

Can My Limited Company Pay For a Garden Office?

Tax Saving

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With more freelancers, contractors and small business owners working from home, garden offices have become increasingly popular in recent years.

One of the most common questions we get, usually in the summer, is: "can my limited company pay for my garden office?".

The answer is: potentially, yes. However, the question should be: "*should* my limited company pay for my garden office?", and the short answer to that is usually: no.

The long answer is usually more complicated than people expect. In many cases, the tax complications outweigh the potential benefits, so it's important to understand the risks before going ahead, we'll explain those here.

The short version

In most situations, the cleanest approach is:

- Paying for the garden office build personally
- Putting genuine office equipment through the company

This avoids a number of tax complications while still allowing you to claim relief on legitimate business equipment.

Can the company pay for the garden office build?

Technically, it can. However, the tax treatment is rarely as straightforward as simply "putting it through the business".

A garden office structure generally won't qualify for the same full capital allowances available on standard business equipment like computers or office furniture, which in practice means the company often won't receive much corporation tax relief on the build cost itself.

That said, certain standalone elements of the build may still qualify for relief, for example:

- Dedicated electrical installations
- Functional office lighting
- Broadband and network cabling

The exact treatment will depend on the nature of the build and how the office is used.

The bigger issue is usually personal use

Even where a garden office is mainly used for work, HMRC may still argue there's an element of personal use because it sits within your home.

If the company pays for the structure and there's personal use, this could potentially create:

- A taxable benefit in kind for you personally
- Employer's National Insurance for the company

In practice, it can be difficult to demonstrate that a garden office is used exclusively for business purposes over a long period of time. This is one of the main reasons that accountants at Mighty recommend keeping the structure itself outside the company.

Could it affect selling your home?

Potentially, yes. Your main home will usually qualify for Private Residence Relief, meaning there's normally no Capital Gains Tax when you sell it.

However, if part of the property (e.g. your garden office) is used exclusively for business purposes, that part may not qualify for the relief.

This doesn't always result in a significant tax bill, but it's another complication worth considering before the company funds part of your home.

What happens if the company closes?

This is another area people often overlook. If the company has paid for or owns part of the garden office structure, you may need to consider what happens when:

- The company is closed
- The property is sold
- The structure effectively transfers to you personally

Depending on the circumstances, this could create:

- Balancing charges for corporation tax
- Benefit in kind implications
- Market value transfer issues
- Potential distributions to the shareholder

Again, this is why many people decide the simpler route is to fund the structure personally.

What can you put through the company?

While the structure itself can be complicated, genuine office equipment is usually much cleaner from a tax perspective. Common examples may include:

- Desks
- Office chairs
- Monitors
- Computers and laptops

- Printers
- Shelving used for office storage
- Networking equipment
- Functional office lighting

These are generally much easier to justify as wholly and exclusively for business use.

FAQs

Can the company pay for carpets, paint, pictures etc.?

No, whilst the company can pay for functional fixtures and fittings like desks, chairs etc. it couldn't pay for more decorative furnishings like paintings, carpets etc. as they wouldn't be deemed as wholly and exclusively for business use.

Can the company pay for a heater?

Usually, yes. A small electric heater for a dedicated garden office would generally be considered a reasonable business expense, much like other office equipment.

The key consideration is whether there's significant personal use:

- If the heater is genuinely for the workspace, this is normally fine
- If the garden office is also used as a gym, games room or general living space, an apportionment may technically be required

In practice, low-value office equipment like this is typically far less contentious than the structure itself.

This is a common question once we get into UK winters. The reverse question for the summer is can the company pay for a fan and the same principle applies here too.

Can the company pay for internet installation?

Potentially, yes. You may decide that WiFi from your house won't be reliable enough for working, so if broadband or networking infrastructure is being installed specifically to support the business use of the office, there may be scope for the company to cover these costs.

However, if the connection also benefits the home generally, there may need to be some apportionment for personal use.

Can I claim for electricity used in the garden office?

Usually, yes but often indirectly. If you work from home through your limited company, you can normally continue claiming working from home costs, either:

- Via HMRC's simplified home working allowance, or
- By claiming a reasonable proportion of household costs

The former is often recommended, but we have a full article on use of home [here](#).

Can I put a sofa or TV through the company?

Usually not. HMRC would generally expect these items to have a clear business purpose.

A desk, office chair or monitor is relatively easy to justify as business equipment. A sofa, TV or decorative items are much more likely to be viewed as having personal use.

What if the garden office is used exclusively for business?

This can help support the argument that costs are business-related, but it can also create other tax complications. For example, exclusive business use may affect:

- Private Residence Relief when selling your home
- Benefit in kind considerations
- The future tax treatment of the structure

In practice, many people prefer a small amount of personal use rather than creating a formally exclusive business area within their property.

Can the company reclaim VAT on the build?

Potentially, but this is another area where caution is needed. If there's personal use, VAT recovery may need to be restricted or apportioned. Even where VAT can technically be reclaimed, many business owners decide the administrative and tax complications outweigh the benefit.

For companies operating under the flat rate VAT scheme, VAT can only be recovered on the materials and not the labour of constructing the office.

Our general recommendation

As you may have gauged from this article so far for most limited company owners, the simplest and lowest-risk approach is:

- Pay for the garden office build personally
- Put genuine office equipment through the company
- Continue claiming working from home costs where appropriate

This usually provides the best balance between practicality, tax efficiency and avoiding unnecessary complications with HMRC.

If you're considering a garden office and have any questions on the tax implications, please speak to your dedicated Mighty accountant or contact support@mightyaccounting.com.

Related guides

- [Claiming Use of Home](#)