

How to Recharge Expenses to Your Client

[Bookkeeping](#)[VAT](#)[Expenses](#)[Invoicing](#)

Last updated 11 May 2026

Sometimes you'll incur costs while working on a contract, maybe train tickets, subsistence, or materials, and your client has agreed to reimburse you. In Mighty, we've made it easy for you to log when an expense will be recharged to a client, and then quickly add this onto your next sales invoice.

How to recharge expenses in Mighty

Step 1: Mark the expense or bank transaction as "to be recharged to a client"

For expenses you've paid for through the business bank account, you'll see a tick box on the categorisation screen:

Categorise Transaction 56 to be categorised X

Name	Description	Transaction Date:	Money out
Uber	Uber Ride	05/12/2024	-35.7

Category	VAT Type	VAT	Amount
Travel and Accommodation	Zero rate	0	-35.7

[Create an auto categorisation rule](#) [add/view attachment \(0\)](#) [split transaction](#) **To be recharged to a client ☒**

Alternatively, if you use Mighty's Post Box, you can also preemptively tick recharge to your client there too.

For expenses you've incurred personally, you'll find a tick box on the expense claim screen for this:

Expense #156

Supplier *

TfL
X
▼

Add Supplier

Expense Date *

18/09/2025

Supplier Reference

Supplier Reference

☒ To be recharged to a client

Step 2: Add these expenses onto your sales invoice

When creating an invoice, you'll notice there's a 'Add expense line' option, as shown below:

SERVICE (OPTIONAL)	DESCRIPTION *	QTY *	UNIT PRICE *
▼	Description	1	0

Add new line

Add expense line

If you click this, you'll then be able to select the expenses you want to add (or select all, if appropriate):

Rechargeable Expenses				
☒	Date	Supplier	Category	Amount
☒	05/12/2024	Uber	Travel and Accommodation	£35.70
☒	18/09/2025	TfL	Travel and Accommodation	£18.00
				Close Select

Not VAT registered? That's it. You simply recharge the cost to your client, and you can skip the VAT guidance below. If you're VAT registered, please read on!

VAT on recharged expenses

If you are VAT registered, here's what to know:

- Recharges are part of your supply. Therefore, you usually need to add VAT when you invoice your client, even if the original expense didn't have VAT on it. So, if your client has agreed to reimburse you for travel, subsistence etc. then you would charge VAT on this expense.
- Disbursements are different. These are costs you pay purely as an agent on behalf of your client that they will be utilising. So, for example, if you purchased some software *on behalf* of your client, this would be a disbursement and you wouldn't add VAT.

HMRC has some additional guidance on this [here](#).

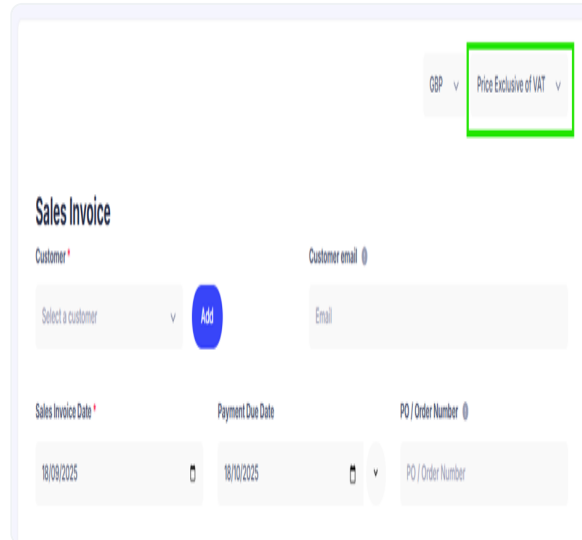
So that's HMRC's rules covered, however, different clients will have different policies when it comes to recharging expenses and VAT. As stated above, you need to charge VAT on expenses unless it's a disbursement, which is rarer.

Therefore, if you incurred a £42 train ticket that your client has agreed to reimburse, you would typically include this on an invoice where you charge £42 + VAT (e.g. £50.40 in total), even though the train expense itself wouldn't have had VAT on it.

However, some clients, especially bigger corporates, will ask you to always treat expenses as VAT inclusive. That means if you recharge this £42 train ticket, £42 would be treated as the gross amount, and you would be instead invoicing £35 + VAT (£42 gross), as you are accounting for VAT *within* the £42. So, to summarise:

- VAT inclusive: you'll usually end up a little out of pocket, because the VAT you owe HMRC comes out of the amount your client pays you.
- VAT exclusive: you add VAT on top, so you recover the full amount.

Similarly, if you recharge business mileage to a client, this would usually also be subject to VAT. In Mighty, it's easy to toggle between these when recharging expenses, as in the top right of the sales invoices screen, there is a drop down for 'Price Exclusive of VAT' and 'Price Inclusive of VAT', as shown in the green box below:



The screenshot shows the 'Sales Invoice' form in the Mighty Accounting application. In the top right corner, there is a dropdown menu currently set to 'Price Exclusive of VAT', which is highlighted by a green rectangular box. Below this, the form includes a 'Customer' field with a 'Select a customer' dropdown and an 'Add' button, a 'Customer email' field, a 'Sales Invoice Date' field with a calendar icon, a 'Payment Due Date' field with a calendar icon, and a 'PO / Order Number' field.

Things to keep in mind

- Invoicing VAT on top of the full expense amount (e.g. treating it as VAT exclusive) is the most beneficial way to recharge expenses. However, keep in mind that some clients may push back on this.
- Keep clear records of your original receipts as HMRC can ask to see them.
- If in doubt, treat something as a recharge (with VAT) rather than a disbursement. Only treat it as a disbursement if it clearly meets HMRC's criteria.
- Recharges count towards your VAT registration threshold if you're not already VAT-registered.

If you have any questions with this, please reach out to your dedicated accountant or email support@mightyaccounting.com.