

Business costs and expenses explained

One of the benefits you'll enjoy when working with Parasol is the ability to claim and be reimbursed for legitimate business costs and expenses – as long as they're incurred during an assignment. The types of costs and expenses that can be claimed and reimbursed are dependent on the type of assignment you're working on and whether it's subject to **supervision, direction or control (SDC)**.

The things you can claim for are determined by HMRC guidelines so all umbrella companies should follow the same process. The table below provides an overview of the costs and expenses you'll be eligible to claim depending on the assignment. We've also provided a more detailed explanation of each item below.

Type of Expense/Cost	If SDC applies to the assignment	If no SDC applies to the assignment
Client billable expenses	Paid tax and National Insurance Contribution (NIC) free by Parasol	Paid tax and NIC free by Parasol
Business costs (Electronic equipment, parking at or near the assignment, training, textbooks and manuals)	Paid tax and NIC free by Parasol	Paid tax and NIC free by Parasol Subject to provision of a valid receipt
Mileage (Cars, bicycles, motorcycles and vans)	Not paid by Parasol but log for your records on MyParasol portal	Paid tax and NIC free by Parasol Subject to provision of a valid receipt
Business expenses (Business entertaining, stationery, safety equipment, travel, subsistence, accommodation etc)	Not paid by Parasol. You can log expenses on MyParasol portal and you can try to apply for a tax refund after tax year-end (5th April) direct from HMRC. This is paid at HMRC discretion and not guaranteed.	Not paid by Parasol. You can log expenses on MyParasol portal and you can try to apply for a tax refund after tax year-end (5th April) direct from HMRC. This is paid at HMRC discretion and not guaranteed.

Client billable expenses

These are pre-agreed with and paid by the end client or agency so must be approved by the end client or agency upfront before the expense occurs. In order to be paid tax and NIC free by Parasol, the client billable expense must be within one of the categories on the MyParasol portal.

Business costs

These types of costs are always paid tax and NIC free regardless of the type of assignment you are on and include electronic equipment, parking at or near the assignment, training & tuition costs and text books. All of these items require receipts.

Electronic equipment

The costs of electrical equipment such as an iPad or laptop can be claimed for and reimbursed, provided they're essential for the assignment. Software counts as well.

There's no limit to the amount that you can claim, as long as you detail how each purchase supports your role.

Parking

You can claim and be reimbursed for the cost of parking at or near the assignment.

Training and text books

It's also possible to claim and be reimbursed for the costs of any courses or training that you complete and any text books that you need – provided it's related to your role. If this is a requirement for the current assignment, there's a good chance that the request will be accepted. Any non-work related qualifications aren't eligible for reimbursement.

Mileage

Mileage to and from the assignment and home can be claimed and reimbursed tax and NIC free if no SDC applies to the current assignment upon provision of fuel receipts. Mileage rates apply to bicycles and motorcycles as well as cars and vans.

The table below outlines the current approved mileage allowance payments (AMAP) you can claim for.

Mode of transport	First 10,000 business miles in the year	Anything above 10,000 miles
Cars and vans	45p	25p
Motorbikes	24p	24p
Bicycles	20p	20p

Business expenses

This covers things like business entertaining, stationery, safety equipment, travel, accommodation and subsistence. You can try to apply for a tax refund from HMRC on these expenses after the end of the tax year (5th April) either via a self-assessment tax return or a P87 form. This is paid at HMRC discretion, and is not guaranteed. As long as you track and log all your expenses on the MyParasol portal you will then have access to all the information you require at year end.

Need more help?

We hope this guide sheds some light on how easy and beneficial it is to claim and log legitimate business expenses and costs.

If you need more information, please call **0800 458 0818** or email: enquiry@parasolgroup.co.uk.

Based on the details of the assignment, it might be worth considering going limited. That way, as long as you're outside **IR35** you'll still be able to claim all expenses tax and NIC free as and when you incur them. Our sister company **ClearSky Contractor Accounting** is the go-to provider for this. And if you aren't sure whether this route is for you, simply give our best advice team a call on **0800 7870 171**. They'll be able to talk through your options based on your own circumstances.