

Expense Mileage Through Your Company

[Tax Saving](#)[Expenses](#)

Last updated 16 March 2026

Introduction

Travel is an essential part of running a business. Whether it's meeting with clients, attending conferences or picking up supplies, business travel is a frequent occurrence for many business owners, freelancers and contractors.

If you use a personally-owned vehicle (including bicycles) for business travel, make sure you claim all allowable mileage through your company as it's incredibly tax efficient, and can save you a small fortune versus paying for it personally.

But, how do you correctly expense this travel through your limited company? Let's dive into the specifics for cars, vans, motorcycles, and bicycles.

1. What counts as a business journey?

The type of vehicle you use doesn't change the basic principle here: not all journeys are considered business-related. Like all expenditure, you need to be able to justify that the expenditure (i.e. the travel) that is incurred is 'wholly, exclusively and necessarily' for business use. So, if you travelled to meet a prospective client or attending a business conference, these would be good examples of business journeys that you could claim mileage for.

However, the rules are slightly different for traveling to client sites or co-working spaces. These will be allowed as long as they are deemed a temporary workplace and you stay within HMRC's 24 month rule. We'll explain these below:

1. Temporary workplaces - the first test to apply is do you spend 40% or more of your working time here? If you only go into the office 1 day a week, for example, then you could satisfy this is a temporary workplace and expense the travel.
2. The 24 month rule - if you spend 40% or more of your time at this workplace, then the 24 month rule will come into effect. This rule allows contractors and freelancers to claim travel expenses (including mileage) for client sites or workplaces that they travel to providing this has not been a workplace for over 24 months. However, it's important to know, as soon as the contractor/freelancer knows they'll be spending over 24 months at this location, they can no longer claim the mileage. For example, if they had a 12-month contract at a specific location that they spend 40% or more of their time at and they then win a 15-month contract, they could no longer claim any travel expenses.

2. How much can you claim for business mileage?

The claim amount varies based on the mode of transport:

- Cars/Vans: 45p for the first 10,000 miles and 25p thereafter.

- Motorcycles: 24p per mile.
- Bicycles: 20p per mile.

These rates are designed to cover all associated costs, such as fuel, wear and tear, insurance, and maintenance.

For example: If you've driven 1,000 miles in your car for business purposes, you can claim back £450. Meanwhile, if you've cycled 100 miles to client meetings, you can claim back £20.

Important: All the costs of maintaining your personal vehicle should all be paid for from your personal account, not from the business account.

3. Understanding the Tax Savings on Travel Expenses

Travel expenses can be deducted from your taxable profit, thereby reducing the amount of corporation tax your company owes.

To illustrate: if you drive 1,000 miles and claim £450 for car mileage, this can lead to savings of up to £119.25 in corporation tax (if at the 26.5% marginal corporation tax rate). Scaling this up, if you drive 10,000 miles, you can claim £4,500. This translates to a potential corporation tax saving of up to £1,192.50.

When these travel expenses are correctly claimed, the company can reimburse you (whether you're the director or an employee) entirely tax-free. If you're VAT registered, it's also worth knowing that VAT can be reclaimed on the fuel element of the mileage. HMRC frequently change their rates in this regard, but Mighty will calculate this for you automatically. Please note: if you are reclaiming VAT, you should keep VAT receipts when purchasing petrol.

Furthermore, this system ensures that you aren't dipping into your personal finances to cover the company's travel costs. For example, this could avoid you needing to withdraw dividends (taxed at 8.75%, 33.75% or 39.35%) to pay for travel personally, so it's critical you claim back for every qualifying journey you make, no matter how small.

4. Remember Other Related Expenses

While on a business-related journey, there might be additional costs like parking, tolls, food, or even accommodation. As long as you're on a business-related journey to a temporary location, these costs can typically be expensed through the company.

Unlike the running costs of your vehicle, you can pay for these directly from the business account. If you do mistakenly pay for business expenses through your personal card, you should still claim this back through the business. It's just a little extra admin.

5. How To Claim Mileage

So how do you actually claim the mileage back, keep track of everything and pay yourself?

How to do it in Mighty

1

Within Mighty, navigate to 'Mileage Claims' which can be found under the Expenses tab.

Expenses

Personal Expenses

Company Expenses

Suppliers

Mileage Claims

2

Simply add in the date that you travelled and the post codes of your start location and destination. Mighty will then calculate the number of miles for you. If this was a round trip, you can tick that checkbox too.

Mileage Claims

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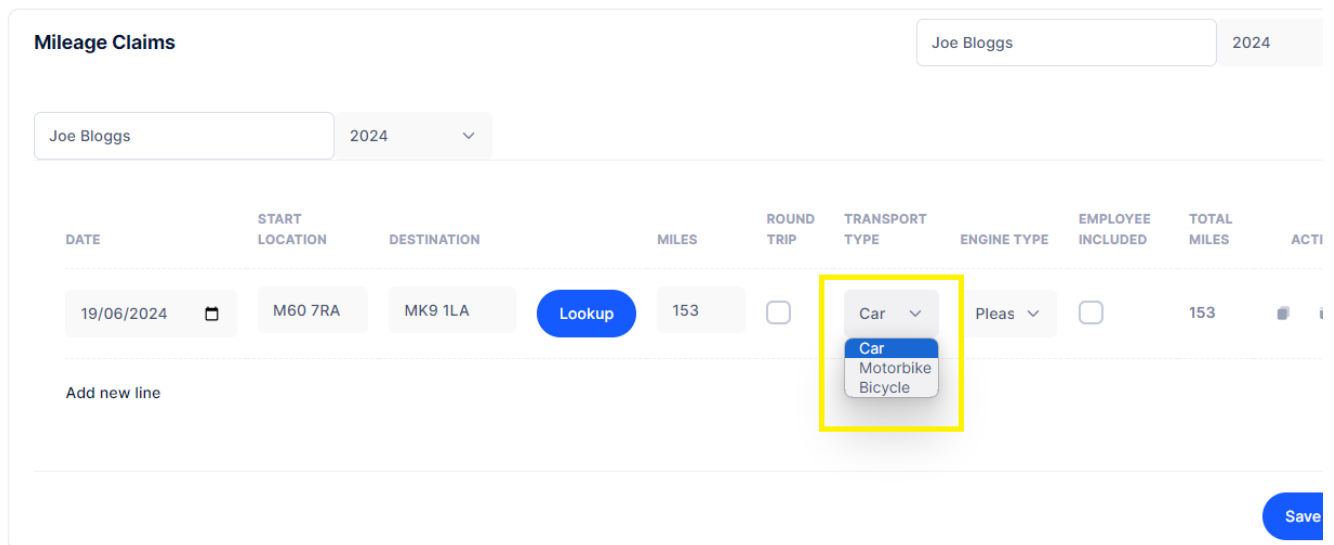
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DATE	START LOCATION	DESTINATION	MILES	ROUND TRIP	TRANSPORT TYPE	ENGINE TYPE	EMPLOYEE INCLUDED	TOTAL MILES	ACT
19/06/2024	M60 7RA	MK9 1LA	153		Car	Pleas		153	
Add new line									

Save

3

Select the transport dropdown and log whether this was a car, motorbike or bicycle that you travelled in/on.



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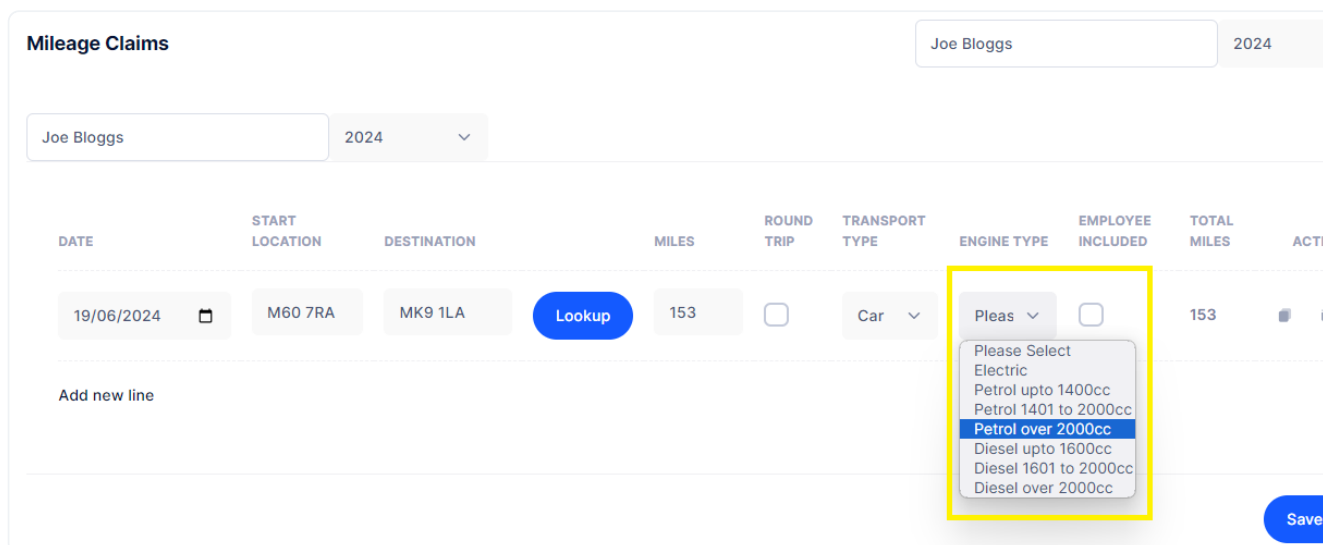
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19/06/2024	M60 7RA	MK9 1LA	153	☐	Car	Pleas	☐	153	

Add new line

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4

If you are VAT registered, you'll also be able to select the engine type dropdown which dictates how much VAT you can reclaim.



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DATE	START LOCATION	DESTINATION	MILES	ROUND TRIP	TRANSPORT TYPE	ENGINE TYPE	EMPLOYEE INCLUDED	TOTAL MILES	ACTI
19/06/2024	M60 7RA	MK9 1LA	153	☐	Car	Pleas	☐	153	

Add new line

Save

5

Finally, you will be able to reimburse yourself for any mileage. You can do this by paying yourself the amount owed, then categorising the transaction within the bookkeeping section to 'reimbursed expenses'.

Read this guide online (always the latest version): <https://app.mightyaccounting.com/Knowledge/article/expense-mileage-through-your-company>