Claiming Everyday Expenditure: Know Howâ€™s of an Umbrella Company

Ed Lebbon

Article published on January 5th 2012 | Article Marketing

Freelancers, self-employed or contractors always have issues regarding claiming their tax back for the expenses they have incurred. Well simply doing so not only maximizes the actual â€œtake-homeâ€• pay they are entitled to but it also minimizes the tax bill each contractor gets. Now if these are done legally of course it would not be deemed as being â€œtax-avoidantâ€•. Knowing tax and self-employed individuals, the HRMC has strict controls and regulations on costs incurred and expenses that can be claimed which should be exclusively, necessarily and wholly scoped by the work a contractor has. Tax officials make sure of this by legally acting out a detailed investigation of self-employed, freelancers or contractors accounts. Expenses claimed made by contractors are also included in the investigation.

So how does one assure that they are tax-efficient and by all means are clear of evading tax from the tax officials? The easiest solution is to work your taxes and your salary through an umbrella company. The first step is easy. Just provide them with a detailed documentation of how you much earn, how much you spend on business expenses and the like. It is of prime importance that in reimbursing expenses a contractor keeps records and receipts of expenses said to be incurred in a minimum of five years. Knowing this, what exactly are the items included under expenses that can be claimed from working through umbrella companies?

Number one on the list of expenses a contractor can claim would be travel and mileage expense. If you have your own vehicle, then you can claim for mileage expenses when you travel to and from to work. Traveling in another personâ€™s car or all forms of travel can be expenses that can be claimed as long as these travels are associated with the business or the work a contractor is involved in. Travel rates being really expensive can also be claimed as expenses given that VAT receipts are provided. VAT receipts should also be given in terms of fuel consumption for mileage expense.

Next on the list of claimed expenses would be accommodation and meals. Such expense is termed by an umbrella company as â€œDispensationâ€•. Doing so allows each contractor to claim for meals that have incurred costs given that there is a receipt. These receipts however are no longer needed to be sent out to umbrella companies. For those contractors staying far from home during business trips can easily claim accommodation expense plus meals.

Clothing and equipment given that these are associated with the work are also filed under expenses which can be claimed. There would be a description for each of course. Equipment such as clothes that are under the term â€œprotective clothingâ€• meaning those that are not the normal day attire worn in casual or formal settings. Tools on the other hand are those used exclusively for the work alone. Gadgets may be included given that these are particularly important or vital to the business. Gadgets would include phones used for business calls.

Another additional expense a contractor can claim would be memberships and journals. Given that these memberships are for professional associations then there are instances where allowable expenses are given. However before a contractor should start on the membership, the HMRC has provided an all-inclusive list of associations available for claiming expenses when it comes to membership fees.

Take note that expense claims that are provided with actual and factual receipts are legitimate claims. Of course as long as these expenses are associated with the work. These allowable expenditures are one way for contractorsâ€™ tax bills to be greatly reduced. Contractors must remember that keeping records and claiming expenses that are genuinely incurred as part of their

job are fairly essential. It can be a headache for the self-employed which is why Access-a is the solution to giving you the service of an umbrella company that is sure to make anyone 100% tax-efficient. Access-a is the only place contractors need to visit to be fully geared up on tax issues and taxation.

Article Source:
http://www.articleside.com/article-marketing-articles/claiming-everyday-expenditure-know-how-s-of-an-umbrella-company.htm - Article Side

Ed Lebbon - About Author:
Ed Lebbon is the owner of Access-a Umbrella Company, Access-a is an umbrella company offering the benefits of a limited company without the administration or statutory responsibilities.
To know more about a Umbrella Company visit our website a http://access-a.co.uk/

Article Keywords:
umbrella companies,umbrella company

You can find more free articles on Article Side. Sign up today and share your knowledge to the community! It is completely FREE!