

# Small Business Owners Stumped by Tax and Expenses

Submitted by: Michele Bayliss t/a Michele Bayliss PR

Tuesday, 5 March 2013

---

Only one in four small business owners claim back all of the expenses they incur personally for their business, according to research carried out by YouGov on behalf of online accounting provider FreeAgent (<http://www.freeagent.com>).

In a poll of 500+ owners of companies with five or fewer members of staff, just 26% of respondents said that they believed they claimed back every single business expense they incur - while 21% admitted that they claimed back half of their expenses or less.

Not placing enough value on expenses is the most common reason for people not claiming them, with 41% admitting that they wouldn't claim back an expense if they didn't think it was worth claiming. In addition, 35% of business owners admitted that lost or forgotten receipts were a major reason for them not claiming back all of their expenses, while 13% said they didn't claim expenses because they are put off by the admin required to do so.

22% of respondents also said that they were worried they would claim back the wrong amount, while 19% admitted they didn't claim all their expenses because they feared being challenged by HMRC.

And only 32% of businesses felt fully confident that they weren't paying too much tax as a result of not recording expenses properly.

The poll also revealed that nearly three quarters of small business owners and freelancers have wider concerns about their taxes - with 73% of respondents saying that they felt anxiety about the current UK tax system

Ed Molyneux, CEO and founder of FreeAgent, said: "It's clear that expenses and tax are big issues for people who run small businesses. Nearly three quarters of small business owners admit to feeling anxious about the tax system and many of them are also failing to claim back all of their business expenses. This means they are effectively subsidising their own work, potentially paying too much tax and could be losing thousands of pounds.

"What's especially worrying is that small business owners aren't just concerned about claiming back expenses because they think it's too complicated or they'll be challenged by HMRC - but they also regularly lose receipts or even just feel that expenses aren't worth claiming.

"While a simplification of the UK tax system for those who run small businesses would provide some relief, I think many of these people will also benefit from using new technology designed to help them manage their finances more effectively. Today's accounting systems, based online and accessible via smartphone, help save time and reduce the amount of administration they have to do. They enable small business people to keep on top of their receipts and expenses more efficiently, while ensuring they don't miss out on claiming for things they purchase for their business out of their own pockets.

"After all, paying too much tax could have disastrous effects on the long term health of a fledgling

small business.”

ENDS

For further information:

Michele Bayliss  
PR Consultant  
Tel: 01273 475672  
Mob: 0777 937 2106  
E: [michele@michelebaylisspr.fsnet.co.uk](mailto:michele@michelebaylisspr.fsnet.co.uk)

Notes to editors:

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 529 owners or partners in micro businesses. Fieldwork was undertaken between 18th - 31st December 2012. The survey was carried out online. The figures have been weighted based on FreeAgent Figures to be representative of microbusinesses in GB.

The survey deliberately focused on microbusinesses, and spoke to business owners or partners of companies with 5 members of staff or fewer.

About FreeAgent:

FreeAgent provides an award-winning online accounting system designed to meet the needs of small businesses and freelancers. Since launching its system in 2007, FreeAgent has rapidly grown a loyal community of 25,000+ customers worldwide, who pay either monthly or annually for access to its easy-to-use software.

Try it for free at: [www.freeagent.com](http://www.freeagent.com)

Follow us on twitter: [@freeagent](https://twitter.com/freeagent)