

Talking Tax...

Thinking of Starting a Business

How many bidding Richard Bransons are there amongst the readership?

There are a variety of factors which trigger some people into contemplating fulfilling a dream of running their own business.

This dream may involve turning a hobby into a business opportunity, exploiting a particular expertise or gap in the market. However, sound planning is required if the proposed venture is not to go the same way as many other well intended resolutions.

In starting any business there are many challenges including taxation, accounting and legal obligations.

An essential starting point is to prepare a well researched business plan as this will be essential in obtaining finance.

Within three months of first trading you must inform H M Revenue & Customs that you have started a business and there are penalties for late notification. Furthermore, you will need to give consideration to the most appropriate business structure for your circumstances which could be a limited company, sole trader – self employed, or a partnership of two or more individuals. The choice you make will affect your National Insurance status and taxation liabilities. You will need to consider the effects of VAT and once your annual turnover exceeds £64,000 you must register for VAT

It is advisable to seek the advice of an accountant at the onset, preferably by obtaining a recommendation from someone else in business. Your accountant should then help you to ensure that your business is running properly and that you are benefiting from the various allowances available. Your accountant should be able to assist you in setting up good manual or computer records and help you in relation to payroll and other business accounting requirements.

Whilst there are many hurdles there are undoubted rewards for individuals with the appropriate dedication.

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