

## NEW BUSINESS START UP CHECKLIST

This checklist is to help identify the key steps in setting up your business. It is not exhaustive.

Area	Things to consider
<p><b>Strategy</b></p> <p>Make sure you really should be starting a business. Typically only 25% make it to the second year.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Overall aim &amp; product / service</li> <li><input type="checkbox"/> How this matches your strengths and weaknesses, and any opportunities or threats (SWOT analysis)</li> <li><input type="checkbox"/> The market and market forces including influences such as political, economic, social and technological (PEST analysis)</li> <li><input type="checkbox"/> Customers, competitors, suppliers, infrastructure</li> <li><input type="checkbox"/> Your plan for growth – using existing contacts, new contacts or through acquiring business</li> </ul>
<p><b>Finance</b></p> <p>Starting a business typically takes longer and costs more than most people expect.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Survival budget – how much do you need to live on?</li> <li><input type="checkbox"/> Business plan – can it generate enough cash for your survival?</li> <li><input type="checkbox"/> Cashflow – this is why most businesses fail. Forecast by day / week / month and check sensitivity to changes e.g. late payers</li> <li><input type="checkbox"/> Capital – make sure you have enough from your own sources/ bank loan or overdraft / other investors</li> <li><input type="checkbox"/> Get a business bank account – most banks offer a no-fee period or join the Federation of Small Businesses for free banking</li> <li><input type="checkbox"/> Pricing – decide the level and basis on which you will charge</li> <li><input type="checkbox"/> Costs – keep overheads as low as possible at first</li> </ul>
<p><b>Practicalities</b></p> <p>Consider the following</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Legal form – sole trader, partnership or limited company</li> <li><input type="checkbox"/> Partnership agreement covering salaries, profit or loss sharing, loan interest, procedure for dissolution, retirement, death or incapacity, extent to which partners may commit the firm</li> <li><input type="checkbox"/> Location – home or office, staff / client needs and parking</li> <li><input type="checkbox"/> Equipment – computer, phone, tools</li> <li><input type="checkbox"/> Branding – name &amp; logo, stationery, leaflets, business cards</li> <li><input type="checkbox"/> Insurance – liability, premises, equipment, employment, personal including health</li> <li><input type="checkbox"/> Registrations – associations, societies, magazines, etc</li> </ul>
<p><b>Tax</b></p> <p>General</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Take reasonable care to get your affairs right to avoid penalties for mistakes. Reasonable care is judged on your circumstances. It includes you taking steps to find out what's required, asking questions if you're unsure or appointing a tax advisor</li> <li><input type="checkbox"/> Keep good business records to make sure you pay the right amount of tax and avoid penalties. You must keep all original purchase invoices or receipts and bank statements and you may</li> </ul>

	<p>need a mileage log to support motoring expenses.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Business expenses must be incurred wholly and exclusively for the business. Expenses with a private element (e.g. a journey to a client via the shops) are disallowed for tax. Other expenses disallowed include business gifts and entertaining. There are special requirements for capital assets, motor expenses, working from home and the construction industry.</li> <li><input type="checkbox"/> For more information on record keeping see <a href="http://www.hmrc.gov.uk/startingup/index.htm">www.hmrc.gov.uk/startingup/index.htm</a></li> </ul>
Income tax – for self employed / partnerships	<ul style="list-style-type: none"> <li><input type="checkbox"/> Register as self-employed as soon as you start but at latest 5 October following the tax year of starting. Its simple to register online at <a href="http://www.hmrc.gov.uk/selfemployed/register-selfemp.htm">www.hmrc.gov.uk/selfemployed/register-selfemp.htm</a></li> <li><input type="checkbox"/> You will be liable to pay class 2 NICs as soon as you register, which give you credit towards your state pension entitlement</li> <li><input type="checkbox"/> Income tax is payable through self assessment . Payment (tax and class 4 NICs) and a tax return (if online) are due by 31 January following the tax year of starting. You may need to make a payment on account for the next year, at the same time</li> </ul>
Corporation tax – for companies	<ul style="list-style-type: none"> <li><input type="checkbox"/> Companies must be registered with HMRC as dormant initially and for corporation tax within three months of starting to trade</li> <li><input type="checkbox"/> Corporation tax and a corporation tax return are due nine months after the company’s financial year-end</li> <li><input type="checkbox"/> There are special provisions for most small companies that have investments or loans to shareholders</li> </ul>
PAYE – all employers whether individuals or a company	<ul style="list-style-type: none"> <li><input type="checkbox"/> You or your company must register for PAYE to reimburse expenses or to pay someone above the NI lower earnings limit (around £5,000) or to employ someone who has another job or pension</li> <li><input type="checkbox"/> You must now file details online of all payments to employees on or before you make the payment under HMRC’s “RTI” system</li> <li><input type="checkbox"/> Deduct income tax &amp; NI through PAYE and pay to HMRC with employer’s Class 1 NI</li> <li><input type="checkbox"/> If you pay expenses or benefits, check whether they’re taxable – HMRC has an A to Z guide <a href="http://www.hmrc.gov.uk/pay/exb/a-z/a/">www.hmrc.gov.uk/pay/exb/a-z/a/</a></li> <li><input type="checkbox"/> Consider tax efficient remuneration e.g. share schemes, childcare vouchers, and pension contributions</li> <li><input type="checkbox"/> You must auto-enrol staff into a pension scheme from 2012 or 2014-16 for smaller employers</li> </ul>
VAT	<ul style="list-style-type: none"> <li><input type="checkbox"/> You must register once above the VAT threshold</li> <li><input type="checkbox"/> You may want to register earlier for credibility or if you are a net reclaimer (making zero rated supplies)</li> <li><input type="checkbox"/> Special schemes include retail schemes and a flat rate scheme</li> </ul>
<p><b>Summary</b></p> <p>We hope this checklist helps you with your first steps. For queries or further help please see HMRC’s website or contact us by calling 07880 602226 or emailing <a href="mailto:Lydia@approachableaccountants.co.uk">Lydia@approachableaccountants.co.uk</a>.</p>	

*This is a short guide and is not comprehensive. No responsibility can be taken for action taken or refrained from on the basis of its contents.*