



A GUIDE TO EXPENSES FOR HAIRDRESSERS

SOME OF THE MAIN ALLOWABLE DEDUCTIONS

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A guide to expenses for hairdressers

As one of the professions which consistently ranks highly in the index of happiest workers, hairdressing is, for many, a true vocation. The chance to interact with people all day, sharing the fun of a busy working environment and having the flexibility of being self-employed are all aspects of the job which are important to many hairdressers.

The fact that a large number of hairdressers who are self-employed probably won't surprise anybody but what might, is that many hairdressers who work in salons are also self-employed and this trend is growing. Whilst there are salons and hairdressers which hire stylists directly, it is not unusual for a salon owner to rent chairs out to self-employed hairdressers for them to work from whenever they choose.

This is a great way for salons to spread the costs of having premises, and for hairdressers to maintain the flexibility of self-employment with minimal overheads. It also means that the hairdresser can work anywhere they choose, so if they want to do home visits or other work outside the salon, this can usually be fitted in around salon hours to enable them to offer a wide range of options.

However, it does mean that each individual has to deal with the admin and paperwork that comes along with working for yourself. For many self-employed hairdressers, this is a boring and potentially time-consuming chore which they try and do as quickly and with as little fuss as possible. However, taking this approach could cost you money in the long-run as you might be missing out on deductions that you could make from your tax bill in the form of expenses.

Any money that you spend on your business, from shampoos and straighteners to training and maintaining your skills, can be written off against tax. This means that you can minimise the amount of tax you will owe by keeping accurate records of any business outgoings and including the details on your self-assessment tax return.

There are a few different types of expenses that you are likely to incur, so it's always worth checking what you can write off against your income when it comes to completing your tax return. Claiming for everything you are entitled to and ensuring that you do not include anything that isn't allowed could save you hundreds of pounds every year.



Chair Fees

Many self-employed hairdressers rent a chair in a salon from which they work instead of being employed directly by a manager. Those who do will appreciate the flexibility of being able to choose their working hours and enjoy all the benefits of being able to see clients in a central location whilst not having the commitment of renting or buying premises.

Chair fees can be one of the biggest expenses that hairdressers have, so not claiming them could be costing you a fortune in unnecessary tax every year. Keep records of how much you are paying and make sure that you account for all the money that passes through your business, including your income and your outgoings.

If you have an agreement with a salon owner whereby you pay out a percentage of your takings in salon fees, then your monthly or weekly costs may vary, so it will be even more important to keep accurate records. But claiming your chair fees as expenses against your tax bill will mean that it is more than worth the effort as you could make significant savings.

Travel Expenses

If you need to travel for work, then you will be able to claim certain travel expenses against your profits on your tax return. There are a number of different methods of travel which can be claimed against tax. Public transport, driving your own car and even travelling as a passenger in someone else's car all count as travel expenses, so long as you are only including travel which is undertaken for work purposes. This could include visiting clients, getting to and from a place of work where you have a longstanding arrangement, travel to training events or even to the bank to deposit your takings.

It is important to ensure that you are not claiming for travel which is not solely for the purpose of work, so try to keep records of what you do and when, to ensure that you are not mixing your business and personal expenses. Some people find that having separate bank accounts for all their business outgoings can help to minimise the cross-over between the two, as well as keeping a notebook in the car and getting into the habit of writing down your mileage when you travel for work.

For car journeys, you can claim back a set amount per mile, which is easier than working out the costs of wear and tear, fuel, insurance and other expenses individually. For the first 10,000 miles travelled in any tax year you can claim 45 pence per mile. If you travel further than that then you can claim 25 pence per mile for each additional mile travelled beyond the initial 10,000. If you use a motorcycle for work purposes then you can claim 24 pence per mile for your total mileage over the course of the tax year. If you use a bicycle then you can claim 20 pence per mile every tax year.

There is a space for your expenses on your self-assessment tax return, and when you add in your travel costs it will automatically reduce your total tax bill by the appropriate sum. Whilst you won't need to submit the proof of your expenses when you complete your tax return, it is worth keeping hold of tickets and receipts in case you are ever asked to produce them.

There are a number of additional travel expenses which can be claimed on your tax return, including tolls and parking fees. However, there are certain things that you cannot claim for, namely any parking or speeding fines you incur in the course of travelling for your work.

Materials and equipment

Any hairdresser will know how important it is to have the right tools of the trade. From basics, such as scissors, shampoo and a hairdryer, to more specialised colouring and styling equipment, it can all be included as expenses on your tax return.

Self-employed hairdressers often have a lot of their own equipment to allow them to offer as many treatments and options to their clients, but this can be quite an outlay if you're keen to offer a range of products and have a good supply of everything your clients might want. You can deduct all these costs from your total income for everything including perming lotion, colours, foils, shampoo, conditioner, rollers, razors, combs and anything else that you use in the course of your work.

If you pay to repair, replace or upgrade an item such as hair straighteners or clippers then you can include the cost of this on your tax return as well. Whenever you spend money on hair care products or equipment, make a note and keep receipts or invoices for your records. It is also a good idea for you to have an idea of how much you spend on these items so that you can take into account your costs when you set your prices.

Clothing

If you work in a salon, then you may wear a uniform when you are there and if you have to supply this yourself then you will be able to claim back the costs as a business expense. You can also claim for any protective clothing that you have to purchase for work such as aprons and gloves.

You can also claim back the cost of laundering your uniform (as well as any other work-related laundry you may have such as towels and capes), but unless you use a launderette it might seem overly complex to work out how much this costs. However, there are guides that can give you an idea of how much you can reasonably claim on your tax return, and HMRC recommend using the nationally agreed flat rate of £60 if you are unable to calculate the exact amount easily.

You cannot claim for any ordinary clothing that you wear underneath your uniform or when you are working somewhere where one is not required.

Training

Keeping your skills up to date and learning new ones is a vital part of being a self-employed hairdresser, so if you attend any training or complete any courses that are directly related to the running of your business then these are also deductible.

You can learn from the masters at some of the most popular salons in the country, attend evening classes to learn more about styling, colouring or dealing with different types of hair, or attend one off events designed to help you offer the best to your clients. There are a number of qualifications available, so you can choose from a range of courses depending on what interests you and what you think your clients want.

Keeping track of these expenses should be a simple case of keeping receipts and making a note of when the training occurred. You can also deduct the costs of travel and accommodation where necessary, so keep your receipts or tickets of the location of your training course and make a note of your mileage if you travel by car.

Marketing and Advertising

In a world where so much business is done online, it is very likely that you will want to have some kind of presence on the internet when you work for yourself. Even if you set up a simple page on Facebook or another social networking site, making sure that people can find you and contact you will definitely increase your potential client base.

If you choose to have a website of your own to showcase your work and let people know about yourself, then you can deduct the costs of running it from your profits on your tax return. Hosting, domain name registration and maintenance all cost money which is deductible against your income.

If you use any online advertising where you have to pay for the service, then you can deduct this as well. Allowable expenses include advertising on search engines such as Google, posting ads on social networking sites and maintaining an email contact list and sending out information to your existing clients.

You can also deduct the cost of any offline advertising, from postcards in your local shop to advertising in trade magazines or local directories. If you spend any money promoting your business to attract more clients, then you can claim this back as well.

Insurance

Anyone who works with the public will need insurance and hairdressing is no exception – although it is not compulsory, it is always best to make sure you are covered to ensure that you aren't left footing the bill if anything goes wrong, and you can deduct the cost of your insurance against tax.

Most hairdressers work with hazardous chemicals, sharp objects and electrical equipment, meaning that they need to be covered for any accidents which could result in either themselves or their client being injured. Making sure that you are covered in case you are unable to work, for any ongoing treatment you may need or in case someone else is injured in the course of your work is generally recommended.

Some trade associations offer reduced rates of insurance and some specialist insurers will have policies which suit any specific requirements you may have, so you should be able to find a suitable policy for your needs. You should keep the details of your policy somewhere safe anyway, but these documents will also come in handy if you need to prove your expenses at any point.

Utilities

If you use your phone for business then you can claim the costs of this against your tax bill. Some people prefer to have a separate line for their business or two mobiles to enable them to keep work calls distinct from personal ones.

Line rental, call charges and internet are all included, but you will either need to keep everything separate or work out what proportion of your usage is for work and what proportion for personal use and only claim accordingly. If you use your home phone line for business a third of the time, then you can claim for a third of the bill for calls and a third of the line rental as well.

Similarly, if you work out how much of your total internet use is for business purposes, then you can claim this proportion on your tax return. This could include updating your website, answering emails, conducting research or doing anything else to do with your business.

For hairdressers who actually operate from their home, it is also possible to deduct the costs of heating, lighting and water proportionate to the total amount used in the household. You may need to scrutinise your bills a bit to work out how to work out a realistic sum, but once you have done it you can use the same calculation every year, unless your circumstances change significantly.

There is also a flat rate scheme that HMRC introduced if you are using simplified accounts and work more than 25 hours per month from home. Keep a record of how much time you spend

on your hairdressing related activities and using the table below, see which is more beneficial to claim.

Hours of Business use per Month	Flat Rate per Month
25 to 50	£10
51 to 100	£18
101 or more	£26

Professional Expenses

If you spend money on membership of a professional body such as the National Hairdressers' Federation or choose to register with an institute such as the Hairdressing Council, then the fees or subscription costs can be included in your expenses so long as they are approved by HMRC.

You can also claim back expenses such as magazine subscriptions for trade magazines, so if you use any in the course of your work, you can add these to your expenses.

Stationery, Postage and other Admin Costs

Keeping track of your expenses is much easier if you are organised about your administration. Setting aside an area for your business paperwork is a good idea and can help you to keep your records in order.

If you need stationery, use postage stamps or have any other costs relating to keeping your accounts in order, then these can be included as expenses on your tax return. You can include things such as printer cartridges, paper, envelopes and any printed material that you have made such as business cards and fliers.

Accountancy Fees

Many self-employed hairdressers decide to use an accountant to help manage their business finances, and it's even possible to include the cost of their fees as a deduction. They can help you to identify any expenses that you might have missed and be able to offer advice on your specific situation, so using an accountant could save you plenty of money.

Your accountant will also be able to offer you advice on how to reduce your tax bills long term, and how to structure your business to maximise your profits. For instance, if you choose to register as a Limited company then you could benefit from tax planning opportunities which could help you trim your annual bill, and an accountant will help you to decide whether it is the right option for you.

If you do decide to use an accountant, then they will no doubt remind you that their fees are deductible, but it is worth knowing so you can factor it in when calculating your expenses.

Any self-employed worker will know that it is important to put aside a proportion of their income to cover their tax and National Insurance bills, but with a little work keeping records throughout the year you can make sure these are as low as possible.