



## FAQS FOR BUSINESSES

*Last updated: February 2015*

FAQ	Answer
<b>When do I need an accountant?</b>	New businesses should seek help from an accountant to make sure you comply with your legal obligations. We recommend all new businesses talk to an accountant, even if only to get started in the right direction. Many accountants offer the initial session free of charge. We advise directors of limited companies to appoint an accountant because the requirements and risks are more significant and accounts need to be filed in a specific format (iXBRL) which accountants can help with.
<b>How do I start a business?</b>	See our business start up checklist on the “free help” page
<b>Should I operate as a sole trader (self employed) or through a limited company?</b>	It is generally simplest to start as a sole trader. You can incorporate your business into a company when it reaches a critical mass. Good checkpoints to consider a change are when the business reaches the VAT registration threshold, starts to employ more than one or two people or when the owners become higher rate taxpayers. We suggest talking to an accountant early on.
<b>What are my obligations as regards tax?</b>	You need to take reasonable care over your tax affairs which means finding out what you need to do based on your individual circumstances and seeking the help of HMRC, an accountant or tax adviser if you are unsure. We recommend using an adviser who has professional qualifications, relevant experience and who appears knowledgeable and diligent. You can find out more on HMRC’s website.
<b>Do I have to operate PAYE?</b>	Almost all businesses must operate PAYE if they pay someone or reimburse expenses. The key exception is for a sole trader or partnership where there are no employees.
<b>Do I have to register for VAT?</b>	Businesses are only usually required to register for VAT once they breach the registration threshold. There are some exceptions such as for businesses supplying customers who are based overseas.
<b>What expenses are allowable for my business?</b>	The self employed can deduct from income, expenditure that is incurred wholly and exclusively for a business purpose. Expenditure that has a personal benefit is known as dual purpose and may not be deducted. Sometimes you may apportion a cost and charge a reasonable portion to the business. The rules are fairly detailed and HMRC’s website has some useful information. We encourage clients to record all business expenses and check with us if they have a query over what is permissible.



<b>What are capital allowances and how do I claim them?</b>	Capital allowances are the means by which businesses obtain a tax deduction for capital expenditure. Capital expenditure is expenditure on an asset that will be used in the business on an ongoing basis, such as a new piece of machinery or a computer. Capital costs can't be deducted to arrive at profit in the same way as expenses can. Capital allowances are usually claimed on a tax return.
<b>Does tax have to be complicated for a small business?</b>	There are special options open to make tax and accounting simpler for smaller businesses. HMRC's website contains details on cash accounting and simplified expense reporting for the smallest businesses.
<b>How can I pay the least amount of tax?</b>	For most businesses, tax is straightforward and there are limited opportunities for savings. So small and simple businesses should not lose out by taking care of their own tax affairs. But sometimes there are significant tax saving opportunities from consulting a tax adviser. This includes if you are buying, starting, selling or retiring from a business, if there are specific tax breaks available to your business or if it has made losses.
<b>When should I seek advice?</b>	We recommend that all businesses seek tax advice at the outset, to get off on the right foot. Thereafter its best to keep in touch with an advisor to ensure you don't inadvertently fall foul of the system and to make sure that you take advantage of legitimate tax breaks that might be available. But sometimes there are significant tax saving opportunities from consulting an accountant or tax adviser. This includes if you are buying, starting, selling or retiring from a business, if there are specific tax breaks available to your business or if it has made losses.
<b>Will my accountant be able to tell me how to pay the least amount of tax?</b>	If you employ an accountant, they should be able to advise you on an ongoing basis. However, some accountants only advise on basic tax principles and telling you about tax planning opportunities is not always part of the service, so you should check with your accountant or tax adviser whether this is the case.
<b>What is an ICAEW Chartered Accountant?</b>	ICAEW is a world leading professional membership body which sets exams and continuing development requirements and supports and monitors its 142,000 members. As leaders in accountancy, finance and business, ICAEW members have the knowledge, skills and commitment to maintain the highest professional standards and integrity and to help people do business with confidence. For more information see <a href="http://www.icaew.com">www.icaew.com</a> .



<b>What is a CIOT Chartered Tax Adviser?</b>	The CIOT (Chartered Institute Of Tax) is the leading UK body for tax professionals. Membership is by examination; nationally recognised as the gold standard of UK taxation. CIOT has 17,000 members in the UK, many of whom work in firms of ICAEW Chartered Accountants. For more information see <a href="http://www.tax.org.uk">www.tax.org.uk</a> .
<b>How do I choose an accountant?</b>	Choosing an accountant is not easy. Anyone can call themselves an accountant. We advise checking your accountant's professional qualifications, looking at their website and testimonials and taking advantage of the initial no-obligation chat that most accountants offer, to get a feel for whether they will be right for you.
<b>How do I change accountant?</b>	Changing accountant can be a big step but it is your right to choose your accountant and its important that you feel you can trust them and that you respect and value their advice. Before changing, we recommend having a frank conversation to give your accountant every opportunity to address any concerns you may have. If you are not entirely satisfied you should look elsewhere, taking advantage of recommendations and the opportunity for initial no-obligation phone calls or meetings. Investing a bit of time and effort in making the right choice should pay dividends in the long run. All too often we meet people who have stayed too long with an accountant they did not get on with and often they have missed out on valuable advice or paid unnecessarily high fees as a result.
<b>Should I take out your fee protection scheme?</b>	Whether you take out our fee protection scheme is a matter of personal choice. We find that some clients really value the peace of mind that it can bring. Others (especially business clients) sometimes already have a similar scheme through their existing insurance, or are happy to take the risk. It is difficult to provide any more information than is in the scheme documents available on the website and as described in our terms of business. We recommend it because it can be very reassuring but in our experience it really is a matter of individual choice.
<b>What professional qualifications I should look for?</b>	Professional qualifications are a helpful guide as to whether an accountant will meet your needs, but they are by no means the full story. The main accountancy and taxation bodies whose members practice in the UK are: <ul style="list-style-type: none"><li>• The Institute of Chartered Accountants in England &amp; Wales (ICAEW) (ACA or FCA)</li><li>• The Institute of Chartered Accountants of Scotland (ICAS)</li><li>• The Association of Chartered Certified Accountants (ACCA or FCCA)</li><li>• The Chartered Institute of Taxation (CIOT) (CTA)</li><li>• The Association of Tax Technicians (ATT)</li></ul>



	<p>You shouldn't be afraid to ask your accountant about their professional qualifications or about how they keep their technical knowledge up to date.</p>
<b>Should I use a professionally qualified accountant?</b>	<p>We would always recommend using a professionally qualified accountant. They will be required to keep their knowledge up to date and to work according to professional standards PII and complaints process including their professional body. Your accountant's professional body may be able to help in the event of a dispute – ultimately, professional bodies can strike off accountants who break their rules.</p>
<b>How much contact should I expect with my accountant?</b>	<p>Keeping in touch on a regular basis – at least once or twice a year – will help ensure that your accountant is aware of your changing circumstances and can advise you accordingly. Sometimes – for example, if you are pursuing a major transaction or investment, you will need much closer contact.</p>
<b>How should I expect to keep in touch with my accountant?</b>	<p>The way that we all do business is changing, and accountants are no exception. We find that most clients appreciate an initial face to face meeting, as do we. Thereafter, we usually find a combination of email and telephone works best with occasional meetings according to client needs. You should always ask your accountant to confirm any advice in writing, if you intend to rely on it.</p>
<b>How can I get the best out of my accountant?</b>	<p>Choose an accountant who is suitably qualified and experienced and with whom you feel you can get on. Be honest with them about your priorities and provide feedback on what you value about their service and on how they can best meet your needs. Help them to serve you well by providing clear information in a format that is easy for them to use and by answering queries promptly. Finally, be aware that accountants tend to be much busier at some times of year than others – asking them to do your work in a period that is usually quiet for them will help you get the best service.</p>