

Tax help series

Going back into business - what you need to know

We know that businesses often have to stop trading because of insolvency, bankruptcy, economic or commercial reasons. When you start up again, the quicker you tell us, the easier it is to get your new tax affairs sorted out.

Here we tell you:

- what to do if you are self-employed
- what to do if you are in the construction industry
- about Value Added Tax (VAT)
- about capital allowances
- about paying your taxes
- about taking on employees and
- about starting a limited company.

Self-employed

If you are restarting as self-employed, you must register for Self Assessment as soon as you start working again (even if you have completed tax returns before). You will need your:

- National Insurance number
- previous Unique Taxpayer Reference (UTR) number. You will find this number on letters and forms sent to you by HM Revenue & Customs (HMRC) about your tax returns.

To tell HMRC you have started in business, or taken on an employee for the first time or if you need to register for VAT, go to [online.hmrc.gov.uk/registration/options](https://www.hmrc.gov.uk/registration/options)

Once you have enrolled to use either HMRC's Corporation Tax or Self Assessment online service, you can set up a Business Tax Dashboard. You can use your dashboard to see the tax position for your business across different business taxes, as it brings together information from your HMRC online services.

Construction Industry Scheme (CIS)

You must tell us as soon as possible if you restart in construction work. First, register your self-employment. You'll need your UTR number and National Insurance number. Then, phone the CIS Helpline on **0845 366 7899**.

It may not be possible for you to use a previous CIS registration for the new business, especially when the business format is different. For example, if you previously traded as a limited company but you are now a sole trader, you cannot use the company scheme registration for payments to the new business. Check with the CIS Helpline to find out if your old CIS registration is valid for your new business and what you need to do now.

If you restart work as a contractor, you need to register and set up a new tax record for your payments to subcontractors (and any employees you take on).

For information on what contractors must do, and to register, go to www.hmrc.gov.uk/cis/contractors/reg-obs.htm

Customers with particular needs

If you need extra help, please let us know. For example, if:

- English is not your first language
- you would like us to use a certain format to communicate with you, for example, Braille or Text Relay. If you use Text Relay by:
 - textphone, dial **18001** + number
 - phone, dial **1800** + number
- you would like us to visit you at home because it's difficult for you to get to one of our offices.

What if you're unhappy with our service

If you're unhappy with our service, please contact the person or office you have been dealing with. They will try to put things right. If you are still unhappy, they will tell you how to complain. If you want to know more about making a complaint, go to www.hmrc.gov.uk/complaints-appeals

Your rights and obligations

Your Charter explains what you can expect from us and what we expect from you. For more information, go to www.hmrc.gov.uk/charter

National Insurance number

If you don't know your National Insurance number, go to www.hmrc.gov.uk/ni/intro/number.htm

Construction Industry Scheme

You are a subcontractor if anyone (except a private householder) pays you for work in construction. You are a contractor if you pay anyone for construction work. You can also be both. For more information, go to www.hmrc.gov.uk/cis

Record keeping

Keeping tax records is required by law. They tell you how your business is performing. They also help you when you want to get funding, claim benefits and prepare your tax returns. So it's vital to get a proper system in place at the start. To find out what tax records you need to keep, go to www.hmrc.gov.uk/sa/rec-keep-self-emp.htm

Value Added Tax (VAT)

You must register for VAT if your turnover for the previous 12 months or less is over the VAT threshold. You must register if you expect your taxable turnover to exceed the VAT threshold in the next 30 day period alone.

However, you may register voluntarily at any time. For more information on VAT, including the current VAT threshold and how to register, go to www.hmrc.gov.uk/vat

You cannot reuse the VAT number from a previous business that was deregistered either by you, or another person, for example, an insolvency practitioner, or The Insolvency Service or HMRC.

Capital allowances

You can claim tax allowances, called capital allowances, for the costs of buying vehicles and equipment – such as vans, tools, computers, business furniture, cars and certain industrial and agricultural buildings that you use in your business.

The amount you can claim is usually based on the cost to you of the item. If you owned the item before your new business started you might have to use the market value at the start date. Don't forget to record what you spent in your business records.

You can get more information about capital allowances from our Self Assessment Helpsheet 252 *Capital allowances and balancing charges*. Go to www.hmrc.gov.uk/helpsheets/hs252.pdf

Paying HMRC

Most UK businesses pay their tax to HMRC in full and on time.

We recommend that you make all of your payments electronically. HMRC considers all payment methods to be electronic apart from payments sent by post. You can get more information about paying HMRC at www.hmrc.gov.uk/payinghmrc

If you receive a payment demand, notice or letter warning you of legal action but you can't pay, you must immediately contact the HMRC office that sent it to you. You'll find their contact details on the correspondence or demand. For more information, go to www.hmrc.gov.uk/payinghmrc/problems/cantpay.htm

Taking on employees

Employing someone is an important decision. To register as a new employer, go to www.hmrc.gov.uk/payee/intro/register.htm and for more information, go to www.hmrc.gov.uk/factsheet/first-time-employer.pdf

Starting a limited company

All UK companies must register with Companies House. To download the forms and for more help and information, go to www.hmrc.gov.uk/ct/getting-started/new-company/start-up.htm

Companies House passes the details to HMRC, who set up a company tax record and send out an introductory pack. For more information, go to www.hmrc.gov.uk/ct/getting-started/new-company/start-up.htm

Your new company must also register as an employer and operate PAYE on all payments to the directors and employees. To register as a new employer, go to www.hmrc.gov.uk/payee/intro/register.htm

Take care to avoid a penalty

Most people take care to declare and pay the right amount of tax on time.

If you miss deadlines, the longer you delay, the more you'll have to pay.

For more information, go to

www.hmrc.gov.uk/about/new-penalties

Expenses and allowances for the self-employed

If you are self-employed you'll have various costs and expenses. You can only deduct certain expenses as they aren't all allowable. For more information, go to www.hmrc.gov.uk/factsheets/expenses-allowances.pdf

Defaulters

HMRC now has safeguards in place to make sure that deliberate defaulters do not escape liability by simply starting up a new business under a different name or identity. For more information, go to www.hmrc.gov.uk/about/tax-defaulters.htm

Undischarged bankrupts and disqualified directors

It is an offence for an undischarged bankrupt, or person subject to a bankruptcy restriction order/undertaking or a person subject to a disqualification order/undertaking, to act as a director of a company. It does not stop you being self-employed or being in a partnership (but not limited liability) or being an employer. For more information, go to www.gov.uk/the-insolvency-service

More help and advice

For interactive help and advice from across Government, specifically designed for small businesses, go to www.gov.uk

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