

SETTING UP A CONSULTANCY



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TEAM



SETTING UP A CONSULTANCY



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WHA





AGENDA

Self employment

Limited company

Limited liability partnership

Other considerations

VAT registration

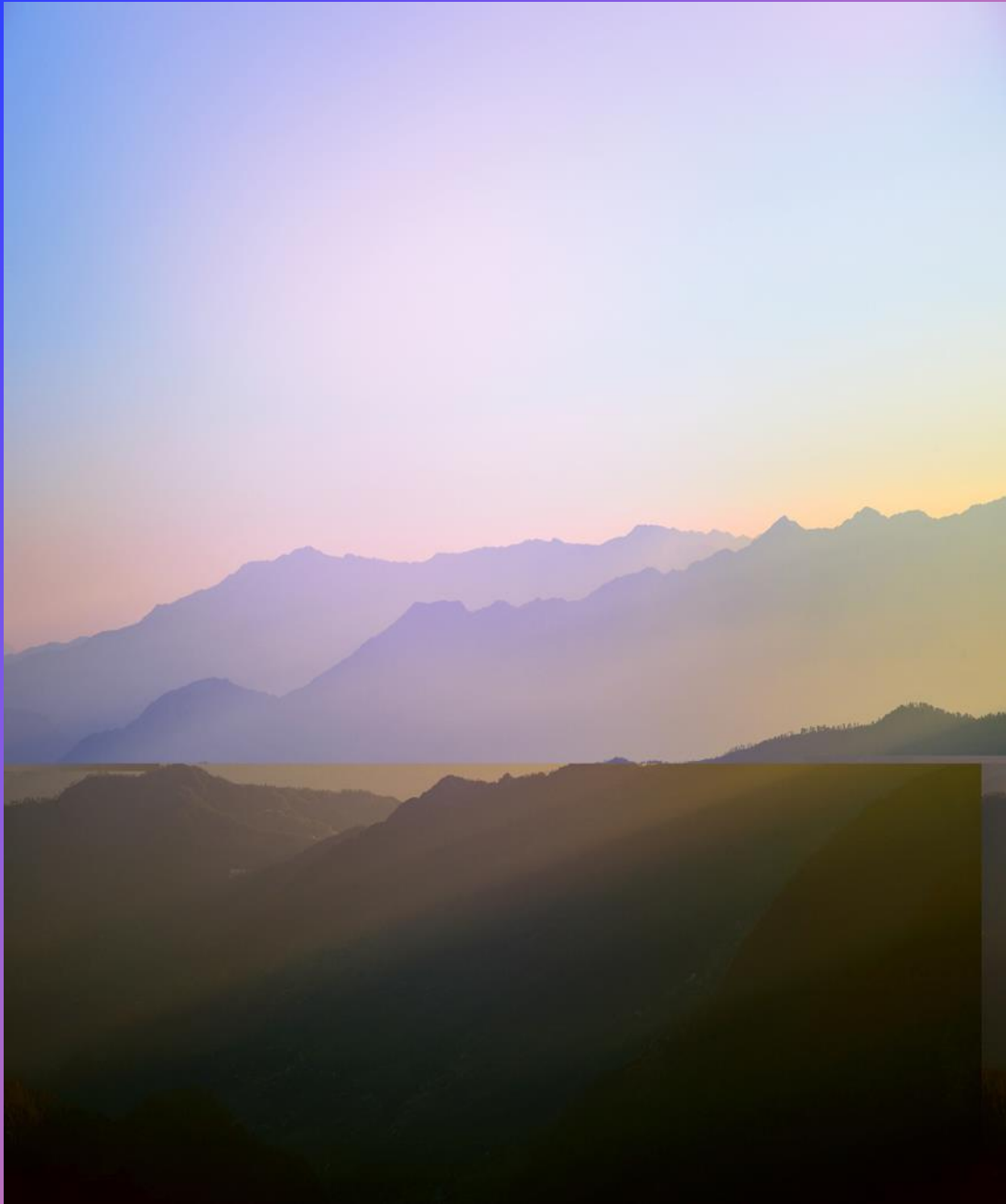
Marketing

Insurance

Introduction

Setting up as a business comes with a fair amount of complexity, from whether to be a Sole-trader to being a limited company and when is the right time to be VAT registered and what about insurance considerations, to name but a few and these will be covered in this presentation





The way to get started is to quit talking and begin doing.

Walt Disney

How should I trade

Things to consider

Sole-trader

- Un-limited liability
- Taxed as you go
- Subject to National insurance on all earnings

Limited company

- Limited liability
- Taxed on money drawn
- National insurance only on salary

LLP

- Tax transparent, like a sole-trader
- National insurance on all earnings
- Liability limited depending on capital at risk

Taxation and NI

Sole-trader

- Taxed on earnings after expenses
- NI on earnings above £12,570
- Expenses allowed on a wholly and necessary basis

Limited company

- Salary level at, say, £12,570
- No employees NI
- Small amount of employers NI
- Interest or dividends above salary level
- Expenses allowed on a wholly, exclusively and necessary basis
- Corporate tax rate 19% of first £50,000
- Corporate tax rate above £50,000 at 25%
- Rates impacted by associated companies

Tax and NI rates

Tax rates 2024/25

- Personal allowance and no tax on first £12,570
- 20% rate to £50,270
- 40% to £100,000
- 60% between £100,00 and £125,140 (lost PAs)
- 45% above £125,140

NI rates 2024/25

- No NI to £12,570
- Ees NI above this level at 8%
- Ers NI 13.8% on all earnings above £9,000
- Class 4 NI for S/E 6%
- No more S/E “stamp”

Other considerations



VAT registrations

- If turnover is above £85,000
- Do you need to be VAT registered?
- Depends on your clients/customer VAT status
- If they are VAT registered, then maybe worth registering, even if below the turnover limit

Insurance

- Need public liability insurance
- If you employ someone, you'll need employee insurance
- Think about professional Indemnity Insurance depending on who you work for and risk profile

Other considerations

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Website/marketing

- Set-up a website
- Domain name and email addresses
- Does it need to be inter-active
- Make it disability friendly
- If a limited company, make sure the company details are displayed such as Company number and Registered Office
- Need for marketing plan

Other points

- Serviced office accommodation
- Premises – Use of home allowance £312 pa
- Use of SIPP to buy commercial office
- Mobile phones and connectivity
- IT kit hardware and support
- Capital allowances



In summary

Setting up in business is relatively simple and easy to do but a more thoughtful process is to think about how you should trade, and it is worth considering using a limited company as profit extraction can be planned in a more dynamic way and smooth out the ups and down of income levels

PRESENTATION TITLE

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THANK YOU FOR LISTENING

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