

Starting a Business: How Your Accountant Can Help You

From choosing the right structure to managing your tax obligations, your accountant is with you every step of the way.

This guide contains 15 pages and will take approximately 12 minutes to read



What's Inside

Everything you need to know about starting your business on the right footing, with the professional support that makes all the difference.

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Why Every New Business Needs an Accountant

Starting a business is one of the most exciting things you will ever do. It's also one of the most financially complex. From choosing the right structure to keeping on top of tax matters, the decisions you make to get the job done often go beyond the obvious.

That's where an accountant can help. They can guide you through the legal and financial aspects of your business, ensuring you're making the most of every decision. They can also help you understand the tax implications of your business, ensuring you're paying the right amount and on time.



Choosing the Right Business Structure

The structure you choose will affect everything from how you pay your taxes and protect liability, to how much paperwork you need to do. Here's how the two most common options compare.

Sole Trader

- ✓ Simple to set up and operate
- ✓ Minimal paperwork and costs
- ✓ No separate legal entity
- ✗ Unlimited personal liability
- ✗ Pay taxes on all profits
- ✗ Hard to raise financing

Best for: Small businesses with low risk and low revenue.

MOST POPULAR

Limited Company

- ✓ Limited liability protection
- ✓ Separation of assets and debts
- ✓ No self-employment tax
- ✓ Professional credibility with clients
- ✗ More complex and costly to set up
- ✗ Higher accounting costs

Best for: Businesses with higher risk or revenue, or those seeking investment.

Registering Your Business

Once you have chosen your structure, you need to register with the right authorities. The requirements differ depending on whether you are a sole trader or limited company.

Sole Trader Registration

Register with HMRC for self-employment once your taxable turnover is £10,000 per year. You can register by 5 October following the end of the tax year in which you started trading. HMRC will issue you a unique Taxpayer Reference (TRN) number.

Limited Company Registration

Register with Companies House first. From 1 October 2025, you can register from February 2026. Then register for Corporation Tax with HMRC within three months of starting to trade. From November 2025, all directors must provide identity verification.

VAT Registration

If your taxable turnover exceeds £90,000 in any 12-month period, you must register for VAT within 30 days. You can also register voluntarily before this threshold, which can benefit businesses that sell to other VAT-registered businesses.

Did you know?

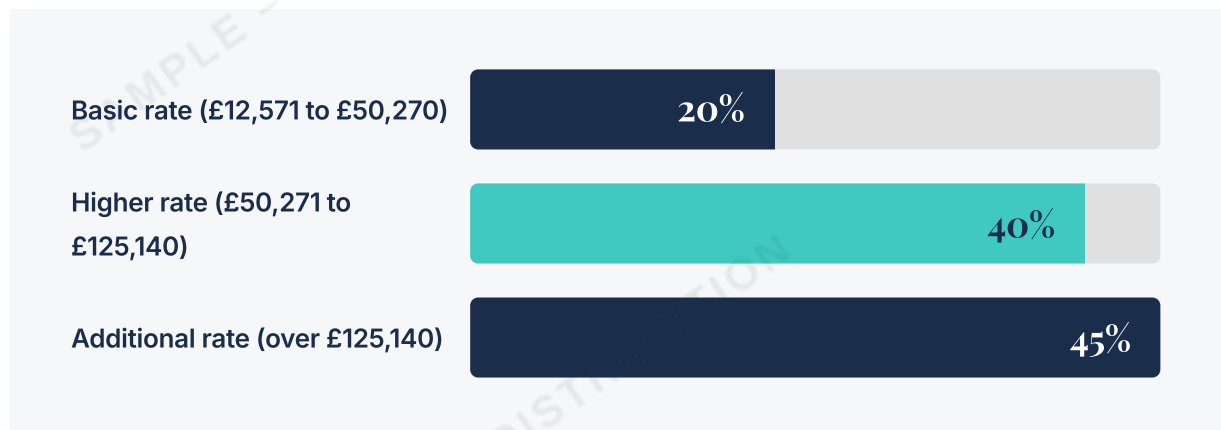
If your taxable trading turnover is under £10,000 per year, you do not need to register for HMRC at all. This is called the trading allowance, and it's completely tax-free.

Understanding Your Tax Obligations

The cost of your tax obligations is a key factor in starting your business. Here are the key numbers you need to know for the 2025/26 tax year.



Income Tax Bands for Sole Traders (2025/26)



Corporation Tax for Limited Companies

Companies with profits up to £50,000 pay the small profits rate of 19%. Profits above £50,000 pay the main rate of 25%. Between these thresholds, companies pay 25%.

The main tax charge
The corporation tax rate for profits over £50,000 is 25%. This rate applies to the majority of companies. The small profits rate of 19% applies to companies with profits up to £50,000.

Claiming Expenses and Allowances

One of the biggest advantages of working with an accountant is making sure you claim every expense you are entitled to. Many new business owners miss key deductions simply because they do not know about them.

Common Allowable Expenses

- Office and premises costs such as utility, business rates, insurance
- Travel for your business, parking and mileage allowances
- Equipment, computer, business bank and office
- Professional services accounting fees, legal fees, insurance
- Marketing, website, trading, advertising, business cards
- Staff costs, salaries, employer national insurance, pension contributions

Working from Home

If you use part of your home for business, you can claim a proportion of household costs (MHA) which is simplified for 2026. It can be used with no receipts needed, but a record proportion based on actual usage.

Capital Allowances

Large purchases for machinery, vehicles, and equipment qualify for capital allowances. The annual investment allowance gives you a 100% first-year deduction up to £1,000,000 of qualifying expenditure.

Annual Investment Allowance	£1,000,000
Trading Allowance	£1,000
Working from Home (flat rate)	£6/week
Mileage (first 10,000 miles)	45p/mile
Mileage (over 10,000 miles)	25p/mile

Managing Your Finances from Day One

Good financial habits from the start will save you time, money, and stress later. Here's what every new business owner needs to get right.

Separate Your Finances

Open a dedicated business bank account from day one. Mixing personal and business finances makes budgeting harder, increases your accounting costs, and can cause problems with taxes.

Keep Accurate Records

Taxes require you to keep records for at least three years (six years for limited companies from the end of the tax year). This includes invoices, receipts, bank statements, and mileage logs.

Cloud Accounting Software

Use accounting cloud-based software such as Xero, QuickBooks, or FreshBooks. These connect to your accounts and auto-entry, and let you access your books in real time.

Set aside money for tax

We recommend setting 20% to 30% of your profits into separate savings account for tax. We will give you a personalised service based on your expected income.

Don't forget the bigger picture

Your business from day one is part of a wider plan. Consider how this fits alongside your personal goals, pension contributions, and life insurance.

Case Study: Sarah's First Year in Business



Sarah Johnson, 38

After 10 years in corporate marketing, Sarah decided to start her own business. She wanted to work for herself, have more control over her schedule, and pursue her passion for sustainable living. She started her own eco-friendly lifestyle brand, offering a range of products from reusable water bottles to organic skincare.

- Work-life balance
- Financial independence
- Creative freedom

Before starting her business, Sarah had a clear vision of what she wanted to achieve. She wanted to create a brand that was not only profitable but also aligned with her values. She conducted extensive market research and identified a gap in the market for high-quality, sustainable products. She then developed a business plan that outlined her goals, target market, and marketing strategy.

During the first year, Sarah faced several challenges. One of the biggest was finding the right suppliers for her products. She had to be patient and persistent, as it took several months to establish relationships with reliable vendors. Additionally, she had to learn how to manage her finances effectively, as she was now responsible for all aspects of the business, from inventory to marketing.

Despite the challenges, Sarah remained committed to her vision. She focused on building a strong brand identity and providing exceptional customer service. She also leveraged social media to reach a wider audience and build a loyal following. By the end of the first year, Sarah's business was thriving, and she had achieved her goal of financial independence and creative freedom.

Key Takeaways:

Starting your own business is a journey that requires patience, persistence, and a clear vision. It's important to conduct thorough market research and develop a solid business plan. While there will be challenges along the way, staying focused on your goals and providing exceptional customer service can help you overcome them. Sarah's success story is a testament to the power of passion and hard work.

Taking On Your First Employee

When you first start your business, you may not have any employees. But as you grow, you may want to take on your first employee.

Register as an Employer

You must register with HMRC as an employer before you can employ anyone. This gives you a Unique Taxpayer Reference (UTR) and a PAYE reference number. We handle the registration for you at your cost.

PAYE and Real Time Information

Every time you pay an employee, you must report their earnings to HMRC through Real Time Information (RTI). This includes tax, National Insurance and student loan deductions. We can help you do this and submit RTI on your behalf.

Workplace Pension

You must automatically enrol eligible employees in a workplace pension scheme. Employees earning over £10,000 per year must be enrolled. Minimum contribution is 3% of qualifying earnings, you pay at least 1% and your employee pays the rest.

Employer National Insurance

From 2025, employers pay 15% National Insurance on earnings above £5,000. However, the Employment Allowance gives eligible businesses up to £5,000 of that employer NIC back.

Auto-enrolment trigger	£10,000/yr
Employer NIC threshold	£5,000
Employment Allowance	£10,500
Min. pension contribution	3% employer

Making Tax Digital: Are You Ready?

Making Tax Digital (MTD) is a programme to modernise the tax system. It is being rolled out in stages, and it will affect most self-employed people and landlords.

- April 2022**
MTD for self-employment reporting for all self-employed businesses.
- April 2026**
MTD for income tax returns for self-employed people and landlords with income over £10,000. Quarterly digital payments apply.
- April 2027**
Extension to MTD for income over £10,000.
- April 2028**
Extension to MTD for income over £10,000.

What Does This Mean for You?

If you are self-employed or a landlord, you will need to keep digital records using MTD-compatible software and submit quarterly statements of your income and expenses to HMRC. The annual tax return process will be replaced by a final declaration.

Did you know?

The first cohort of businesses using MTD in April 2022 will not receive quarterly payments for the submission of their tax data quarterly. Instead, HMRC is offering a self-assessment to help businesses adjust.

Your First-Year Checklist

Use this checklist to make sure you have completed all the essential tasks for your first year of business.

1 Register your business Choose a business name Register your business with the relevant government departments	2 Register with HMRC Apply for a VAT registration number Apply for a PAYE reference
3 Set up your business bank account Apply for a business credit card Apply for a business insurance policy	4 Apply for a business loan Apply for a business grant Apply for a business credit line
5 Apply for a business licence Apply for a business permit Apply for a business registration number	6 Apply for a business registration number Apply for a business registration number Apply for a business registration number
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Your Next Steps

Getting started is easier than you think. Here's what to do next.

1 **Get in touch with us** **5 MINS**

Get in touch with us so we can help you get started. We will arrange an initial consultation at a time that suits you.

2 **Get your key information** **15 MINS**

Bring your business plan, budget, financial records, and any documents from HMRC or Companies House.

3 **Meet with us for your free consultation** **30 MINS**

We will discuss your business plan, recommend the best structure, and explain exactly how we can help. No obligation, no charge.

4 **Let us handle the setup**

We will register your business, set up your accounting software, and create a tax calendar to get your taxes sorted.

Call us on **0203 000 0000** or email info@myaccountants.com



"Every successful business started with a single brave decision. Yours starts here, and we are right beside you."

Your Financial Adviser

Let us help you build a business you are proud of

Starting a business is one of the most rewarding things you can do. With the right support from day one, you can avoid costly mistakes, keep more of what you earn, and focus on what you do best. We are here to handle the numbers so you can concentrate on growing your business.

Book a consultation

Call us on 0800 XXX XXXX or email advice@example.com to arrange your free initial meeting.