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SPECIALIST - **TAX AND ACCOUNTING**

1. Take out fee protection insurance

This insurance will cover the accountants fees in defending an enquiry from HMRC and these costs can often be substantial. HMRC enquiry activity is at a record level and most medical businesses and owner managed businesses are being targeted.

2. Consider incorporating your business to save tax

By selling your sole trader or partnership trading business to a Limited company, you will only pay 10% tax on the goodwill sold. A company pays corporation tax of between 20% and 23% as opposed to a potential higher rate tax of 45% if the trade is conducted via a partnership or a sole trader.

3. Ensure that your business has the appropriate accounting and software tools to record all income and expenses.

This will enable you to manage and control your business on a daily basis. A common problem is the recording and reconciliation of data received from billing agencies.

4. Use a qualified accountant

HMRC are targeting high volume agents (HVAs) who submit high numbers of self-assessment returns that result in a repayment of taxes. HMRC have recovered an additional £30m in unpaid taxes from clients of HVAs due to incorrect submission of claims made on individual tax returns.

5. Keep comprehensive records

Keep a record of all income (perhaps in a receipts book) as well as a record of all expenses/outgoings. Include as much as you can when giving information to an accountant - Don't forget a tax return includes details of all taxable income received such as bank interest and dividends.

6. Don't leave it until the last minute

Don't leave it until the last minute because you may not have the money saved to pay your tax - remember if your tax liability is over £1,000, you will have to pay another 50% on account for the following year on 31st January.