



5 Top Tips to be Tax Efficient!

Being in business is not simply about making money – it's about ensuring you get to keep as much of what you make as possible. Every penny and pound saved represents more profit for you, so making sure your business is as tax efficient as possible will ensure your hard earned money stays in your business, rather than being claimed by the tax man.

1. Get your business structure right.

How you set up your business can make a difference to how tax efficient you are. If your business requires significant initial investment and it may be a while before you turn a profit a good option could be to set up as a sole trader. If on the other hand you are likely to make reasonable profits right away, a limited company structure may be more appropriate. Getting the right advice from the beginning will save you time and money, and help ensure your business gets through the start-up period successfully. But remember, however you initially structure your business, you can always change it in the future.

2. Decide on your VAT status

Your business does not have to be VAT registered until its turnover exceeds the minimum threshold (currently £82k in any rolling 12 month period), but you can register at any point you choose. See our 'Questions about early VAT registration' for more guidance.

If registering for VAT the next step is to decide which VAT scheme would be the most beneficial. Give us a call to discuss the options.

3. Keep all your receipts

If you're claiming tax deductible expenses against your income, you need itemised receipts or invoices, so don't throw anything away! Also, remember that you need to be able to prove it was business-related expenditure – ink cartridges for your printer mixed in with your weekly grocery shopping might all be above board but it's best to keep business and personal expenses separate from each other. If your VAT registered you'll want to reclaim every penny of VAT spent on your business, and to do this you'll have to produce a VAT receipt or invoice. Think of business receipts as if they were cash, keep them all together and your accountant will be able to make sure you get back everything you're entitled to.

4. Travel Back In Time

If you are a sole trader and even if you are already trading you may be able to go back and claim tax relief on expenses incurred with the specific intention of running the business before it was established. Initial training would not be allowable, but you may be able to claim for things like equipment and marketing materials. Who said time travel is not possible?

5. Get the Right Accountant

So you probably guessed this one was coming but it's true! Your accountant is arguably your most important business partner and you'll want to choose one who will share your journey and understand your business fully. There's lots to consider when deciding on your accountant: Are they fully qualified? Will they give you business advice as well as financial advice? Are their costs transparent and can you spread them? Do you like and trust them? Phew .. that's just a few for starters!

To make things really easy for you we've put together a list of
'10 questions to ask your prospective accountant'
For a free copy just email me at lcarson@incauk.biz.



Call me, Lesley at Inca on 01235 868888 or email lcarson@incauk.biz