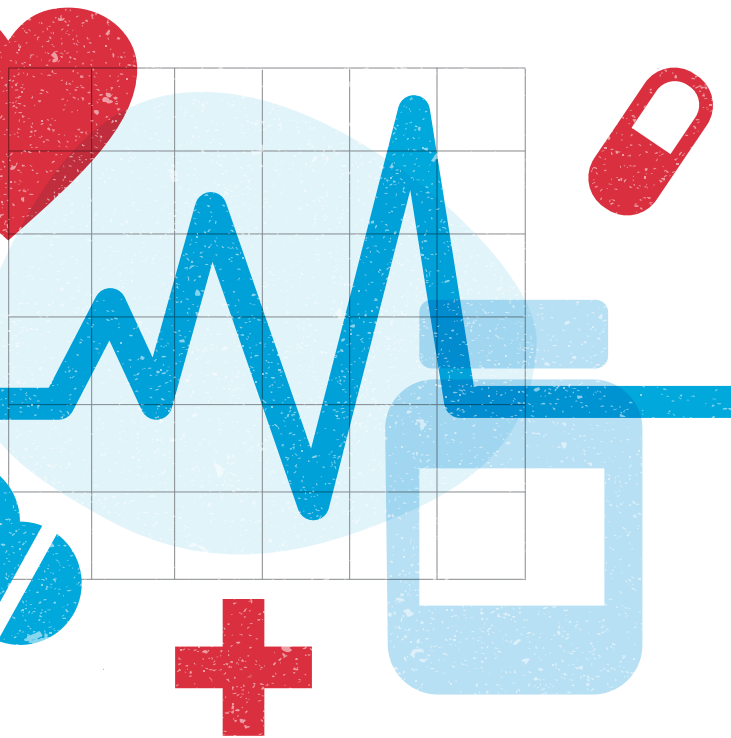


Medical professionals allowable expenses



What are the benefits of claiming expenses?

As medical professionals you are likely to incur a range of expenses in completion of your duties. You can claim relevant expenses against income generated to reduce your taxable income.

Relevant expenses will attract marginal tax savings of up to 62% and can also reduce income below certain thresholds, to regain your personal allowance or entitlement to Child Benefit.

Below we cover the expenses which can be claimed, as part of a tax return (or separate claim), for individuals in different working positions. Partners can also claim expenses – these will be claimed through the partnership tax return, but the same self-employed rules apply.

The list below is not exhaustive but covers the most common claimable items. If an expense matches the criteria below, it's likely to be deductible.

Who can claim expenses?

Employees

Where expenses are incurred in the course of an employment, and these are not reimbursed by the employer, a deduction may be possible (see below) provided, they are incurred wholly, exclusively and necessary for the purposes of that employment.

Please note you do not need to complete a tax return to claim expenses if these are below £2,500, instead use HMRC form P87. Where expenses are over £2,500 a tax return will be required.

What does necessary mean for expenses?

For an expense to be necessary an employee's duties cannot be performed without it and if each employee in the same job would have to incur the expenditure on the same sort of tasks.

Self-employed

Expenses for the self-employed are less restrictive compared to an employee, and can be deducted against taxable profits, provided they are wholly and exclusively for your work – these do not need to be necessary.

An expense may be part used in the trade and part used privately. In that case a relevant business percentage can be claimed.

Trading allowance

HMRC provide a £1,000 allowance to cover small amounts of income or provide a flat rate deduction for expenses.

If income is below £1,000 this does not need to be reported to HMRC and there will not be a tax liability. If expenses are below £1,000, an allowance of this amount can be claimed instead.



The most common allowable expenses are:

Employee	Self-employed
<p>✓ Professional fees and subscriptions <i>These must be on HMRC's list/a recognised body i.e. Medical Defence Union, British Medical Association.</i></p>	
<p>✓ Courses, including the accommodation, food, drink and parking charges in connection with this <i>Please note training costs incurred to develop or create new skills, which are not related to the existing trade is not allowable. Courses and training incurred to maintain or build knowledge of an existing trade can be claimed in full. Employees can claim a deduction for courses or other training costs but they need to be necessary to your current role to be allowable.</i></p>	
<p>✓ Medical equipment including drugs and dressings where applicable</p>	
<p>✓ Specialist clothing or shoes i.e. scrubs/steel cap shoes <i>Employees cannot claim tax relief for personal protective equipment (PPE) - this should be supplied or reimbursed by the employer.</i></p>	
<p>✓ Business use of residence £6 per week but can only be claimed where:</p> <ul style="list-style-type: none"> • Your job requires you to live far away from your office or • Your employer does not have an office <p>The allowance cannot be claimed because you choose to work from home</p>	<p>✓ Business use of residence (please see guidance below)</p>
<p>✓ Motor (please see guidance below)</p> <ul style="list-style-type: none"> • Commute mileage (home to work) is not allowable • Claiming mileage only applies where you use your own vehicle • If your employer reimburses mileage at a lower rate than HMRC's approved rates (below) you can claim the difference <p><i>If you have a company car - a mileage claim can be made for business travel to cover the cost of fuel where it is paid for by you</i></p>	<p>✓ Motor (please see guidance below)</p> <ul style="list-style-type: none"> • Commute mileage is allowable where you are not based at a single place of work



Employee	Self-employed
	<p>✓ Medical books, papers and periodicals These cover items which will be continually used in your business, not revision aides</p>
	<p>✓ Locum costs Where you have to supply a locum to replace you if you are unable to make your agreed locum shift</p>
	<p>✓ Locum insurance</p>
	<p>✓ Mobile, computer and broadband expenses These expenses need to be restricted to exclude the personal element of use</p>
	<p>✓ Wages Where you pay for any admin support personally</p>

Motor expenses

Can be claimed on either of the following two basis:

Mileage

HMRC approved rate of 45p per mile for relevant mileage (up to 10,000 miles, 25p per mile over this)

Actual

This basis requires full details of car running costs together with details of the car and business/personal mileage. The business percentage of expenses/capital value of the car can then be claimed against income.

Once elected, this basis needs to remain in place until the purchase of a new car. A mileage log should be kept to evidence business mileage.

Business use of residence

Can be claimed on either of the following two basis:

Nominal

This is based on hours **per month** work is undertaken from home:

25 to 50 hours per month - £10 per month

51 to 100 hours per month - £18 per month

101 hours or more - £26 per month)

This basis does not need receipts.

Actual

This claim would require full details of home running expenses together with hours working from home. A percentage of full expenses would then be claimed against income.

This basis would need to be evidenced. You can switch between method of claim year on year.



Additional motor expenses

Claiming capital allowances

When claiming motor expenses based on actual expenses, a business proportion of the value of the car can be claimed as capital allowances and this is based on the following Co2 emissions of the car:

Description of car	Co2 emissions	Relief available (on business %)
New and unused	0g/km or electric car	First year allowances - 100% of the value of the car
Second hand electric	0g/km	Main rate allowances - 18% of the value of the car
New or second hand	50g/km or less	Main rate allowances - 18% of the value of the car
New or second hand	Over 50g/km	Special rate allowances - 6% of the value of the car

Purchasing a car

There are options available when purchasing a car. Below is a table giving a summary of the tax relief available for those options:

CH (contract hire)	PCP (personal contract purchase)		HP (hire purchase)	Purchase
	Leased vehicle	Purchased vehicle	Compulsory balloon payment	
<p>Tax relief available on any deposit and the monthly payments.</p> <p>May be a 15% rental restriction depending on CO2 emissions (currently those exceeding 110g/km).</p> <p>Relief adjusted for personal use.</p> <p>No capital allowances.</p>	<p>Vehicles purchased under a PCP can be treated under similar arrangements as a contract hire or a hire purchase.</p> <p>This largely depends on the contract and the intentions of the purchase.</p> <p>We would need to review the contract and understand the nature of purchase to determine the tax treatment.</p>		<p>Capital allowances claimed.</p> <p>Rate determined by CO2 emissions.</p> <p>Allowances adjusted for personal use.</p>	<p>Capital allowances claimed.</p> <p>Rate determined by CO2 emissions.</p> <p>Allowances adjusted for personal use.</p>



Gift aid/charitable donations

Should you make any gift aid or charitable donations please provide us with this information. These can be claimed within your tax return, separately to your expenses.



If you have any questions, please speak with your usual PKF Francis Clark contact.

If you would like support, and are not a client of ours, please contact Kieran Hancock or Katie Skea.



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