

STARTING YOUR OWN BUSINESS IN THE UNITED KINGDOM 2022



WELCOME

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Peter is an entrepreneur and director with over 10 years' business experience including 4 years' direct business advisor experience. Having built his own business from the ground up Peter keen to pass on hard earned knowledge of how business operate in the real world, looking at operation aspects set up and planning for the future.



JOHN THE GARDNER

- John who is 35 and was asked by his elderly neighbour to cut his lawn and did so for. John was then asked by a friend of his neighbour to cut his lawn and charged £30 for this this continues for the summer with others asking John to cut there lawn. John uses his own mower from home and travels in his car to his neighbour friends and has a total income from this of £8000.
- **Questions**
- Is john a business?
- Should he let someone know what he is doing?
- Yes John is taking payment for work and so is self employed. He has to register with HMRC as soon as possible after he starts



SECOND INCOME

- Mary who is currently employed and wants to make some additional income signs up as a Avon representative. She for her first lot of catalogues and distributes them to the local area and gets some sales. She continues to distribute these once a month while keeping her current employed position. Her total income from Avon is £1500 and employed income is £12570
- Questions
- Is she a business?
- Can you be employed and be a business?
- Does she have to inform anyone?
- Yes Mary would be a business and you can have a job and a business, you would need to inform HMRC and complete a self assessment



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WHAT IS A BUSINESS?

The legal structure of UK businesses:

- Sole Traders / Self employed
 - Partnerships
 - Limited Companies
 - Social Enterprise
-
- Blue Orchid clients – 90% establish as a Sole Trader



The Foundations

Setting up in the UK – what we can and cannot do?

- Do you have to get permission?
- Do you have to register with someone first?

NO – you can start trading today as a sole trader!

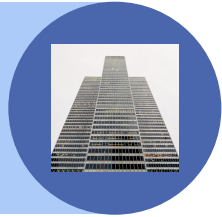
Inform HMRC once you have started trading

N.B – You may require specific licences to operate



SOLE TRADER VS LIMITED COMPANY

SOLE TRADER / SELF EMPLOYED



- ✓ Inform HMRC when you commence trading within 90 days of starting
- ✓ National Insurance contributions – Class 2 - £3.15pw
- ✓ Taxation (assume start trading – April 2022-March 2023)
 - ✓ Self Assessment Letter – April 2023
- ✓ Return form by end October 2023 or online by end January 2024
 - ✓ Pay tax and NI due by end January 2024

- ✓ Limited Liability Company - Independent legal entity
- ✓ Protects owners and directors
- ✓ Register with Companies House
- ✓ Submit Confirmation Statement to Companies House
- ✓ Appoint firm of independent accountants
- ✓ Company information in the public domain



LIMITED COMPANY

SELF EMPLOYED WWW.GOV.UK SAME SITE FOR LIMITED CO/CONSTRUCTION INDUSTRY REGISTRATION

Self Employed

The screenshot shows a web browser window with the URL <https://www.gov.uk/log-in-file-self-assessment-tax-return/register-if-youre-self-employed>. The page features the GOV.UK logo and a search bar. The main heading is "Register for and file your Self Assessment tax return". Below this, there is a list of four links: 1. [File your tax return online](#), 2. [Register if you're self-employed](#), 3. [Register if you're not self-employed](#), and 4. [Register if you're a partner or partnership](#). To the right, there is a "Self Assessment" section with links for [Pay your Self Assessment tax bill](#), [Self Assessment tax returns](#), [Self Assessment forms and helpsheets](#), and [Get help with tax](#). A "More" link is also present. At the bottom, a partial sentence reads "Register by 5 October in your business's second tax year. You could be". The Windows taskbar is visible at the bottom of the browser window.

for and file your X

Secure | <https://www.gov.uk/log-in-file-self-assessment-tax-return/register-if-youre-self-employed>

Microsoft Dynamics C | Eventbrite - Manage E | Expenses | Access aCl | Drivers & Software fo

GOV.UK Search

[Home](#) > [Money and tax](#) > [Self Assessment](#)

Register for and file your Self Assessment tax return

1. [File your tax return online](#)
2. [Register if you're self-employed](#)
3. [Register if you're not self-employed](#)
4. [Register if you're a partner or partnership](#)

2. Register if you're self-employed

You'll need to register for Self Assessment and Class 2 National Insurance as soon as you can after starting your business. You need to do this even if you've completed tax returns before.

Register by 5 October in your business's second tax year. You could be

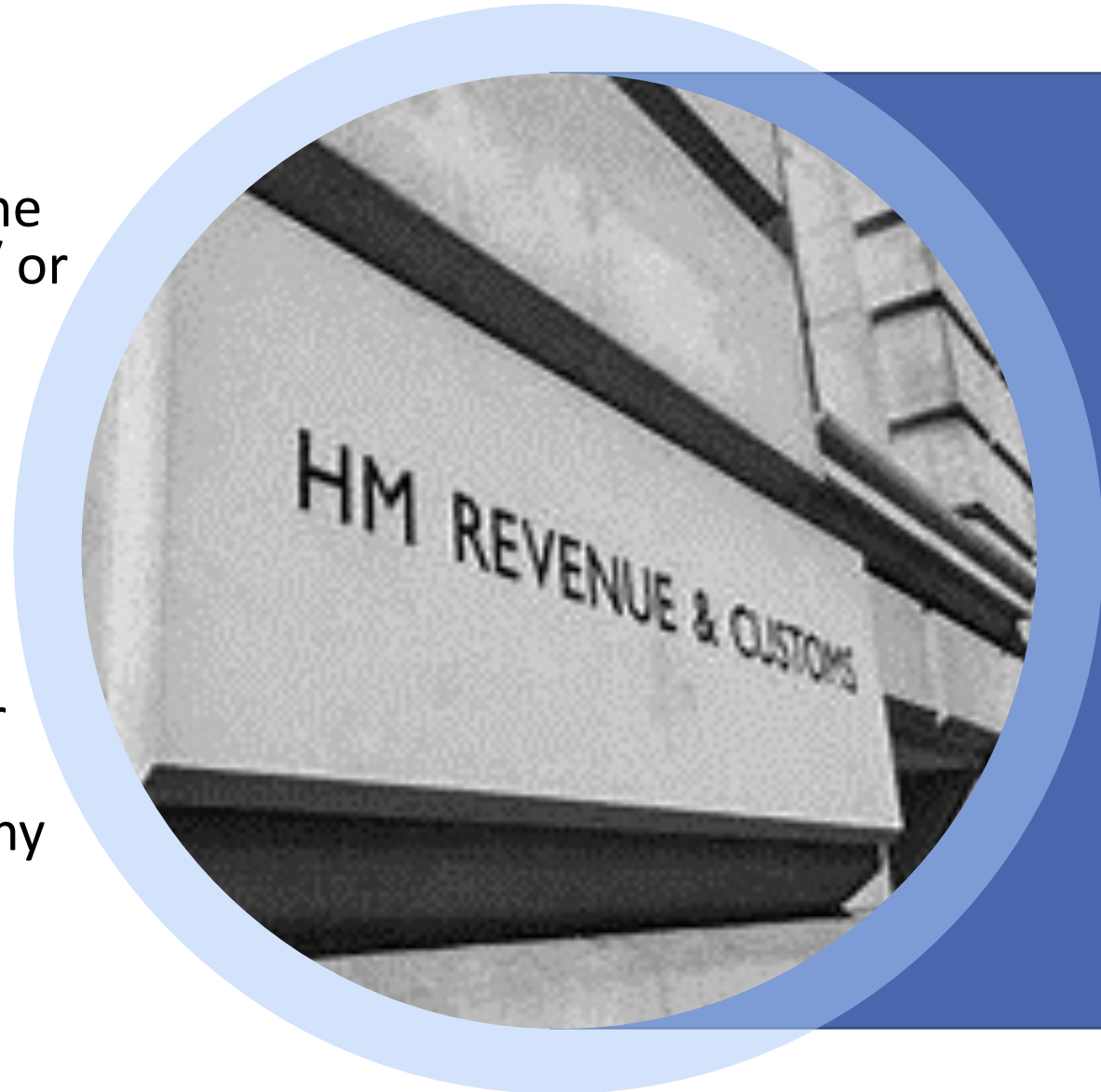
Self Assessment

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[More](#)

TAX RESPONSIBILITIES

- **Register for self assessment** Income Tax (Sole trader/partnership) and / or Corporation Tax (Limited Company Director)
- **Keep a record** of all income and expenses and evidence (kept for 6 years)
- **Make an annual 'tax return'** of all your income including the profit or loss of your business. Make a Corporation Tax Return if a company director.



RECORD KEEPING

- Paper, or pre-printed analysis books
 - Easy and familiar.
- Spread sheets
 - Calculations made easier
- Computerised Systems
 - Quick and adaptable. Not so easy for some.
- Apps
 - Use on smartphone.

Digital record keeping is being made mandatory by HMRC from 2024



RECORD KEEPING

CASHBOOK

Month: April

Business / Name: My Fabulous Business

Details			Money In			Money Out						Bank Balance	Reconciled
Date	Description	Ref	Sales	Bank Interest	Total In	Stationery	Office Equip.	Internet	Drawings	Bank Fees	Total Out		
1-Apr	Balance b/f				200.00							200.00	R
4-Apr	Folders and pens	1				15.00					15.00	185.00	R
15-Apr	Sale: Ms E Inkson	2	54.00		54.00							239.00	R
18-Apr	Sale: Mr R U Redy	3	30.00		30.00							269.00	R
19-Apr	Drawings	4							10.00		10.00	259.00	R
21-Apr	Envelopes & Stamps	5				20.00					20.00	239.00	R
24-Apr	Web host fees	6						40.00			40.00	199.00	R
27-Apr	Simply Chairs: Chair	7					127.00				127.00	72.00	R
29-Apr	Sale: Mr J Mighty	8	30.00		30.00							102.00	R
30-Apr	Bank Fee	9								2.50	2.50	99.50	R
30-Apr	Sale: Ms T Real	10	54.00		54.00							153.50	R
	Totals		168.00	0.00	368.00	35.00	127.00	40.00	10.00	2.50	214.50	153.50	C/f

BUSINESS EXPENSES

Businesses can deduct these costs if they are 'wholly and exclusively' incurred in trading.

- Travel costs such as fuel, parking, train or bus fares. Not travel to a regular place of work.
- Staff costs such as salaries or subcontractor costs
- Cost of goods bought for resale
- Financial costs such as insurance or bank charges
- Business premises costs such as rent, heating, lighting and business rates.
- Advertising and marketing costs
- Training courses that update your knowledge in your business

[Business tax: detailed information - GOV.UK \(www.gov.uk\)](https://www.gov.uk)



BENEFITS OF A BUSINESS BANK ACCOUNT

- Can act as a record of your business finances or be linked to your accounts.
- Helps to keep business and personal spending separate.
- Makes using a debit/credit card for business spending and sales easy.
- Normally free for the first year or 18 months or via online banks such as Starling or Tide



TAX RETURNS 2022-23

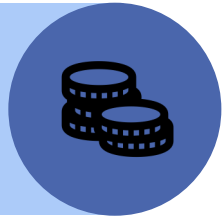
- It is a statement of taxable income from all sources; jobs, businesses and investments
- Tax Year 6th April 2022- 5th April 2023
- Must be completed by 31st January (on-line) 2024
- 94% were completed online last year
- www.gov.uk/self-assessment-tax-returns



PERSONAL TAXATION

TAX YEAR 6.4.2022-5.4.2023

INCOME TAX



Profits of sole traders and partners

Personal Allowance £12,570

Basic Rate 20% £12,571 – £50,270

Higher Rate 40% £50,271 - £150,000

Top Rate 45% above £150,000

Business sales revenue less allowable expenses =
taxable profit

Payable by 31st January after the Tax Year ends
31/01/2023

Class 1 Employee 13.25% on earnings over £12,570 (£1,048 per month) from July. (£9,880 and 12% now)

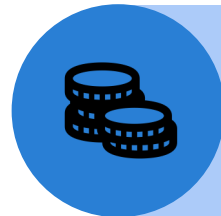
Employer 15.08% over £9,100 (Employment Allowance £5,000 except sole directors)

Class 2 Self employed Flat Rate £3.15 pw

Class 3 Voluntary Contributions £15.85 pw

Class 4 Self employed 10.25% on earnings over £12,570 from July. (£9,880 and 9% now)

National Insurance 3.25% on earnings over £50,270 per year



NATIONAL INSURANCE



THANK YOU

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