



THE BUSINESS
STORE LIMITED



A GUIDE TO

STARTING

YOUR BUSINESS

Advice, tips and helpful information to get you started.

www.thebusinessstore.org | 0800 690 6355

Starting your business

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Introduction

You have a business idea, but what do you do next? How do you turn your idea into reality?

There are many different elements to starting a business and there may be things you haven't considered.

We understand that starting a business can seem complicated and daunting, this is why we've created this guide to help you have a better understanding and get you on your way to starting your business. Go for it!

**“IT'S NOT ABOUT IDEAS,
IT'S ABOUT MAKING
IDEAS HAPPEN.”**

*Turn over to get started.
7 things you need to be
ticking off your business
checklist.*



Your business checklist



1. Do your research

Is your idea unique? Is there a market for it? Will people buy it? Do some research into how you are going to sell your product or service and how you are going to make a profit from it.



2. Choose a structure

Sole Traders / Partnerships and Limited companies all have different tax rules. Do some research and make sure your chosen business structure is the most efficient for you and your business.



3. Choose a business name

It's important to choose a memorable business name that is effective. Make sure there is not already another business associated with that name as this could lead to confusion and legal action.



4. Register a domain name

If you've chosen a business name, you want to make sure that the domain is available. Take a look at domain names online to find one that matches your business. Ideally 'Your business name.co.uk'



5. Design your logo

Every business needs a logo. You want to make sure that this is unique and professional, so it may be advisable to pay a professional to design it for you. Let them know if you have a colour scheme in mind.



6. Market your business

Think about how you are going to market your business - Social media? Advertising? Have an official launch date and organise some publicity. There's no point starting up a business if no one knows about it!



7. Build your website

Your website is a crucial part of your business and is the modern version of your shop window. Even if you are not planning on doing business on the internet, potential clients will look at your website and judge you by this. Have a look into working with a web designer to ensure you have a professional looking, well designed website with your chosen wording.

Your business and the law

Depending on the kind of business you're in there will be some things that you need to know about from the start - like following the laws on health and safety and the environment.



It is now law to ensure that you comply with Data Protection in regards to how you keep information about people and how you contact people.

Do you have a licence?

A licence is required for many businesses, you should always check whether your business requires a licence to trade.

Do you have insurance?

It is important to ensure that you have adequate insurance to cover loss or theft and you may also need public liability insurance.

You are responsible for the health and safety of your employees and members of the public.

TIP!

Next steps



Opening a bank account

Whether you are a Limited Company, Sole Trader or a Partnership it is advisable to have a separate business bank account. It's important to keep your business and personal expenses separate. There are a large range of banks all keen for your business, do some research on which one will work best for you taking into account what they will be charging you for banking with them. Most offer free business banking to start you off.

Registering with HMRC

You must register as self-employed within three months of starting a new business.

Insurance

Generally there are three types of insurance for you to consider:

Employer Liability Insurance

To cover the employer against claims by an employee for injury etc.

Public Liability Insurance

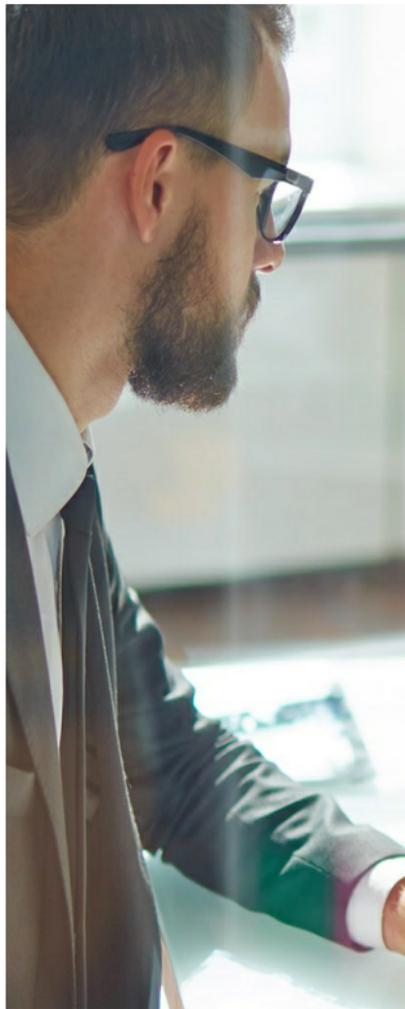
To insure you against claims from third parties.

Professional Indemnity Insurance

To insure you against claims from third parties that may sue if they have suffered because of actions.

TIP!

Don't be afraid to shop around, the extent and costs of coverage vary from company to company.



Filing Requirements

Accounts

Every limited company is required to file annual accounts with Companies House. These need to be filed electronically in a “ixBRL” format with HMRC. There are strict penalty regimes for the late submission of accounts enforced by the Registrar and HMRC.

Corporation Tax

A Corporation Tax return must be filed electronically with HMRC within 12 months of the accounting date.

Confirmation Statement

Every limited company is required to file this with Companies House on an annual basis. There is a filing fee for submitting this.



Record Keeping

Be organised from the start. By law you must keep business records for at least five years and ten months after the end of the tax year the records relate to. Failure to maintain or retain the records can result in fines of up to £3000.

There are many ways to keep records using desktop or online software, mobile phone apps or even just a shoebox full of receipts.

The exception to this is if you are VAT registered as the new “Making Tax Digital” initiative requires computerised records to be kept.



If you have any doubt about if you should be keeping something, just keep it anyway!

TIP!

Corporation Tax

If you decide to operate as a limited company you will be liable to Corporation Tax and will need to complete a corporation tax return every year. Corporation Tax is payable 9 months and one day after the period end date.

TIP!

It is advisable to appoint an accountant to make sure that this is calculated correctly as there are various penalties that may be incurred for not getting it right.



VAT

If your turnover exceeds £85000 in any period of 12 months or less, you will need to register for VAT. This will mean that you will have to add VAT to your invoices and account for the VAT you will have charged on a quarterly basis to HMRC.

From 1 April 2019 these quarterly submissions will need to be via approved software and records will need to be retained in accordance with the rules of "Making Tax Digital"

Employing people

Employing people brings extra responsibilities such as running a payroll. You will have to tell HMRC by electronic submission every time you pay an employee.

Ensure you register as an employer with HMRC.

TIP!

Calculating correctly

You will need to calculate your employee's Tax and National Insurance Contributions on the earnings of your employee's.

It is important that you calculate Maternity, Paternity and SSP (sickness) payments correctly and you will also need to ensure that you comply with Pension Regulations for your employees.

Pension Contributions

Under the complex rules of Auto Enrolment all employers have to provide for their qualifying Workers. While an employee can opt-out employers will still need to initially enrol them and re-opt them in regularly.



Self Assessment

If you are self employed or a director of a limited company you will have to complete a self assessment tax return. These are issued in April each year and need to be filed with HMRC by 31st January the following year to avoid penalties.

Your tax return needs to be completed with details of all sources of taxable income, gains, relief's and allowances.



TIP!

It is worth becoming familiar with what expenses can / can't be claimed so that you can keep accurate records from the beginning of the year.

It is important to keep all records of all your takings, expenditure and other income such as bank interest.

Your accountant will be able to help with what expenses you can claim if you are not sure.

National Insurance

National Insurance Contributions (NICs) help to pay for some state benefits, including retirement pensions. NIC that you pay can earn you the right to receive certain benefits.



If you become self-employed you will have to make your own National Insurance Contributions.

Class 2 NICs are liable to be paid every week or partial week of self-employment in a given tax year, where your profits for that tax year equal or exceed the Small Profits Threshold (£6,205 2018/19)

This is not only enforceable by law but will also count towards your state retirement pension.

Think about a personal pension scheme to ensure you will have an adequate pension when you retire.

TIP!

Invoicing

If you sell a customer a product or a service, you need to give them an invoice (bill) by law if both you and the customer are registered for VAT (a business to business transaction). An invoice is not the same as a receipt, which is an acknowledgement of payment.

Legally this must contain various details such as your company name and VAT number. The invoice must also include how much the customer needs to pay you and when they need to pay you.

Ensure you look into what you should be putting on your invoices as Sole Traders and Limited Companies have different requirements.

There are various online systems you can use to make this easier.



Use personalised invoices to display your logo, company colours and business details, giving your invoices a more professional look.

TIP!

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CIS

Business in the construction industry fall into two main categories: Contractors and Subcontractors. It is not uncommon for a business to be both a Contractor and a Subcontractor.

If you hire and pay subcontractors to carry out construction work you will need to be aware of the rules of the Construction Industry Scheme (CIS) before engaging workers and making payments to them. This scheme is quite detailed and involves many submissions to HMRC with significant penalties if filed incorrectly or late.

We would advise that you engage in an accountant to ensure that this is run correctly.

TIP!

Expenses

One of the most common queries is “what expenses can I claim?”

There is no easy answer to this as all expenses must be wholly & exclusively for your business.

Your accountant will be able to advise you but as a general rule make sure your expenses such as telephones are registered in the company name and keep receipts for everything!



Keeping in control of your business

From now on you will have to declare everything your business earns.

You may be entitled to certain tax credits, allowances and reliefs such as tax relief on equipment.

It is advisable to take advice from an accountant as HMRC will happily take more than you may owe.

TIP!

Protecting your assets



Having worked so hard to establish your business it is just as important to protect it. The vast majority of people put off making a will for various reasons, the most common being that they don't believe it is relevant to them at this particular time.

The reality is that putting off making a will until it's too late will cause all sorts of problems for the people left behind. **It is a common misconception that your assets will automatically be left to your loved ones.**

It is even more important if you have a business that all of your money is tied up in, to ensure that you will not be leaving your family in dire financial straits. A will that specifically caters for your business will mean that your family is looked after should the worst happen.

Useful Websites

Accounting Services

www.proren.co.uk

Online Accounting Services

www.accounts-wizard.com

Business Advisers

www.thebusinessstore.org

Will Writing & Asset Protection

www.will.solutions

Laws & Information

www.gov.uk

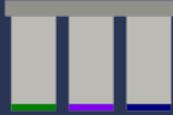
Data Protection Act

<https://www.gov.uk/data-protection>

Health & Safety Laws

<http://www.hse.gov.uk/simple-health-safety/>

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