

167 - Reduce Your Tax Bill By Claiming These 6 Expenses

Laura Davis: [00:00:00] Hello, and in today's show, we are sharing some of the things that you can claim as expenses as a freelancer.

Laura Moore: Welcome back to JFDI with The Two Lauras. This is our weekly show where we talk about all sorts of things in relation to working as a freelancer, social media manager, ads manager, social media marketer, whatever it is you wanna call yourself.

And as a freelancer in any of those kind of areas, there are a lot of things that you need to run your business in a professional way and your client's social accounts. And when you very first start out in business, sometimes that can feel really expensive. And we've had a lot of questions read. Where people are asking, can I claim X, Y, Z as expenses?

And let me just say we are not accountants. But more often than not, the answer is a big fat yes. So on the show today, we wanna talk through some things that you can claim as expenses to bring your tax bill down so that you don't have to pay them yourself. So should we dive straight in?

Laura Davis: Yeah. Yeah.

Laura Moore: Okay. Go.

Laura Davis: I think it is worth saying before we get into the nitty gritty [00:01:00] of what people can claim as expenses. I think people worry about like the, like when they're doing, like their tax return, the, the kind of categories of expenses. But actually I think there is a threshold, and maybe we should have checked this.

Uh, but we aren't financial advisors, so all of you should be checking all of this with your bookkeeper and accountant. That's your, uh, my caveat there, but I think it's about, it is over 80,000 pounds. So if you are earning less than 80,000 pounds a year, you are just gonna be clumping together your expenses in one, one number.

You are not gonna have to be breaking it down into different categories and you know, if you're over 80 K, then you, you know, I'm guessing you'll probably be using accountants anyway who will be advising you on this. But if you are earlier on in your business or have a, a lower income, then all business expenses just get clumped together.

So as long as you are, make, keeping a record of those, however, you know, just a basic spreadsheet, if you've got the [00:02:00] toolkit, the spreadsheet in the toolkit, which was

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created for me by my accountant husband. Is what I use now and have used for years and years and years. So, um, just a basic spreadsheet is absolutely fine.

Um, but just you don't worry too much about this.

Laura Moore: Yeah. And one thing I think we should say, and we are not accountants, but quite often our accountants will say –

Laura Davis: Do we wanna say that one more time?

Laura Moore: Yeah. By the way, I'm not an accountant. Um, which, you know, if you're a regular show, regular listener will come as no surprise because you know that I don't like numbers.

Um, but anyway, our accountant will often say to us, if we want to claim something that it has to be, whatever it is, has to have been exclusively for the business to be claimed as a business expense, and if it's not, then you can sometimes only claim a percentage, which is why I think it's really important that you do have an accountant or a bookkeeper or someone like that advising you if you're unsure.

Um, like I would never do my own books, which it is no surprise. But yeah, you just wanna make sure you get it kind of right, but yeah.

Laura Davis: Yeah. And if you've got [00:03:00] questions like ask people, don't kind of suffer in silence. Like we, we'll forever say to our accountant, can we claim this? Can we claim that? Can we claim this?

Laura Moore: Yeah. And then when he says no, you're like, oh. Why not?

Laura Davis: We really want, when we were speaking at Atomicon, we were like, surely if we've gotta buy a new outfit, we can claim for that. And they were like, no.

Laura Moore: Yeah. Bummer. Anyway –

Laura Davis: I know. Unless we wanna get our logo –

Laura Moore: Let's dive into some things that you actually can claim, shall we?

Laura Davis: Yes. Yes. Let's not just have a moan.

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Laura Moore: So the first one, and I think this is the one that people get most annoyed about having to spend money on, and that is the tools that you run your business. Like people are forever. Like, oh, where, where can I get a free scheduling tool? You don't need a free, free one. You need a good one that's gonna help you to do your job well.

Laura Davis: You need the best one.

Laura Moore: Yeah, the best one. Even if it's paid, because you should be pricing properly and then that is an expense that you. Claim as an expense in your business. Um, and there's lots of different tools that [00:04:00] you might be using in your business that will help you, um, to do your business well, to do things quicker, easier, et cetera.

And all of those can be put down as expenses. So like, for example, we use tools like missive to run our email. Um, we use Airtable, Slack, like there's so many different tools that we use on a day-to-day basis. We're recording this in Riverside, for example. All of those we claim as expenses, and you might not use those specific tools that I've just mentioned, but there will be tools that you use in your business that you pay for that, and they're all a business expense.

Laura Davis: Yeah, you should definitely be try, and this is a slight tangent as I knew this, it was coming. You should definitely be paying the absolute most that you can afford, and you should be able to afford the best schedulers, the best tools, because you should have priced accordingly when you have done your pricing for your clients, that enables you to be able to afford.

The [00:05:00] best things. So it makes your job easier. It can be done more efficiently. It can be done with higher quality, therefore giving you a better reputation, which means that you'll get better clients, which means you can charge more money. Like I know that we're just talking about whether or not to claim a scheduling tool as an expense, but you know, you, it's, it's bigger than that.

It's about making sure that you are pricing accordingly and also remember. These expenses means it's, you know, it's, it's a taxable expense, as in you only pay tax on your profit. So the more expenses you put through your business, the less tax you are going to have to pay. So don't, so instead of thinking, or the more I spend on tools, the less money I am going to earn.

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Because that's gonna make you then choose the free things, the crap things. Think of it differently. Think the more I spend, the less I'm gonna have to pay the tax [00:06:00] man. And that might motivate you to. Spend wisely. I'm not saying waste money at all, um, but I definitely think you should be trying to use the best tools on the market to help you do the best job.

Laura Moore: And I think a lot of this will come down to when you are doing application forms, discovery calls, and putting proposals in for clients. And if things change when you're working with those clients, you are really looking at your numbers and you know the numbers. In terms of what expenses you're already paying out, what you wanna earn, all of that stuff.

And then you think, hang on. Okay, so this client, I'm gonna need to do a lot of competitor research for this client. I need to pay for Social Insider, for example. And you add the price of that onto the fee that you have just put in your proposal and you're like, okay, I put a grand. Actually no, let's change that and put 1200 'cause then I can afford.

The tool, right? And you need to make sure that you're doing, that. You're not just considering what you're already spending. You're considering might, what you might need to spend as well.

Laura Davis: Yeah, absolutely. Yeah.

Laura Moore: Because the, the [00:07:00] client, especially like for things like competitor analysis, the client is always gonna be grateful that you've done that work. So, you know, it's always gonna make you look good.

So it should be saying that they are, that, like, I'm not saying give them an itemised bill saying that you are, they're paying for this tool. Um, it's just sucked up into their fee. Yeah. So, yeah. Okay. So that's one, all of the like tools, online tools that you use.

There's also some like physical tools that you're gonna use in your work as a social media manager. And if you are not using a phone, I will be out, uh, astounded. Um, but the vast majority of social media managers use a phone. Probably, most of the time you're using your phone, you are using it for work, so therefore you can claim it as a business expense, both the cost of the phone and the phone bill, I would imagine.

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Laura Davis: Just as you, just to slight interrupt there, when you were saying there's a physical tool that you may be using, I, I genuinely wasn't expecting you to say phone bill. I thought, should I tell you what I thought, I thought you were gonna [00:08:00] say a calculator.

Laura Moore: Oh my God. Really?

Laura Davis: That's how sad I am.

Laura Moore: That just shows the difference between our brains.

Laura Davis: Yeah.

Laura Moore: Never.

Laura Davis: Yeah, you can definitely, yeah. Calculator. That's a good one.

Laura Moore: Okay. Who, who these days though, is buying a calculator –

Laura Davis: Me.

Laura Moore: – when there's one on their phone?

Laura Davis: Me.

Laura Moore: Oh, you're such a geek. She's, she's literally looking in her draw for it. Okay. If you're watching on YouTube. There we go. There's the calculator.

Um, you missed that if you're just listening on the podcast. I'm sure you're really upset that you've missed out on that, but you know, you can see it on YouTube.

Laura Davis: It's a good, it's a good calculator. Anyway, back to it, so, um –

Laura Moore: Have I ever told you about when my husband bought me a calculator for Christmas?

Laura Davis: I think you may have done, but go on just for the purposes of the –

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Laura Moore: A calculator, yeah. Literally on Christmas Eve, he told me he'd been to his favourite shop on Christmas day. I discovered that his favourite shop was WH Smith's, and my Christmas present was a calculator and a packet of post-it notes.

Laura Davis: Love it. Like I'd have been happy with that,

Laura Moore: I dunno how we're still married.

Laura Davis: I'd have been happy with that. Maybe you got the wrong Laura.

Laura Moore: Yeah, maybe. [00:09:00] Anyways –

Laura Davis: I meant Christmas present, not wife like that. Okay. Anyway, back to the phone. Um, yes. So it, it's not as clear cut as that. It depends if you are buying the phone a hundred percent for work. Yes. And if the phone bill is hundred percent purely for your business? Yes.

If like us, our phone bills are, 'cause we just have the one phone, so the phone bills are multipurpose. We only claim a percentage of our phone bills 'cause we, we, you know, we can't stop our kids ringing us. Well, I, you know, unfortunately. So, but it does depend slightly. And again, that's something you'll want to get advice from.

And whether you are the type of person who would want two phones.

Laura Moore: No. Dodge.

Personal and a work.

Laura Davis: No, not me either.

Laura Moore: Yeah. It's just got drug dealer vibes. [00:10:00] It's not for me.

Laura Davis: I used to have to have one with my old job and it had to have a, one of those Blackberries. Do you remember?

Laura Moore: Oh God yeah. They were awful.

Laura Davis: Yeah, I just used to lose it.

Laura Moore: Can't buy them anymore, can you?

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Laura Davis: I dunno. I have still got it actually.

Laura Moore: Oh, Jesus. Retro.

Laura Davis: I know.

Laura Moore: Well, put it on eBay.

Laura Davis: Yeah. Yeah, and it's just, yeah, having two phones is, especially because the Blackberry was what I was given.

Like, it wasn't my choice. So it was, and it was all little, and I've got man hands and, you know. We've moved on a lot since then.

Laura Moore: We have, anyway –

Laura Davis: Uh, anyway, so yeah. So, uh, the, the use of the phone will depend on how much you can use as an expense in your business. Um, yeah, but it's definitely worth looking into, especially with the cost of phones nowadays.

Um, but I think more so and more likely because it's a huge expense is your computer. Laptop, desktop, whatever you choose. You cannot do your job [00:11:00] without one. Now, there are people who spout out crap all over the internet saying a social media manager, all they need is a mobile phone. Like we are not those people because that is incorrect.

If you are doing a proper job as a proper strategic social media marketer that I know you are, then you will need a computer. And that is a hundred percent an expense. So, uh, it will keep your tax bill down. So get what you can afford, get what you deserve and need to do your job well because you can claim it as an expense.

Laura Moore: Yeah, agree.

Laura Davis: I don't think there's anything more to add on that.

Laura Moore: No. Love it. Anyway. If anyone fancies a trip to the Apple Shop, we're always down for going with you. Just as a little side note.

Laura Davis: Yeah. We love the Apple shop.

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Laura Moore: We do. We went all the way to LA and the first place we went was the Apple shop.

Laura Davis: Yeah, we did. And then we [00:12:00] changed on the screens. The screens on all the phones and all the laptops. We changed it to our website. I'm sure we could get the photo of that, we have got photos somewhere?

Laura Moore: And then I went to ask somebody for some help and he didn't even work in the Apple shop, so that was really embarrassing. Anyway.

Laura Davis: Yeah. But we were at Social Media Marketing World, so she'd walked up. So we were in LA, she'd walked up to this man to ask for advice, advice on whatever she wanted to buy. And obviously he was very polite and just said, I'm, I'm sorry I don't work here. To which obviously we were, you know, in fits and giggles about.

And then we then drive down to San Diego and we go to Social Media Marketing World. And I think it was like the last night. Was it?

I can't remember.

Like the, like the closing kind of party.

Laura Moore: We were definitely in the conference. No, we were in the conference.

Laura Davis: I thought we were in the ho-. No, we were in the hotel.

Laura Moore: Oh, maybe, either or. Okay.

Laura Davis: Yeah, it was the last night. It was the party. 'cause it had been the business [00:13:00] card night.

Laura Moore: Oh yes. That's a whole other story. We'll save that for another podcast

Laura Davis: And, um. He was stood in the foyer and we both just looked at him, we burst out laughing because he was the apple man and he was called the Apple man,

Laura Moore: But, but hang on. I went up and said to him, oh my God, you were the man in the Apple shop that I asked for help. I'm so sorry. And he was like, what are you talking about? I haven't been to the Apple shop. It wasn't even the same guy.

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Laura Davis: Was it not him?

Laura Moore: No.

Laura Davis: Oh, I always thought it was him because he worked for that –

Laura Moore: No. So I screwed it up twice.

Laura Davis: He worked for that, um, tool, didn't he?

Laura Moore: Yeah. I can't remember what it's called, but yeah, anyway.

Laura Davis: Anyway. We're completely digressing here.

Laura Moore: No one cares about this story.

Laura Davis: Okay. Moving on. So, and my favorite type of thing to buy - stationery.

Laura Moore: Yes. You love a good notebook, don't you?

Laura Davis: I do love a good notebook and, um, this is gonna be, this is only gonna benefit people who are watching on the podcast. I used to spend –

Laura Moore: On YouTube, you mean?

Laura Davis: Oh, what did I [00:14:00] say?

Laura Moore: You said on the podcast, but it doesn't matter.

Laura Davis: Oh, I'm sorry. I had this created. So that's my old logo. And for, for those of you listening on the podcast, it's basically I've got someone to create me an A4 document, ring bound with a fancy cover and each column, so I had five columns.

'cause I generally would only ever work with five clients at one time and with a little tick box and it was my to-do list. So I'd have a different column for each client. Honestly, like, I should have mass produced these.

Laura Moore: Can we just have a zoom in on that for the benefits of YouTube just so we can all see it? There we go. That's what we're working with. Love it. Maybe you should sell those. We can have them as merch. Podcast merch.

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Laura Davis: Merch. Oh my God. On it.

Laura Moore: If anyone wants to order one, let us know.

Laura Davis: Yeah, but, but, but that was –

Laura Moore: You can claim it against expenses.

Laura Davis: Because I was fed up of buying notebooks that I'd just get [00:15:00] myself in a bit of a pickle because I'd be like, when I wanted to sit down and work on one particular client's work. I was finding, uh, all my to-do lists and things were all muddled up.

Um, so I tried having like different notebooks for different clients, and you can just imagine that that did not go well. Um, so this was the best way that, to be fair, I would make some adjustments to it now, but I ordered these repeatedly for, for years.

And that was a, an expense. So don't, if you, if you can't find a notebook in WH Smiths. It's not sponsored by them. Um, if you can't find a notebook in there, then design one yourself, get it printed. You can do that in Canva nowadays.

Laura Moore: Love it. Excellent. Okay. Stationery. I'm gonna do that.

Laura Davis: Post-it. Notes, pens, anything like that. Printer cartridges. If you're someone who still prints.

Laura Moore: Oh my God, I bet you my husband bought the calculator and the post-it notes and put it as the business against his business.

Laura Davis: Yep. Nice. [00:16:00]

Laura Moore: I've only just twigged that.

Laura Davis: What a romantic.

Laura Moore: He really is. Yeah. Anyway.

Laura Davis: Love it. Love it. Okay, so stationery is fairly straightforward. We all know what stationery is. Next is memberships, courses, training, anything like that is to help you do your job. It's a taxable expense.

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Laura Moore: Yeah. What I will say though is there is a caveat it cannot be to start a new business. It has to be training for a business that you've, you're already doing. Yes. So if you were not a social media manager, for example, and you did a social media management course, you wouldn't be able to claim that back unless you already had a business and it has to be related to your current business.

It can't be. So you can kind of expand into a new area. So if you were a social media manager and you wanted to go and be a vet, you couldn't go and do a veterinary course [00:17:00] and claim that as an expense against your social media management business.

Laura Davis: Okay, so that's quite interesting then. So where, but where's, and I, I know you're not gonna know the answer to this, but where's the line, like as a social media marketer and you want to then go into graphic design, then there is a link.

Laura Moore: Yeah, I think that would be fine. That because you are already doing graphic design potentially in Canva, you're just getting better at it. You know. Like with ads, you are already boosting posts and creating content that could be ads

Laura Davis: You're just developing that skill.

Laura Moore: You're just learning the strategy of how to do it better. Yeah, I think so long as you can justify it. Then I think that's, you know, if the tax man came after you and asked you to justify it, you have to be able to justify it, and so I think you just need to think about that before you do it.

Laura Davis: Yeah. If the tax man came over to you, after you.

Laura Moore: Well, you never know. You might come and knock on your door. Why did you buy this veterinary course?

Laura Davis: And in this day and age, it could be a tax woman.

Laura Moore: Well, yes. Okay.

Laura Davis: So let's call him a tax person.

Laura Moore: It could be a non-binary tax person.

Laura Davis: Yeah. Okay. [00:18:00]

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Laura Moore: There we go.

Laura Davis: Um, okay, so things like, yeah, so anything like memberships, if you're in the inner hub, that's a taxable expense. If you are a social media manager and then you've come along and bought the toolkit. Same. All those kind of things.

Laura Moore: If you go to events, you know, like if you go to Atomicon for example, that's taxable. Yeah.

Laura Davis: And with that, the travel, you are going to that conference, the travel to that conference, you can use an expense, if you're staying in the hotel, that's an expense. Anything that, you know, if you, then when you are there, if you are eating out.

Expense. Because you can't, if you're there, you can't, you can't go home and make a sandwich, can you? You have to, you have to spend, especially in Newcastle, unless you live there. Um, so you have to spend the money to, because you need to eat. So, and on that point, if you like, I used to do this a lot when I was running workshops.

I would [00:19:00] always buy coffees and some cakes for people on my workshop. A couple of coffee, coffees, one cake. Um, they would be an expense –

Laura Moore: God, you were tight. You only gave them one cake. Did they have to share it?

Laura Davis: Well, actually there was like a platter. No, as in like one cake each, but there was like a platter they could choose. And they often, was more than one.

Laura Moore: Okay, good.

Laura Davis: And a couple of coffees each, more if they needed it, I wouldn't, you know –

Laura Moore: Not tight then.

Laura Davis: Um, so yeah, those kind of things. Um, if you're meeting a client for a coffee. Like often, like I'll meet a, a, well, used to meet a client of mine all the time and we would argue about who was gonna take, put it through as their business expense. If you're buying coffee for somebody else, if it's a business meeting, all of that kind of stuff.

Laura Moore: Nice. Love it. That's kind of good excuse to go out networking maybe. And buy someone a coffee, you still won't be see, see me doing it, but.

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Laura Davis: if you are, if you are [00:20:00] traveling, like mileage, uh, parking, if you're going to an event, all of that, just obviously if you are using your car to travel to business meetings, you do need to make sure that you've got the appropriate insurance.

Laura Moore: Okay. That's a whole different ball game. We're not gonna go down that route today. That's just, yeah, definitely not our area of expertise.

Laura Davis: We're not gonna go down that route any day because that's not our area of expertise. Um. But definitely if you are using your car for anything work related, like going to a networking event and you don't have business cover on your insurance, then you may want to add it because I, I only say this because when, what we were looking at my insurance, obviously you have, I can't remember the terms now.

Like social and something, social use, and then you have like commuting and then you have like. Business use, obviously people who are in their car all the time. And I was like, well, hang on. I don't commute anywhere but occasionally, like when I, you know, I drove up to Newcastle. I [00:21:00] occasionally use my car, I drive to the train station.

If I'm coming to meet you, I'm doing a work based drive, but it wasn't classed as a commute, so I had to like get the caveat on that and what, but I did need insurance. Yeah.

Laura Moore: Okay. There we go. It's just, I feel like this podcast has taking a whole different turn now.

Laura Davis: I know –

Laura Moore: But you can claim your insurance as an expense, so there we go.

Laura Davis: Can you?

Laura Moore: Well, yeah, if it's for work.

Laura Davis: Oh, your business insurance.

Laura Moore: Yeah.

Laura Davis: Oh yeah. I thought you meant your car insurance then.

Laura Moore: No, your business insurance.

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Laura Davis: I was like can you? Yeah, business insurance, yes.

Laura Moore: Yeah, absolutely. And if you've got, if your car insurance has got that business thing, then you could probably claim a percentage of it.

Laura Davis: Do you think?

Laura Moore: Well, yeah. 'cause you're insuring it for business reasons. So a percentage of it is business. Surely. Again, I'm not an accountant. Don't put this through in your tax return based on what I'm saying.

Laura Davis: Yeah, no, definitely get advice on that one. Don't listen to Laura. [00:22:00]

Laura Moore: Um, I hope we've got to the end of this podcast and you're thinking to my, to yourself. I have got great advice here about my taxes.

Laura Davis: I feel really, I feel really confident on the advice that I've just been given. With every other sentence is "we're not accountants".

Laura Moore: Yeah, totally. We probably should've just got an accountant on the show.

Laura Davis: To be fair, this advice was all given to us from an accountant.

Laura Moore: It, this is true. Yes.

Laura Davis: So, you know, it has come, I know we are the ones delivering and we have had a little, few rabbit holes we've gone down, but the, the main bones of this podcast has been provided by an accountant, so, I'm fairly confident it's as accurate as it can be, but with anything like this, it is always worth getting professional advice.

Laura Moore: Yeah. And also make sure that you're keeping your receipts. So if you're like Laura and I, and when we meet up, we've got loads of receipts for all the Diet Cokes that I buy. Um, and then that we're like, who's gonna carry the receipt? Just take a photo of it and then you know, you've got the [00:23:00] receipt. There you go.

Laura Davis: Yeah. You still should try and keep the hard copy though.

Laura Moore: Okay. Sorry boss.

Laura Davis: You can tell you don't do the numbers in our business, Laura.

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Laura Moore: No, not at all.

Laura Davis: Yeah, if you can try and keep the hard copy. It's advised. I've got little envelopes everywhere.

Laura Moore: Oh, geez.

Laura Davis: I know. I should charge you rent for that.

Laura Moore: I take photos of them and send them to you, and then I bin them.

Laura Davis: Oh, Jesus Christ.

Laura Moore: Watch HMRC come and knock on my door. Anyway.

Laura Davis: Don't say things like that out loud. Well, you'll just send them my way.

Laura Moore: I will. I say you've got the wrong address. It's the wrong Laura. You need Laura 2.

Laura Davis: Oh.

Laura Moore: Anyway, there we go. Um, let us know if you did actually learn anything in this podcast. I think it will be a miracle, but you know, maybe you did, um, pop into our DMs. We are @thetwolauras on, on every channel, if you're watching on YouTube. Thank you for sticking with us. Um, and leave us comment below and yeah, we'll be back.

Same time, same place. What are you gonna say? You [00:24:00] look like you're about to like drop some sort of bomb.

Laura Davis: I am just gonna say if you wanna order one of your client, uh, to do list, then. Drop me a DM, I'll whip it up for you. Get it in the post. Just need your logo to whack on the front cover, honestly.

Laura Moore: Nice.

Laura Davis: I totally, this is the new business plan is coming.

Laura Moore: Okay. Fine.

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Laura Davis: Alright, uh, we'll see you in the DMs for the orders.

Laura Moore: See you next week. Toodles.

Laura Davis: Bye.

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