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SOLE TRADERS

ZMARTLY FACTSHEET SERIES

Self-Employed Allowable Expenses Master List

Every category of cost a sole trader can and cannot claim against tax, with the flat-rate shortcuts, the £1,000 trading allowance and a worked example. The complete reference for cutting your taxable profit, with the records HMRC will accept.

Tax year **2026/27** · Prepared by **Harvey Dhillon** · Last reviewed **21 August 2026** · Sources: gov.uk

MILEAGE (CAR)	TRADING ALLOWANCE	PROPERTY ALLOWANCE	PERSONAL ALLOWANCE
55p / 25p per mile	**£1,000**	**£1,000**	**£12,570**

01 The rule that decides every claim

A cost is only an allowable expense if it is incurred wholly and exclusively for the purposes of your business. If a cost is purely for the business you can usually claim all of it. If it is part business and part private, you claim only the business proportion and split it on a fair and reasonable basis. If it has no business purpose, you claim nothing.

GOOD TO KNOW
Keep a short note of how you split each mixed cost, ready in case your return is ever checked.

02 The categorised master list

The main categories of cost a sole trader meets, with what is allowable and what is not. Run your own bank and card statements against this list so nothing is missed at year-end.

- Office and admin: stationery, postage, printing, software, and the business share of phone, mobile and internet
- Premises: rent, business and water rates, heating, lighting, power, property insurance and security
- Travel: fuel, vehicle insurance, repairs, servicing, road tax, parking, hire charges, and train, bus, taxi and air fares
- Staff: wages, employer National Insurance, pensions, agency fees and subcontractors
- Marketing, professional fees and finance: advertising and website costs, accountants and solicitors, professional indemnity insurance, bank charges and business loan interest

GOOD TO KNOW
Three costs catch people out and are never allowable: entertaining clients, ordinary commuting from home to a regular workplace, and everyday clothing even if worn only for work.

03 Clothing, training and the lines HMRC draws

Some categories have a clear allowable side and a clear disallowed side. Knowing where the line falls keeps your claim safe.

- Clothing: uniforms, protective clothing and actors' or entertainers' costumes are allowable; everyday clothing is not, even if you only wear it for work
- Training: courses that update or keep current the skills you already use are allowable; training to start a new trade or enter an unrelated area is not
- Finance: interest on a business loan is allowable, but repaying the loan capital itself is not

- Legal: professional fees for business reasons qualify, but the legal costs of buying property or equipment are capital, and fines for breaking the law are never allowable

04 Travel, mileage and use of home

For vehicles and working from home you can claim the actual cost or use HMRC simplified flat rates, whichever is higher. The mileage rate for cars rose to 55p for the first 10,000 business miles from 6 April 2026.

- Cars and goods vehicles: 55p per mile for the first 10,000 business miles, then 25p per mile
- Motorcycles: 24p per mile for every business mile
- Use of home: a flat rate of £10, £18 or £26 a month depending on the hours worked, from 25 hours a month
- Commuting from home to a regular workplace is not a business journey and cannot be claimed

GOOD TO KNOW
Once you use the flat-rate method for a vehicle you must keep using it for that vehicle, so choose the method that gives the bigger deduction from the start.

05 Equipment and capital allowances

Longer-lasting items such as computers, tools and machinery are usually claimed through capital allowances rather than as everyday running costs. The Annual Investment Allowance gives 100% relief on up to £1,000,000 of qualifying plant and machinery a year, so most small-business purchases can be relieved in full in the year you buy them. Cars are excluded from the Annual Investment Allowance, but a car bought new and unused with zero CO2 emissions qualifies for a 100% first-year allowance if bought before April 2027, meaning 5 April 2027 for income tax and 31 March 2027 for corporation tax. Every other car is claimed through writing-down allowances instead.

GOOD TO KNOW
Flag larger purchases to your accountant before year-end, because the timing of a capital purchase can pull the tax relief a whole year earlier.

06 The £1,000 trading allowance

If your total self-employed income is no more than £1,000, it is tax free and you do not need to report it. If your income is higher but your costs are low, you can deduct the flat £1,000 trading allowance instead of your actual expenses. It is one or the other: if you claim the allowance you cannot also claim expenses, so use whichever gives the bigger deduction. There is a separate £1,000 property allowance that works the same way for rental income.

GOOD TO KNOW
Below £1,000 of allowable costs, the trading allowance is usually simpler and worth more; above £1,000, claim your actual expenses instead.

07 Records and the bigger picture

No receipt, no claim. Keep receipts, invoices and a mileage log, ideally digitally, and hold them for at least five years after the filing deadline. Every pound of allowable expense reduces the profit taxed against your income, and a clean year of records is the difference between a deduction that stands and one HMRC disallows.

GOOD TO KNOW
Digital bookkeeping makes this far easier and is increasingly required under Making Tax Digital for Income Tax.

Common questions

What can I claim as a self-employed allowable expense?

Any cost incurred wholly and exclusively for your business: office and premises costs, business travel, the business share of your phone and internet, marketing, staff and subcontractor costs, professional fees, finance charges, uniforms and protective clothing, and qualifying training. Equipment is usually claimed through capital allowances. Where a cost is part business and part private, claim only the business share.

What can I not claim as a sole trader?

Client entertaining, ordinary commuting from home to a regular workplace, everyday clothing even if worn for work, fines, the private share of any mixed cost, and your own drawings. The legal costs of buying property or equipment are capital rather than running costs.

How much is the mileage rate for the self-employed?

Using HMRC simplified expenses, you can claim 55p per mile for the first 10,000 business miles in cars and goods vehicles, then 25p per mile after that, and 24p per mile for motorcycles. The car rate rose to 55p for the first 10,000 miles from 6 April 2026. Once you use this flat-rate method for a vehicle you must keep using it for that vehicle.

Should I claim the £1,000 trading allowance or actual expenses?

If your allowable expenses are below £1,000, claiming the flat £1,000 trading allowance is usually simpler and gives a bigger deduction. If your costs are above £1,000, claim your actual expenses instead. You cannot claim both for the same income, so compare the two each year.

KEEPABLE WORKBOOK

Print this part and work through it

Everything below is built to keep. Print it, fill it in, and take it to any conversation, including ours.

Year-end expenses checklist

Print this and work through it before you file your Self Assessment, so you claim everything you are entitled to and keep the records to support it.

- [ ] Total up office costs: stationery, postage, printing, software
- [ ] Claim the business share of phone, mobile and broadband
- [ ] Add premises costs: rent, rates, heating, lighting, power, insurance
- [ ] Include stock, materials and direct production costs
- [ ] Claim marketing: advertising, website, samples and listings
- [ ] Add staff costs: wages, employer NI, pensions and subcontractors
- [ ] Choose mileage at 55p / 25p, or actual vehicle running costs
- [ ] Keep a mileage log of business journeys, with dates and reasons
- [ ] Claim use of home: the flat rate, or a fair share of bills
- [ ] Include train, bus, taxi and air fares and overnight meals and hotels
- [ ] Claim professional fees, bank and finance charges, and loan interest
- [ ] Claim equipment through capital allowances and the £1m AIA
- [ ] Include uniforms, protective clothing and qualifying training
- [ ] If income is low, compare the £1,000 trading allowance with actual costs
- [ ] Add back the private share of every mixed cost
- [ ] Exclude client entertaining, commuting and everyday clothing
- [ ] File receipts and invoices for every claim, and keep them five years

Scroll your full year of bank and card statements line by line. Every legitimate cost you find and claim cuts your taxable profit, and most people miss a few first time round.

NEXT STEP

Get expert eyes on your tax

Book a free 30-minute Tax Health Check — we review your situation, sense-check the figures and show you where you could save.

Scan to book a free call

For guidance only — this factsheet does not constitute professional advice and is not a substitute for advice based on your specific circumstances. Whilst every care has been taken in its preparation, it may contain errors for which we cannot be responsible. Figures are for the 2026/27 UK tax year (England, Wales & Northern Ireland) and may change. Scottish taxpayers face different income tax rates; dividend rates are UK-wide. Last reviewed 21 August 2026.

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