uk/simplified-expenses-checker) to compare what you can claim using simplified expenses with what you can claim by working out the actual costs.

4. Living at your business premises

A small number of businesses use their business premises as their home, for example a guesthouse, bed and breakfast or small care home.

You can use simplified expenses instead of working out the split between what you spend for your private and business use of the premises.

With simplified expenses you calculate the total expenses for the premises.

Then use the flat rates to subtract an amount for your personal use of the premises, based on the number of people living on the premises and claim the rest as your business expenses.

Number of people	Flat rate per month
1	£350
2	£500
3+	£650

Example

You and your partner run a bed and breakfast and live there the entire year. Your overall business premises expenses are £15,000.

Calculation:

Flat rate: 12 months x £500 per month = £6,000

You can claim:

£15,000 - £6,000 = £9,000

If someone lives at your business premises for part of the year, you can deduct only the relevant flat rate for the months they live there.

Example

You and your partner run a bed and breakfast and live there the entire year.
Your child is at university for 9 months a year but comes back to live at home
for 3 months in the summer.

Calculation:

Flat rate: 9 months x £500 per month = £4,500

Flat rate: 3 months x £650 per month = £1,950

Total = £6,450

You can claim:

£15,000 - £6,450 = £8,550

Use the [simplified expenses checker \(https://www.gov.uk/simplified-expenses-checker\)](https://www.gov.uk/simplified-expenses-checker) to compare what you can claim using simplified expenses with what you can claim by working out the actual costs.

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