

Accounting

&

tax





Usman Azam

Number Cruncher : Chartered Accountant and Chartered Tax Adviser with over 10 years of experience at top UK accountancy firms where I have helped thousands of clients navigate their finances .

Business Owner: Left the corporate world last year to start my accountancy practice, specialising in tax .

Adventurer : Explored over 30 countries and done everything from skydiving to deep-sea diving .



**What do you need
to run and stay in
business**



NOT MUCH!

- 01 Have money coming in
- 02 Ensure you don't run out of it

Businesses can survive without profit, but not without cashflow .

Financial Statements



01

Profit and Loss Statement

Shows the income and expenses of business for a specific duration (i.e. 12 months).

02

Balance Sheet

Shows the financial health of the business at a point in time (i.e. assets and liabilities of the business as at 31 December 2024).

PROFIT & LOSS

ABC

Profit and loss statement

Year ended 31 December 2024

Revenue/Turnover		£50,000
Less: Cost of Sales		<u>-£20,000</u>
Gross Profit		£30,000
<u>Less: Other expenses</u>		
Advertising	£2,000	
Bank Charges	£200	
Salaries	£6,000	
Professional Fees	£2,000	
Rent	£3,000	
Travel	£1,000	
Other Expenses	<u>£800</u>	
		<u>-£15,000</u>
Net Profit		£15,000
Tax		<u>-£3,000</u>
Profit after tax		<u>£12,000</u>

GP

Gross profit margin

NP

Net profit margin

W&E

Expenses incurred wholly &
Exclusively for business

BALANCE SHEET

- 01 Assets
- 02 Liabilities
- 03 Equity

ABC
Balance Sheet
As at 31 December 2024

Assets

Fixed assets	£4,500
Cash	£5,000
Stock/Inventory	£4,000
Debtors	£2,500
Total Assets	£16,000

Less: Liabilities

Trade Creditors	-£2,000
Loans	-£7,000
Net Assets	£7,000

Capital and Reserves

Share Capital	£100
Retained Profits	£6,900
Total Equity	£7,000

Tax

Overview



01

UK tax system is over 200 years old

02

Legislation over 20,000 pages

03

Most complicated in the world

04

HMRC administers taxes

05

Self Assessment - Tax Return

06

Tax year runs from 6 April to 5 April

tax return

NI

NI Number

UTR

UTR Number



HM Revenue
& Customs

Tax Return 2024

Tax year 6 April 2023 to 5 April 2024 (2023–24)

UTR
NINO
Employer reference

Date

HM Revenue and Customs office address

Issue address

Telephone

For
Reference

Your tax return

This notice requires you, by law, to make a return of your taxable income and capital gains, and any documents requested, for the year from 6 April 2023 to 5 April 2024

Deadlines

We must receive your tax return by these dates:

- if you're using a paper return – by 31 October 2024 (or 3 months after the date of this notice if that's later)
- if you're filing a return online – by 31 January 2025 (or 3 months after the date of this notice if that's later)

If your return is late you'll be charged a £100 penalty.

If your return is more than 3 months late, you'll be charged daily penalties of £10 a day.

If you pay late you'll be charged interest and a late payment penalty.

Most people file online

It's quick and easy to file online. Get started by typing www.gov.uk/log-in-file-self-assessment-tax-return into your internet browser address bar to go directly to our official website.

Do not use a search website to find HMRC services online. If you have not sent a tax return online before, why not join the 92% of people who already do it online? It's easy, secure and available 24 hours a day and you can also sign up for email alerts and online messages to help you manage your tax affairs.

To file on paper, please fill in this form using the following rules:

- enter your figures in whole pounds – ignore the pence
- round down income and round up expenses and tax paid, it is to your benefit
- if a box does not apply, please leave it blank – do not strike through empty boxes or write anything else

Starting your tax return

Before you start to fill it in, look through your tax return to make sure there is a section for all your income and claims – you may need some separate supplementary pages (see page TR 2 and the Tax Return notes).

For help filling in this form, go to www.gov.uk/taxreturnforms and read the notes and helpsheets.

Your personal details

1 Your date of birth – it helps get your tax right
DD MM YYYY

2 Your name and address – if it is different from what is on the front of this form, please write the correct details underneath the wrong ones and put the date you changed address below DD MM YYYY

3 Your phone number

4 Your National Insurance number – leave blank if the correct number is shown above

Submission &
Payment
Deadline

31 January 2025



WHO NEEDS TO FILE A TAX RETURN

- **Self-employed** with gross turnover more than £1,000
- Employed with salary over £150,000
- Dividend Income from shares
- Sold a capital assets (Shares, Crypto, Property etc.)
- **Limited Company Directors**

PRIMARY BUSINESS STRUCTURES

Self Employed

- Operating business in your personal capacity.
- Personal assets at risk in case of litigation.
- Minimal documentation required (Just one tax return for the year).
- Ideal for small businesses just starting out.

Limited Company

- Personal assets are protected as separate legal entity.
- Significantly more administrative requirements.
- Confirmation Statement, Accounts, Corporation Tax Return and Personal tax return.
- Good for businesses that are looking to grow.

REGISTER FOR SELF ASSESSMENT AS A SELF EMPLOYED INDIVIDUAL



HM Revenue
& Customs

CWF1 Form

Register if you're a Self Employed sole trader

About this form

This form is designed to be filled in on screen. You must answer all the questions except those marked 'optional'. You can't save the form but once you've completed it you'll be able to print a copy and post it. Only use this form if you can't use online services, for more information follow the link below:

[Online Services](#)

If you're starting out in self-employment you must tell us straight away. If you're not starting within 28 days you can't register yet.

National Insurance number:

You must have a National Insurance number before you can register for Self Assessment or self-employment. To apply for a National Insurance number phone Jobcentre Plus on **0800 141 2075** you may be asked to go to an interview to confirm your identity.

Don't fill in this form CWF1 if you want to register:

REGISTER FOR SELF ASSESSMENT AS A COMPANY DIRECTOR



HM Revenue
& Customs

SA1 Form

Registering for Self Assessment and getting a
tax return

About this form

This form is designed to be filled in on screen. You must answer all the questions except those marked 'optional'. You can't save the form but once you've completed it you'll be able to print a copy and post it.

How to get a tax return

If you need to complete a tax return, first you must register for Self Assessment to get a Unique Taxpayer Reference (UTR). If you are in business follow the link below to find out how to register.

[Registering for Self Assessment](#)

If you are not in business, you can use this form to give HMRC the information they need to set tax records up for you and your UTR will then be posted to you. To find out if you need to complete this form please follow the link below.

[Do you need to complete a tax return?](#)

DIFFERENCE BETWEEN THE TWO FORMS

CWF1 Form

- This form is only used by self employed individuals.
- Registers for self assessment (UTR) and National Insurance Contributions.

SA1 Form

- This form is used in all other cases.
- Only registers for self assessment (UTR number).

TAXES PAID BY SELF EMPLOYED INDIVIDUALS

- Income Tax [NEXT →](#)
- Class 4 National Insurance Contribution [NEXT →](#)
- Class 2 National Insurance Contributions
 - Flat rate of £3.45 per week (£179.40 for the year)
 - Voluntary payment to build State Pension entitlement
 - Only required for individuals with profits below £6,725



Key Tax Rates

Tiered Approach

Income Tax

- 0% Upto £12,570
- 20% £12,571 to £50,270
- 40% £50,271 to £125,140
- 45% Over £125,140

Class 4 NIC

- 0% Upto £12,570
- 6% £12,571 to £50,270
- 2% Over £50,270

LIMITED COMPANIES



WHAT WE WILL COVER

- How to form a company & costs involved
- Personal details & privacy
- Key roles in the company
- Share capital
- Corporation tax rates
- Standard Industrial Classification (SIC) Codes

HOW TO FORM A COMPANY

Direct on Companies House

- Straightforward & costs £50
- Takes less than 24 hours for the company to be formed
- Home address (if used) can be seen by anyone

Through a formation agent

- Similar process
- Costs around £20 more to get the privacy bundle
- Formation agent's address is shown online instead of your home address

KEY ROLES IN THE COMPANY

Director

Legally responsible for running the company

Shareholder

Owens the company .
Can be an individual or an organisation .

Person with Significant Control (PSC)

Someone who owns more than 25% of a company's shares, voting rights or has significant influence or control over the company.

Key Tax Rates

Flat Rate

Corporation Tax

19%	Upto £50,000	Small Profit Rate
?	£50,000 to £250,000	
25%	Over £250,000	Main Rate

LETS LOOK AT COMPANIES HOUSE WEBSITE

Available Name
Checker

SIC Codes

Existing Company
Records

TAX EFFICIENT PROFIT EXTRACTION LIMITED COMPANY

- Take salary of £12,570 from the company
 - Tax deductible for company
 - No income tax as covered by personal allowance
- Take rest out as dividend
 - 0% on first £500
 - 8.75% upto £50,270
 - 33.75% between £50,271 and £125,140
 - 39.35% over £125,140

MISCELLANEOUS

Business Bank Account

- Open a business bank account as soon as possible.
- Use that for business income and expenses.
- Keeps business finances separate from your personal finances.
- Easy to keep track and work out profits.

Accounting Software

- Use a bookkeeping/accounting software to manage your business finances.
- Links with your business bank account and fetches transactions automatically.
- FreeAgent: Free software with NatWest, RBS or Mettle bank account

VAT Registration

- Register for VAT when taxable turnover for last 12 months exceed £90,000.
- Charge 20% VAT on all sales after registration.

QUESTIONS

