



Setting up as a Sole Trader

Everyone setting up a new venture and starting out on their own in the UK will need to register with HM Revenue and Customs. There are a few simple steps to do this. It's quick, painless and it can definitely save you time and money. You must do this as soon as you start or within the first 3 months.

This document outlines those steps and contains relevant links and helplines for your reference.

1. Naming your Business

You can trade under your own name or you can choose an another name for your business. You must include your name and business name on official paperwork e.g invoices, letters.

Sole trader names must not include "limited", "ltd", "limited liability partnership", "LLP", "public limited company" or "plc". They also must not be the same as an existing trademark e.g. "HulaFit".

You can register a trademark if you wish to stop people from trading under your business name.

More info : <https://www.gov.uk/set-up-sole-trader?step-by-step-nav=01ff8dbd-886a-4dbb-872c-d2092b31b2cf>

2. Keep records of your income/expenses

You'll need to choose an accounting method and keep records of your business income and expenses for your self assessment tax return. Bank statements, receipts and cash transaction records are all vital for working out your profits for the year.

There are tonnes of accounting software programmes now available. Here's a good round up of the top ones : <https://uk.pcmag.com/accounting-tax-software/32761/the-best-small-business-accounting-software-for-2020>

We recommend setting up a new bank account specifically for your business to help you keep this separate from your personal income.

More info : <https://www.gov.uk/self-employed-records?step-by-step-nav=01ff8dbd-886a-4dbb-872c-d2092b31b2cf>

3. Register for Tax

To Set up as a self employed Sole trader, you need to tell the HMRC that you pay tax through Self assessment. You'll need to file a tax return every year.



Register here : <https://www.gov.uk/log-in-file-self-assessment-tax-return/register-if-youre-self-employed>

a. How do I pay my tax?

You fill in a self assessment tax return each year. This is used to work out how much tax and national insurance you need to pay.

b. What about VAT?

You don't have to register for VAT until your taxable turnover reaches £85,000.

You can ask for help and also register as self-employed by calling the Newly Self Employed Helpline: **0300 200 3504**