

PETTY CASH RECEIPTS

How to keep
legit' for HMRC

A guide for your
hospitality
business



Most invoices and receipts a business encounter, are from another business. As such your accountant can use these 'proper' documents in your accounts. But what about a band or DJ etc? Someone who provides a service but without an 'official invoice/receipt'?



Petty Cash Receipts

Keeping legit' for HMRC

Most companies that a business deals with provide legitimate invoices and receipts.

When running a hospitality business, there are often times when a supplier of a service cannot, or *will not* provide a proper receipt.

Often this is when a pub or hotel has booked a band, a DJ, or a professional quiz host.

In an attempt to avoid the attention of HMRC for their hobby or side-hustle, the performer may not want a proper paper trail.

But that is just what the business operator needs!



This can result in a pub business sending their accountant a scrap of paper, which they believe accounts for the missing money paid to a band.

What's the problem?

Well, the legitimacy of such a receipt could easily be called into question.

Imagine HMRC looking at that receipt. They could easily accuse the business operator of having falsified such an expense in order to reduce their taxable income, and in doing so, evade tax.

True or not, how can the operator defend themselves against such accusations?

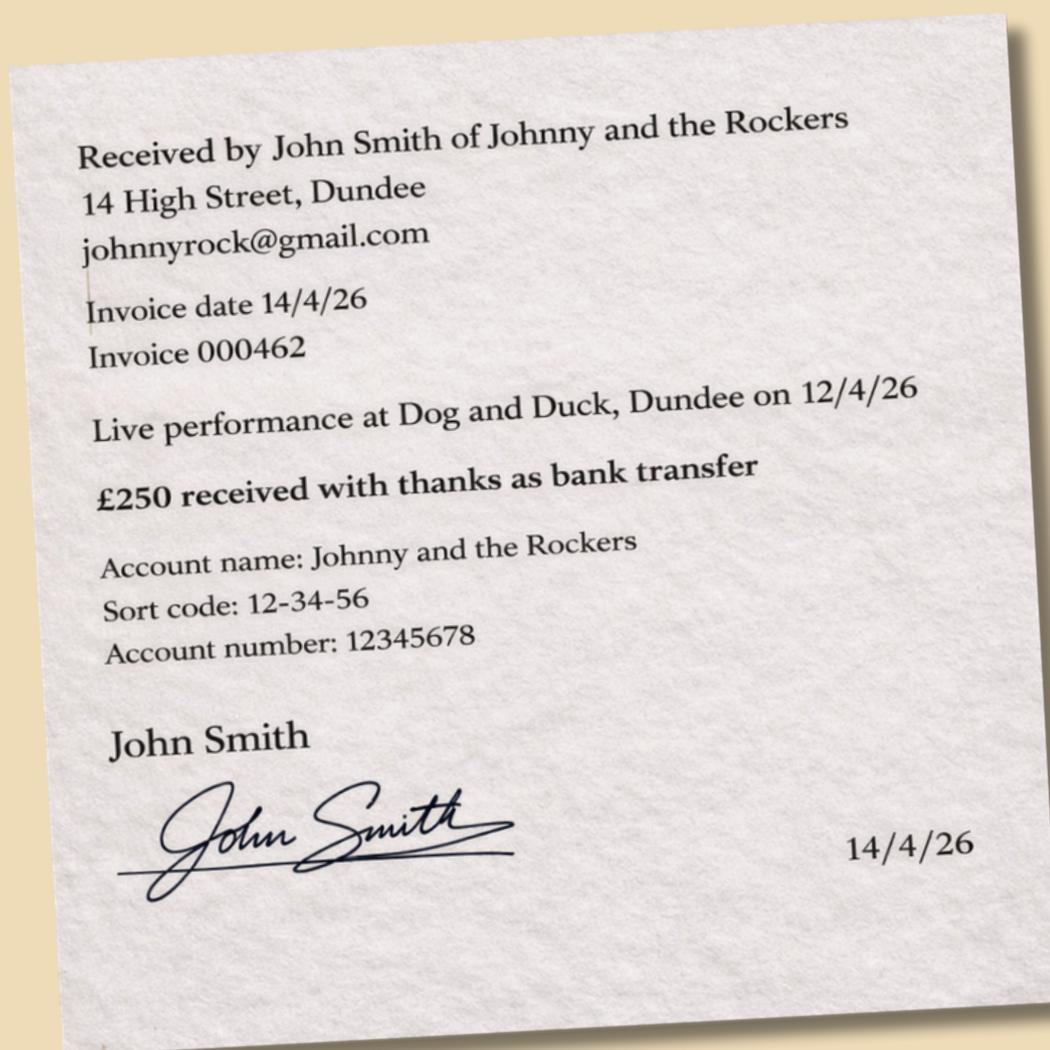
What should I ask for?

In an ideal world, you need as much identifying information on the receipt as possible. You are within your rights not to pay without a legitimate receipt. This should be explained at the time of booking (more about that later).

Best version

The invoice should include:

- Band/performer name or an individual's name
- Address
- Contact details
- Invoice date
- Unique invoice number
- Description, e.g. "Live performance at [Pub Name] on 12/4/26"
- Gross amount due
- Bank details (if paying by transfer)

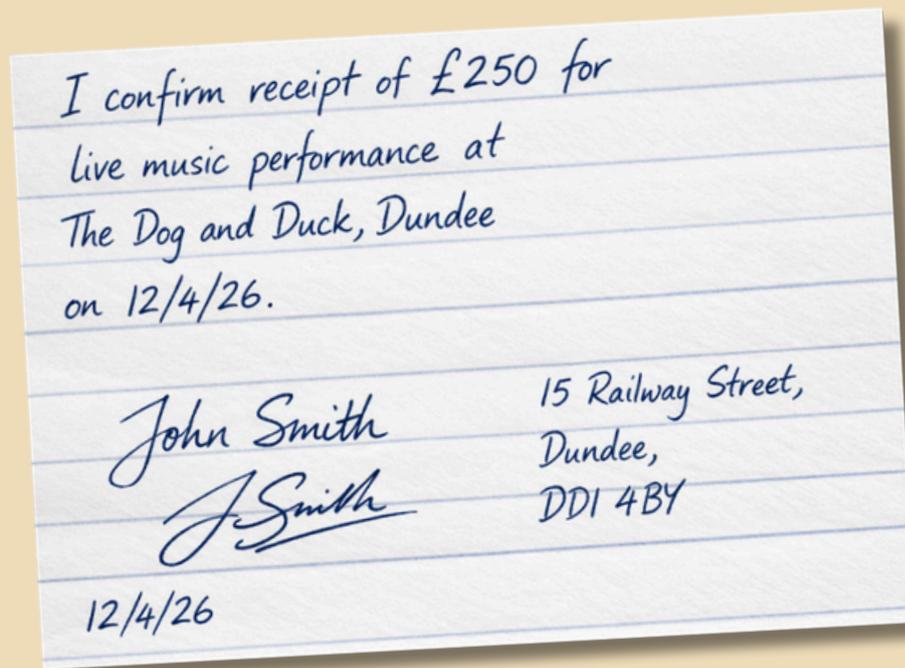


Acceptable version (not ideal)

That is the type of invoice you want for your business.

If that is not possible then the bare minimum you will require is :

- “I confirm receipt of £250 for live music performance at
- Pub Name
- Date
- Signed, dated and with address for receiver.



Cannot go through accounts



A 'receipt' like this just **cannot** go through a set of accounts. It would be rejected by HMRC so an accountant should not accept this.

Remember: Any provider of goods or services to your business should accept that you need a proper receipt, and in the format you request.

This should be outlined at the point of ordering/booking which reduces the likelihood of a last minute attempt to give you a useless receipt.

So, let's look at what else to consider...

What else should I bear in mind?

When paying cash, there is still a likelihood that HMRC will want to confirm that any cash payment was made legitimately.

With the increase in HMRC investigations, it is wise to make sure you keep records of the booking.

All this means is that you keep a copy of the booking email. This helps prove legitimacy in the unlikely case of an HRMC investigation.

Also, don't forget when booking a band/DJ etc for example it is also important to establish certain terms, such as cancellation, equipment insurance etc.

- Date and time of performance
- Agreed fee, for example £250
- Payment terms
- Equipment responsibility
- Cancellation terms



SUMMARY:

In order for any money your business spends to be accounted for in your accounts, a *proper* receipt is required.

Without it, the money cannot be accounted for as a business expense. This means your profit could show artificially high, meaning you pay more tax.

Remember: The onus is on the provider of goods/services to provide you with the receipt you need if they want your business.

Ideally, don't pay cash. Pay by Bank Transfer, it adds another layer of traceability to your payment.