



| CHARTERED CERTIFIED ACCOUNTANTS



## Registering with the Tax Authority

### Personal/Income Tax

Self-Assessment is a system HMRC uses to collect Income Tax. An income tax is a tax imposed on individuals or entities that varies with their respective income or profits. Tax is usually deducted automatically from wages, pensions and savings.

This can be a complicated process as calculations need to be exact and appropriately disclose an individual's income based on how much income is taken from the business. To avoid an investigation, it is important to seek the right advice from your accountant.

### VAT

You can also reclaim the VAT you've paid on certain purchases made before you registered. We can advise you on registering your business for all tax purposes and guide you through the correct procedures and deadlines that must be adhered to.

You must register for VAT with HMRC if your business' VAT taxable turnover is more than £85,000. When you register, you'll be sent a VAT registration certificate. This confirms:

- Your VAT registration number.
- When to submit your first VAT Return and payment.
- Your 'effective date of registration' - this is the date you went over the threshold, or the date you asked to register if it was voluntary.

From the effective date of registration, you must:

- Charge the right amount of VAT
- Pay any VAT due to HMRC
- Submit VAT tax returns
- Keep VAT records and a VAT account

### Corporation Tax

You pay Corporation Tax at the rates that applied in your company's accounting period for Corporation Tax. The rate you pay on profits from before 1 April 2016 depends on the size of the profits. Work out your profits when you prepare your Company Tax Return. You may be able to get deductions or claim tax credits on your Corporation Tax. These are known as reliefs.

After the end of its financial year, your **private limited company** must prepare:

- Full ('statutory') annual accounts.
- A Company Tax Return.

You need your accounts and tax return to meet deadlines for filing with Companies House and HMRC to avoid any fines.

### Did You Know?

- ◆ At the end of December 2017, there were 3,993,232 companies on the effective register.
- ◆ In 2016/17 HMRC received over £177 Billion in Income Tax receipts, and over £49 Billion in Corporation Tax.
- ◆ In 2016/17 HMRC received over £119 Billion in VAT receipts.

It is essential and a legal requirement that you register your business and that it is entirely compliant when it comes to tax. There are several aspects of this that require careful consideration and action.



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