

Business expenses / AutoAccount

Basics: You should **only** use your company's bank account for **business expenses**. All payments are automatically directed to bookkeeping as expenses and the business owner is liable for their validness. Note been, in unclear cases there is risk of a tax inspection or further investigation even after several years !

Common business expenses:

All purchases must be related to your business and on demand you must be able to prove them. Examples of purchase cost/expenses:

- Office supplies → normal acceptable expenses
- Phone expenses → normal acceptable expenses, except personal use; in practice phone expenses are ascribed on annual closing or in case of limited liability company personal phone expenses are considered as a taxable phone benefit
- IT and other ICT expenses → normal acceptable expenses
- Cleaning expenses → normal acceptable expenses for business premises as long as the premises are in business use
- Work clothing → Acceptable business expenses only if it is considered as a protective gear (for example work hauler) other so-called normal clothing is not acceptable in taxation even if work requires specific clothing
- Eyeglasses → Acceptable expenses only if work requires specifically made lenses
- Gym membership → self-employed/sole trader cannot deduct, in limited liability company it is possible if it concerns all employees of the company.
- Culture- and exercise voucher → In limited liability company it is possible that company pays and distributes them to owners and employees (must concern all employees) tax free. Maximum is 400 euros worth of vouchers per year per person.
- Lunch voucher → In limited liability company it is possible that company pays and distributes lunch vouchers to owners and/or employees; vouchers taxable value is 75% of market value
- Occupational healthcare → Requires occupational healthcare contract and expenses are deductible

- Restaurant services → Acceptable conference and negotiation expenses are coffee and lunch services. They are 100% reclaimable on VAT and deductible in income taxation. Entertainment expenses like bar and other services and gifts can be directed to bookkeeping but, only 50% are deductible in income taxation and in VAT non can be reclaimed. Remember to mark down the names of participants!
- Marketing expenses → Acceptable expenses; advertisement gifts value must be reasonable; marketing event can be interpreted as a entertainment expense if participates are limited to specific customers and event contains open socialization
- Employees refreshment expenses → For self-employed/sole trader it is not possible, in limited liability company occasional refreshment expenses are acceptable if all employees of the company have option to participate
- Educational expenses → Educational expenses are acceptable if the skills are needed in work
- Per diem/daily allowances → You can get tax-free per diem from business trips to cover the increase in living expenses; in limited liability company daily allowances are managed through payroll, for self-employed/sole trader reduction is managed yearly in part of annual closing process.
- Km-allowance → For business related travel it is possible to get tax-free Km-allowance from using your own vehicle to cover fuel and car's maintenance expenses; in limited liability company allowances are managed through payroll, for self-employed/sole trader deduction is managed yearly in part of annual closing process.
- Vehicle expenses → different options:
 - If self-employed/sole trader uses vehicle for business more than 50% of the time, all of its expenses should be enrolled to bookkeeping; in annual closing proportion of personal use is adjusted to overall kilometer count (requires km-tracking)
 - If self-employed/sole trader uses vehicle for business less than 50% of the time, should vehicle expenses be dealt like km-allowance above
 - If limited liability company owns a vehicle its user will be considered to have a taxable vehicle benefit if there is no prove of other vehicle for personal use; vehicle benefit is managed in payroll; vehicle's expenses are enrolled to bookkeeping either fully (open vehicle benefit) or on behalf of expenses other than fuel (usage benefit)
 - Even though according to above vehicle expenses are enrolled to bookkeeping, reclaim VAT is only done to van/lorry expenses, not to passenger cars. Taxi cars are an exception.

- Travel expenses from home to work → are not acceptable business expenses
- Office room deduction → If business owner uses room in her/his home for business she/he can get a so-called office room deduction in income taxation; there are three levels of deduction; occasional, part time and full time; for self-employed/sole trader deduction is managed in part of annual closing process; in case of limited liability company deduction is not in the company rather the business owners demands it on her/his own personal taxation