

A Network Marketer's Guide to Business Expenses

PRB Accountants in Sussex

Working in Network Marketing is an exciting journey, one that we are proud to share with our clients. We encourage our clients to establish good bookkeeping practices from the outset – and this includes claiming for all business expenses that you're entitled to.

This guide is intended to be a one-stop resource to help Network Marketers in the UK better understand their options. The information is based on our experience working in this sector for the last 30 years and is correct at the time of publication. We do however encourage you to get in touch with our team directly if you have any specific questions.



The basics

Simply put, business expenses are costs incurred for products or services needed to run your business. They can be paid for by the business or by an individual working for the business. HM Revenue and Customs' definition is clear:

*"A business expense must be **necessary and wholly and exclusively** incurred as part of the day to day running of your business"*

Personal items and expenses such as non-uniform clothes, dry cleaning and supermarket shopping are not considered valid business expenses.

Business income and expenses can be recorded in a manual or digital format and are used to prepare your year-end accounts and tax returns. The reason for recording and claiming for all of your expenses is that the majority of them are likely to be tax deductible, therefore reducing your overall tax bill.

Here are some of the items you can claim for

Motor expenses

You can claim for motor expenses in one of two ways. Most Network Marketers claim on a mileage basis and keep a mileage log to support the claim. This is probably the simplest method. Alternatively, you can claim a business proportion of your actual motoring costs i.e. petrol/diesel, repairs, insurance and road fund licence.

Travel and subsistence

You can claim for travel costs such as train fares, bus fares and parking related to the business. With regards to subsistence, modest subsistence expenses may be deducted from business profits. Where a business trip necessitates one or more nights away from home, the hotel accommodation and reasonable costs of overnight subsistence are deductible.

Office cost

If you spend money on computers and office furniture for use in the business then these are fully tax deductible. Also, any overhead costs in relation to computers such as broadband payments and website costs are allowable.

Promotional items

Promotional items such as business cards or brochures are all claimable if they relate to the business, as are general stationery, printing, postage costs and advertising.

Household bills

If you work from home, then you are entitled to claim for a proportion of your home bills. Fixed costs such as mortgage interest/rent and council tax are claimable on a proportionate basis, whereas variable costs such as gas and electricity are claimed using flat rates provided by HM Revenue & Customs.

Training

If you are self-employed and you undertake training to keep your current skills updated then any such training costs will be allowable. This also applies if the training is required to maintain membership of a professional body. However, if you undertake training to acquire a new skill then this will not be allowable.

These are just some of the main expenses that you can claim for. Other items include bank charges on a business account, professional fees and telephone. If in doubt, please give us a call.

What about...?

Keeping receipts

HMRC require you to keep your receipts for 6 years if you run a business. These days, it is no longer necessary to keep the paper receipt as long as you have a digital version, e.g. on your computer or in your accounting software.

This guide is intended as a complimentary resource aimed to help Network Marketers better understand business expenses. If you've found it useful, feel free to share it with your downlines and peers.

You can also find more free resources on our [YouTube channel](#). If you require any assistance with your accounts, we as Network Marketing specialists would be delighted to assist.

About the Author



Chris Whitley-Jones is Managing Partner at Sussex based accountancy firm PRB Accountants. He has advised clients in the network marketing sector for over 30 years. Chris regularly speaks at industry events and runs webinars for groups of distributors, on a range of tax related topics.

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