

New business checklist

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

Area	Things to consider
Strategy	<ul style="list-style-type: none"><input type="checkbox"/> Make sure you really should be starting a business. Typically only 25% make it to the second year<input type="checkbox"/> Overall aim and product / service<input type="checkbox"/> How this matches your strengths and weaknesses, and any opportunities or threats (SWOT analysis)<input type="checkbox"/> The market and market forces including influences such as political, economic, social and technological (PEST analysis)<input type="checkbox"/> Customers, competitors, suppliers, infrastructure<input type="checkbox"/> Your plan for growth – using existing contacts, new contacts or through acquiring business<input type="checkbox"/> Registrations / Memberships – associations, societies, etc.. Some of these provide great low cost training and webinars for businesses. They may include particular sessions and practical advice for starting up a new business<input type="checkbox"/> Have you thought about how you will continue to promote your business once you have set up?
Finance	<ul style="list-style-type: none"><input type="checkbox"/> Starting a business typically takes longer and costs more than most people expect<input type="checkbox"/> Survival budget – how much do you need to live on?<input type="checkbox"/> Business plan – can it generate enough cash for your survival?<input type="checkbox"/> Cashflow – this is why most businesses fail. Forecast by day / week / month and check sensitivity to changes e.g. late payers<input type="checkbox"/> Capital – make sure you have enough from your own sources / bank loan or overdraft / other investors<input type="checkbox"/> Do you need to contact your bank? Get a business bank account – most banks offer a no-fee period or join the Federation of Small Businesses for free banking<input type="checkbox"/> Pricing – decide the level and basis on which you will charge<input type="checkbox"/> Costs – keep overheads as low as possible at first<input type="checkbox"/> Create an invoice template<input type="checkbox"/> Confirmation of your company number<input type="checkbox"/> PAYE registered<input type="checkbox"/> VAT registered<input type="checkbox"/> Notify HMRC
Practicalities Consider the following	<ul style="list-style-type: none"><input type="checkbox"/> Legal form – sole trader, partnership or limited company and implications<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<input type="checkbox"/> Location – home or office, staff / client needs and parking<input type="checkbox"/> Equipment – computer, phone, tools<input type="checkbox"/> Branding – name and logo, stationery, leaflets, business cards<input type="checkbox"/> Insurance – liability, premises, equipment, employment, personal including health<input type="checkbox"/> Registrations / Memberships – associations, societies, magazines, etc

Area

Things to consider

Tax General

- 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
- 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 need a mileage log to support motoring expenses
- Business expenses must be incurred wholly and exclusively for the business. There are special requirements for capital assets, motor expenses, working from home and the construction industry
- For more information on record keeping see <https://www.gov.uk/topic/business-tax/self-employed>
- Consider whether you need to be registered for [Making Tax Digital \(MTD\)](#)

Income tax – for self-employed / partnerships

- Register as self-employed as soon as you start but at latest 5 October following the tax year of starting. It's simple to register online at www.hmrc.gov.uk/selfemployed/register-selfemp.htm
- You will be liable to pay class 2 NICs as soon as you register, which give you credit towards your state pension entitlement
- 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

Corporation tax – for companies

- Companies must be registered with HMRC as dormant initially and for corporation tax within three months of starting to trade
- Corporation tax and a corporation tax return are due nine months after the company's financial year-end
- There are special provisions for most small companies that have investments or loans to shareholders

PAYE – all employers whether individuals or a company

- You or your company may need to register for PAYE or to pay someone above the NI lower earnings limit or to employ someone who has another job or pension
- You may also need to consider benefits in kind
- You must now file details online of all payments to employees on or before you make the payment under HMRC's "RTI" system
- Deduct income tax & NI through PAYE and pay to HMRC with employer's Class 1 NI
- If you pay expenses or benefits, check whether they're taxable – HMRC has an A to Z guide <https://www.gov.uk/expenses-and-benefits-a-to-z>
- Consider tax efficient remuneration e.g. share schemes, childcare vouchers, and pension contributions
- You must also consider Auto enrolment for pension schemes

VAT

- You must register once above the VAT threshold
- You may want to register earlier for credibility or if you are a net reclaimer (making zero rated supplies)
- Special schemes include retail schemes and a flat rate scheme

Summary

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 **01494 552100**
or emailing enquiries@stca.co.uk

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.