

EXPENSES CHALLENGE

		ANSWERS
1.	£550 Osteopath fees	Not allowable - even if injury incurred whilst driving. The Revenue treat as private and indivisible.
2.	£15,000 to build a new garage	Not allowable - this is a capital expense and is also treated as private
3.	Attending DIA conferences £400 travel & subsistence	Allowable - wholly and exclusively incurred in connection with your business
4.	Day out at Brands Hatch - £1,500	Not allowable - the day may improve your driving skills, but this is a personal expense
5.	Initial franchise fee of £15,000	Not allowable - this is a capital expense, the purchase of a business
6.	Purchase of sat nav - £200	Not allowable - this is a capital expense, but you do get a capital allowance of 100%
7.	Tax bills during the year - £3,600	Not allowable - this is a personal drawing from the business
8.	£200 month wages to spouse	Potentially allowable - if wage is commensurate with the duties
9.	Babysitting fees when out on lessons - £200	Not allowable - not wholly and exclusively incurred
10.	Car signage - £200	Allowable - advertising expense. Potentially capital and claimable as a capital allowance.
11.	£50 parking fine	Not allowable - statutory fines are specifically disallowed by tax legislation
12.	Overdraft penalty on your business bank account - £50	Allowable - this is different from a statutory fine, it is an expense wholly connected with your trade
13.	£5,000 training costs to become an ADI	Not allowable - Revenue specifically disallow training expenses before certification
14.	£5,000 compensation for whiplash injury to another driver	Not allowable - treated as personal compensation
15.	A discount of £100 to a customer who has introduced other customers	Allowable - you don't have to account for a standard price if you decide to lower it
16.	A gift of £1,000 to your brother to help him set up as a driving instructor	Not allowable - this isn't in connection with your trade
17.	£1,000 entertaining company directors in pursuit of a fleet contract	Not allowable - entertaining expense is specifically disallowed by tax legislation
18.	Loan repayments of £200/month	Partly allowable - only the interest proportion of the payments can be deducted
19.	£1,500 legal fees in connection with the purchase of a franchise	Not allowable - treated as a capital cost
20.	£300 legal fees in pursuit of customers' debt	Allowable - wholly and exclusively incurred in connection with your trade
21.	£1,500 Accountancy fees in connection with a Revenue tax investigation	Depends - if investigation results in no additional tax, then allowable
22.	Insurance premium of £74 to protect against Revenue tax investigations	Not allowable - Revenue specifically seek to disallow this expense
23.	£250/month hire purchase payments on a car used 50% for business and 50% privately	Partly allowable - business proportion of interest payments can be deducted
24.	Payments to a stand-in instructor taking your lessons while you are ill.	Allowable - this is a direct cost wholly and exclusively incurred