

Question time

Q I've been childminding just over a year and would like to have a conservatory built onto our house to use as a playroom. Can I claim for this in my tax return?

A It is possible to claim expenses in your accounts and tax return in relation to the 'use of part of your home' for business purposes. Often this is just the use of one room as an office, but in the case of many childminders the claim could possibly be more extensive.

Firstly, you need to establish what areas of your home are used for the business. This will include the conservatory/playroom, but may also include the kitchen, and perhaps other rooms as well. You should then calculate the area that is used, in terms of square metres, and work out what percentage of the entire house this represents. That percentage would then be applied in making the claim on such items as gas, electricity, water, council tax, repairs, decorating and so on. You could also claim for a proportion of any mortgage interest.

Secondly, if any areas are only used in relation to the business for a small part of the day, then the percentage to be claimed should be further adjusted to reflect time apportionment. The capital costs of building the conservatory would not be claimed in the accounts, but may be relevant in any future capital gains tax calculations if the property were sold. Although your private residence is exempt from capital gains tax, if a specific proportion of the home running costs have been claimed against income as a business expense, then that proportion of the gain on sale of the house would not be exempt, and may be liable to capital gains tax (subject to a deduction for taper relief indexation and annual exemption as appropriate).

You should also notify your local authority that the property is being used partly for business purposes in case this affects your council tax charge

For example:

There are a total of seven rooms in the house including three bedrooms, kitchen, dining room, lounge and study. The kitchen, lounge and study are used by the childminding business five days a week (for eight hours) and for 48 weeks per year.

Running costs for year ended 31 March, 2005	
Gas	£300
Electricity	£450
Water	£250
Insurance	£400
Council Tax	£400
Mortgage Interest	£100
Decorating	£100
	£2,000

Total square metres of home = 1200 sq metres

Square metres for kitchen, lounge and study = 450 sq metres

Days in use – business purposes = 48 weeks x 5 days = 240 days

Percentage of hours for business use = 8 hours/24 hours = 33.3 per cent

Therefore:-

The business claim for 'use of home' for office would be:

$(450/1200 \text{ sq metres}) \times (240/352 \text{ days}) \times 33.3 \text{ per cent}$

$37.5 \text{ per cent} \times 68.2 \text{ per cent} \times 33.3 \text{ per cent} = 8.5 \text{ per cent total business use}$

$8.5 \text{ per cent} \times £2,000 = £170$

A claim of £170 may be included in the 2005 tax return for 'use of home'.

Possible pitfalls to bear in mind

The most important thing to remember in making 'use of home' claims is that they are one of the areas likely to be challenged by the Inland Revenue. Therefore, make sure that you can substantiate your claim by keeping records of household expenditure and that you are able to justify the amount of time that you spend working from home.

Be wary of claiming that a whole room is used exclusively for business purposes. This could trigger a Capital Gains Tax Assessment when the house is sold.

Desirie Lea, Partner, Morris and Co, chartered accountants and specialist childcare business advisers, Chester and Moreton, Wirral.

Q I have a child starting with me who has a wheat allergy and I would like to be able to offer him home-cooked meals instead of the child's mum having to provide special food. Are there any good recipe books for wheat-free meals for children that are tasty enough for us all to share?

A There are few books around that specifically cater for wheat-free cooking for children, although surfing the internet via the Google search engine will provide a couple of titles.

Many meals can, however, be easily adapted to cater for a wheat-free (and also a gluten-free) diet. Freshly made food is the obvious answer, but we all need quick meals from time to time, and preparing in bulk in advance and freezing is a useful option. When buying ingredients for wheat- and gluten-free meals you will need to be aware of hidden ingredients in items such as baking powders, spices, gravy mixes, ready-ground pepper, stock cubes and so on. Many of these are blended with flour to keep them 'running'. Always select pure spices or items labelled wheat and gluten free.

Supermarket chains are much better now, both in labelling foods clearly and in providing for dietary needs, for example Sainsbury's sell a very good gluten- and wheat-free pasta in its Free from range. I am coeliac myself and find this is acceptable to all my family.

For handy meals, very tasty and

nutritious croquettes can be easily made by combining chopped hardboiled eggs, grated cheese and mashed potato - spooned into mounds, coated with sesame seeds and baked. Lovely with vegetables or salad. They freeze well too.

Crushed cornflakes are an ideal alternative for coating foods in place of breadcrumbs, offering the potential for home-made fish cakes or lentil burgers.

Potato flour can be used to thicken sauces and gravy, and pizza bases made from wheat- and gluten-free flour (made up as for scones), and topped with cheese and sliced tomato are very good indeed.

If eating out, always check that caterers know your child has an allergy - sometimes cross-contamination takes place through the use of kitchen utensils. Also, check that all food items are 'safe' - even grated cheese from some catering companies contains wheatflour!

If the child you will be caring for needs a gluten-free diet (that is they are coeliac) then they will almost certainly get flour mixes on prescription which their parents may be happy to provide you with. Mixes such as Juvella, a gluten-free (but not wheat-free) flour which I use, makes wonderful bread and cakes, and can be bought over the counter (at a pharmacy), but are usually very expensive. For just a wheat allergy, rye flour can be useful, but is rather heavy in cakes. Try experimenting by combining it with potato flour until you get an acceptable balance.

Sandy Green, education and childcare consultant.

Do you have a problem that you want to share and our experts to answer? Write to Question Time, *Practical Professional Child Care*, 25 Cross Street, Leamington Spa CV32 4PX Fax: 01926 420042 e-mail: editorial@professionalchildcare.co.uk