
How To Transfer Personally-Owned Equipment Into Your Limited Company

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

Last updated 16 February 2026

If you already own equipment (e.g. laptop, camera, a phone, etc.) that you are now extensively using for your limited company, you may want your limited company to own them and to transfer them into the business. This can be beneficial as it can save the company corporation tax as well as adequately reimbursing yourself personally to transfer ownership. However, you need to ensure you do it properly, especially from an accounting perspective, so HMRC requirements are met and there are clean records.

What Can Be Transferred In

Of course, the typical equipment will depend on your trade activity and the requirements of your business, but examples of commonly transferred equipment includes:

- Computers, laptops, tablets, desktops etc.
- Phones, camera/video equipment, lenses, recording gear etc.
- Monitors, lighting, audio devices, studio / field equipment etc.
- Office furniture: desks, chairs etc.
- Printers, external drives etc.
- Other tangible assets used substantially for business activity

What *might not* be suitable or more complex:

- Equipment with significant personal use: as with all expenditure, HMRC's rules dictate that all business expenses must be incurred wholly and exclusively for business use. When it comes to equipment, there may sometimes be incidental personal use, like checking a personal email on your work laptop, which is fine. However, where there is significant personal use, there would also be [Benefit in Kind](#) implications.
- Vehicles (cars): even if you use your car extensively for business use, there would be [Benefit in Kind](#) and other tax implications, so this tends to be rare.
- Assets with outstanding finance / hire purchase: the finance provider may impose restrictions.

How to Fairly Value the Equipment

Unfortunately, it's not as simple as simply reimbursing you exactly what you paid for the equipment originally, as the fair market value of the equipment will now have changed.

So instead, you have to value the item at what you could reasonable fetch on the market second-hand considering the date of the transfer, the age, condition and specification of the equipment. Therefore, a

good place to start is on websites such as eBay and Amazon and looking at what similar items are currently being listed or sold for.

What Evidence You Should Keep

To support the transfer, you should maintain:

1. **Original purchase invoice / proof of purchase**
 - Date bought, cost, vendor
 - Specification/model
2. **Ownership proof** before transfer
 - Evidence it was your personal property (bank statement, original invoice)
3. **Valuation documentation** at transfer date
 - Your market research (e.g., listings of similar items, quotes, second-hand sale prices)
 - Condition notes, photos where relevant
4. **An invoice** from you to your company
 - A simple invoice from yourself personally is fine: Date, description of item(s), agreed market value, your name (seller), the company (buyer). This can be saved to the expense claim within Mighty.

How To Log This In Mighty

To log this in Mighty, you would simply need to:

1. **Expense Claim Submission**
 - Enter the item(s) as an expense claim and categorise this accordingly (e.g. high value equipment).
 - Attach your "invoice" from you to the company as a supporting document. You could also attach the evidence discussed above for safe-keeping if desired too.
2. **Company Reimbursement**
 - Whilst not immediately required, when you want to reimburse yourself, you can simply transfer some or all of the amount owed from your business bank account to your personal account. The transaction within Mighty's bookkeeping section can then be categorised as 'reimbursed expenses'. This will then update the amount that shows as owed to you, both on the dashboard and within the expenses screen.

What About Transferring Sole Trader Assets?

If you previously operated as a sole trader before setting up your limited company, you may already have equipment that was used for your business.

You can still transfer this equipment into your limited company, and as with personal assets, it should be valued at fair market value at the date of transfer. However, the tax treatment can differ slightly.

If you previously claimed the cost of the equipment as a business expense in your sole trader accounts (which is common, particularly if you used simplified/cash basis accounting), transferring it to your limited company may be treated as a disposal for tax purposes. This means the market value could need to be recognised in your final sole trader figures as income.

In practice, this usually results in little to no overall tax benefit, as relief has often already been claimed when the equipment was first purchased.

If you're unsure whether transferring sole trader assets is worthwhile, feel free to speak to your accountant and we can guide you through the best approach.

Additional Relevant Points:

- **Assets:** If you're transferring expensive equipment, it's likely that it would be classed as an asset, rather than an expense. Click here for more details on the difference [here](#). However, you just need to categorise this, as behind the scenes, we'll add any assets to your fixed asset register and calculate the depreciation when we prepare your accounts.
- **Insurance & risk:** Once the company owns the asset, consider updating insurance (company policy vs personal), asset tracking, risk of theft/damage etc under the company.
- **VAT:** As an individual you can't charge VAT on the transfer, even if the company is VAT registered. Just record the gross market value. An exception would be if the asset is being transferred from another VAT-registered business you own (e.g. a sole trade).

Hopefully this guide makes sense, but feel free to reach out to your dedicated accountant or support@mightyaccounting.com if you have any questions.

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