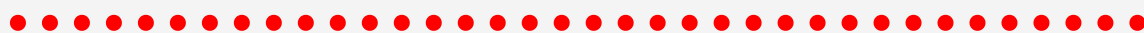


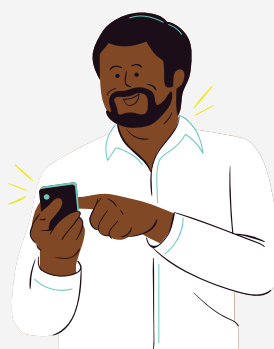
THE ULTIMATE GUIDE TO TAX EXEMPTION ON MOBILE PHONES



	Company Tax Savings	Personal Tax Savings
Employer NI	✓	✓
Employee NI		✓
Personal Income Tax		✓
Corporation Tax	✓	
VAT	✓	

Is a mobile phone allowable for tax purposes?

HMRC expenses rules state that a company can provide staff with ONE mobile phone for business purposes, which is exempt from tax as a **benefit in kind (BIK)** and an **allowable expense against corporation tax**.



“What if an employee has a second phone?”

If an employee has more than one handset, or handsets are provided to family members who are not employees of the company, then these extra handsets will be taxed as a **Benefit in Kind** (paid by the employee), although the business would be able to claim the cost of the additional phone as an **expense against corporation tax**.

	Company Tax Savings	Personal Tax Savings
Employer NI		
Employee NI		✓
Personal Income Tax		
Corporation Tax	✓	
VAT		

Do the phones have to be registered to the company to be allowable?

In order to claim the phone as a company expense; **the company must meet the following criteria:**

- the company purchases the phone
- the contract is in the company name
- the phone is paid for through the business bank account or with a company credit card.

If you're only just adding your company name and address to the monthly invoice in a personal name, the phone(s) are not tax exempt.

If the phone is not in the company name, then the company cannot claim for the purchase of the handset or the costs of the tariff itself.

For example, if the tariff costs £30 per month before making business calls, but there was no marginal cost of the business calls, then you cannot claim any element of the line rental as an expense. This is because HMRC deems that you would be paying for this anyway.

Which costs can be claimed as a business expense?

You can claim the following as expenses:

- **Expenses relating to the purchase of the mobile phone:** This includes the cost of the mobile phone, contract and call costs.
- **Additional call costs:** This can be charged if you obtain an itemised bill. If you've used up your inclusive minutes, and the additional call costs incurred are for both business and personal calls, the costs for your business calls can be claimed as an expense.
- **Pay as you go (PAYG) mobile:** These are considered marginal costs and can be claimed as an expense.

Can any costs be claimed as a business expense on a Personal Contract?

If your mobile phone purchase and the contract is made in your name, you won't be able to claim the cost of the mobile phone or the monthly tariff. This also applies if you've purchased a PAYG mobile.

The following will apply:

The costs incurred for business calls made using your personal mobile can be claimed as an expense. This can be charged if you receive an itemised bill. You're also able to reclaim the VAT element of the business calls. If asked, you would need to be able to produce records to prove that the calls which are being claimed as a business expense are indeed business-related. If all calls are made within the free minutes of the tariff then these calls cannot be reclaimed. Only costs of “additional charges” above and beyond your monthly tariff can be claimed.



What if the company pays my personal phone bills?

If your personal phone bills are paid for by your company, **you're required to pay a benefit in kind charge** on the total bill. Your company will also pay Class 1 National Insurance Contributions on the total bill (after the costs incurred for business calls have been deducted).