



BLUE PEAK
ACCOUNTING | TAX | ADVISORY

Congratulations on setting up your new limited company.

At Blue Peak we understand that there is a lot to think about when you are just starting out in business, so we have prepared this handy guide which outlines some of the key things you need to be thinking about to ensure you are set up correctly. We have also summarised answers to the questions we are asked most often by clients who have just started out.

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ADVICE FOR NEW BUSINESS OWNERS

Frequently asked questions:

Do I need to register for VAT?

Businesses only need to register for VAT if their trailing 12 months VATable turnover exceeds £85,000. VATable turnover is any sales made in the UK that are not 'VAT exempt'. A list of VAT exempt categories can be found on the HMRC website (try searching for VAT exempt supplies). If you are not sure, we will always be happy to talk through whether you would need to register or not. It is also possible to register for VAT if your turnover is below the threshold but we recommend you speak with an accountant to understand whether this is appropriate.

What about Corporation Tax?

Corporation Tax is paid on the business' taxable profits. There are differences between a business' accounting profit and its taxable profit, however as a rule if you put aside 19% of your profit each month into a savings account, this would typically ensure that your corporation tax bill is mostly covered come the end of the year.

Pensions, do I need one?

As a limited company business owner, you have a legal requirement to automatically enrol eligible employees in a pension plan (they can opt out). Pensions are a tax efficient way of paying yourself, however bear in mind that any money put into a pension won't be available to you until you reach retirement age. Always seek independent financial advice before investing in a pension.

Do I need an accountant, or can I do it myself?

There is no requirement to have an accountant and depending on the complexity of your business you may be able to do your accounts yourself. As the complexity of your business increases so does the complexity of the accounting, especially around the year-end accounts and corporation tax. Unless your business is very simple, we would recommend that you find a good accountant to assist with these. A good accountant will also be able to provide advice on your business, as well as support you through any issues that arise as you grow.

Do I need a business bank account?

Although there is no legal requirement to have a separate business bank account, we strongly recommend all new businesses get one as soon as they can. A bank account will simplify working out what belongs to the company and what belongs to the owners and Directors personally, which is an area HMRC can investigate. You will need your company's certificate of incorporation to open a company bank account.

How do I track VAT and file returns?

VAT records now need to be stored and submitted to HMRC digitally (under the HMRC 'Making Tax Digital' scheme). There are several ways you can do this, however we would recommend using a cloud-based accounting software (such as Xero or similar) to track your VAT and submit to HMRC to meet this requirement.

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