

THE SMARTA GUIDE TO

TAX

Part 4: Record/bookkeeping

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TAX SERVICES

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The Smarta Guide to Tax is split into 8-parts

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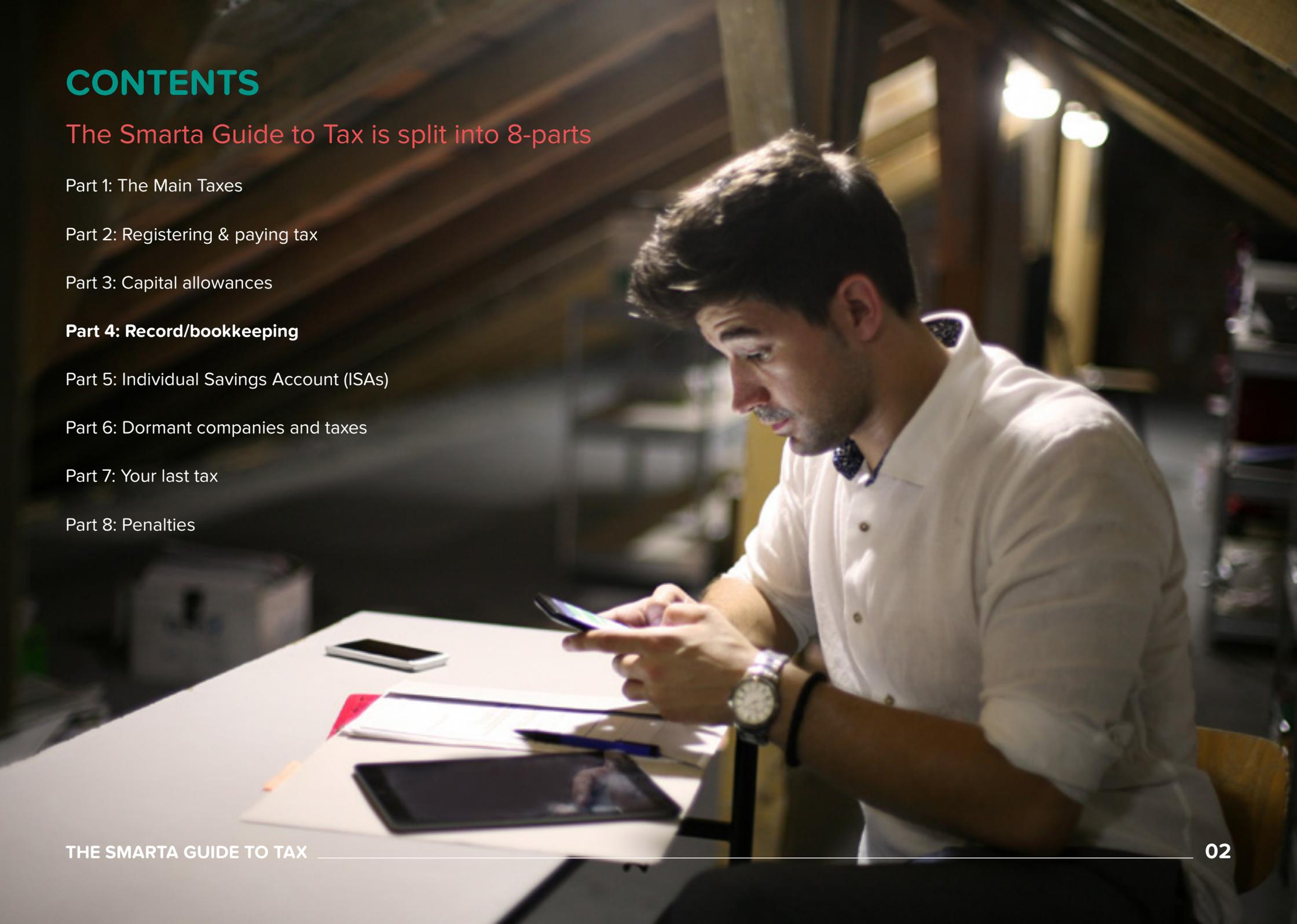
Part 4: Record/bookkeeping

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Taxes are simply unavoidable and, if you're a small business owner, it's best that you know your way around them and their millions of acronyms.

Although there are multiple taxes, each with their own rules and regulations making it seemingly impossible to comprehend these mandatory financial charges; we have put together this comprehensive 8-part guide on all things tax. It covers both the basics and the more complex aspects of the world of taxation and is essential reading for any and all small business owners. Whether you're an expert on tax or a novice to the subject, we hope this guide will have something for you.

If you need further support on your business' tax or accounting, then contact [Smarta Tax Services](#) today.

Smarta also offer further aid for small businesses. We have a thoroughly in-depth and expansive blog site (www.smarta.com) with all the information and help you could possibly need when starting up your own company. Additionally, we offer the Smarta Business Builder, a monthly subscription service that provides you will all the tools you would need to start, manage and grow your business. If you're looking to register as a limited company, then Smarta Formations is one of the simplest and quickest ways to incorporate your business.

RECORD/BOOKKEEPING

Whether you're the owner of a limited company, a sole trader or a nominated partner in a partnership, you will have to keep tax records for your business. HMRC require most types of business to keep records for up to five years - or six years if you are a part of a limited company - which can be requested at any time for approval and analysis. It's best to make sure that your records are always in order, to avoid any repercussions and stay on HMRC's good side.



On a whole, there are two main types of accounting you can use to book keep. You can either use the traditional accounting method where you record all the businesses incomings and outgoings by date. Additionally, as a sole trader or partner with an annual turnover of less than £150,000, you can use the cash basis system as described earlier where you only record expenses if you have received money or paid a bill within that tax year.

In terms of what exactly you need to record, any company should keep copies of all their sales and income, as well as their expenses. Moreover, you must also keep VAT records if applicable, PAYE records if you have employees and records about your own income as the business owner or CEO.

Keeping proof can be done through a vast array of means. You should keep copies of all receipts for products you have bought and/or sold, as well as invoices your company may have sent or received. Bank statements are also useful to be kept. Furthermore, you should also look to make copies of your tax returns for the simple reason that they could be lost in the post – among others.

If your records happen to be destroyed, stolen or misplaced then you must inform HMRC when filing your annual tax returns and estimate the figures to the best of your ability. We recommend that these estimated or provisional figures appear accurate and in line with your previous tax returns to avoid raising suspicion.

Additionally, if you fail to book keep correctly and sufficiently HMRC can fine you for up to £3,000 and, in extreme cases, may disqualify your ability to be a company officer for up to 15-years.



We recommend that all company officers take time out of their day to sort out the business's book keeping. It's best to keep on top of all the paperwork to avoid anything being lost or you having to panic at the last minute, stressfully trying to get of all your admin in order. There are many online and offline pieces of software that can help you store and order your receipts, bank statements, and so on.

You could also hire an accountant or book-keeper to deal with your everyday taxes and record keeping. It is thought that although a good accountant may be a costly investment, they will make that money back - and then some - in time and expertise. A book-keeper, on the other hand, will simply make sure that all your records are up-to-date and in order. Hiring a book-keeper will lower your accountancy fees as an accountant will have to spend less time working with you and your business.

A dedicated accountant from our team at [Smarta Tax Services](#) can manage your bookkeeping on your behalf – book an appointment today to see how we can help.

SUMMARY

So, there you have it, the different types of record/bookkeeping. Don't forget to sign up to [Smarta Tax Services](#) if you'd like us to manage your accounting on your behalf. Take a look through our additional guides for more information on all things tax.

Further reading and references

In this section, we have put together a list of the best resources that are set to help you and your small business grow, and answer any further questions you might have about taxation.

[Smarta Tax Services](#)

Smarta Tax Services will provide you with a personal experience with a dedicated Accountant that will ensure you keep track of day to day operations of your business, and you've completed all areas required to comply with HMRC and Companies House. Our trusted accountancy software allows transparency and you'll have 24/7 access online, so you can keep track of your business performance.

www.smarta.com/blog/

Smarta's blog has thousands of articles to help you in your business endeavours. We would recommend our content on how to find accountant, helping your business with tax.

www.gov.uk

The UK's government's website also has guides to help you and your business, additionally, here, you can use HMRC's online portal to pay tax.

www.which.co.uk/money/tax

Which? also offers many different guides to help you save and spend money appropriately; their few guides on taxation go into intimate detail.

[The Daily Telegraph Guide to Tax](#)

Every year the Daily Telegraph publish an in-depth

guide to taxation with all the dates and changes made to the taxation for that specific. Usually, they are published in May so, it is worth looking out for the 2018 edition in a few months.

www.uktaxcalculators.co.uk

This site is updated yearly to accurately calculate the amount of any form of tax your business may own.

www.taxguideforstudent.org.uk

The Tax Guide for Students is a site that provides information for university students on taxation, how much they should be paying and if they appeal to HMRC for any reductions. The information they create will be extremely beneficial if you are a student looking to start your own business whilst in education.

www.taxcafe.co.uk

Tax Café is an award-winning website that focusing on the UK tax system – it is of particular use for information about property tax and letting.

www.moneysavingsexpert.com

Martin Lewis offers plentiful advice on all things monetary including tax. Although his guides are quite simple and largely aimed at families, it's worth a look.

www.cartaxguide.co.uk

It does what it says on the tin: the Deloitte Car Tax Guide offers users all the information they could want about the taxation of company cars, including a calculator to help you avoid penalties for inaccuracy.

[The Bloomsbury Professional Tax Guide 2017/18](#)

Published bi-annually, The Bloomsbury Professional Tax Guide provides a more complex analysis of UK and global taxation.

www.taxaid.org.uk

TaxAid offers help to anyone with tax-related problems; while their site has blogs on tax, they also provide volunteer helpline advisors who can sort out your problems over the phone.

www.searchaccountant.co.uk

This directory allows you to search for the best accountants up and down the UK, to help with your business's tax returns.

www.tax.org.uk

The Chartered Institute of Taxation is British NGO whose members are all highly qualified in dealing with any tax-related issues.

Glossary of acronyms

HMRC: Her Majesty's Revenue and Customs

VAT: Value-added tax

GST: goods and services tax

NI: National Insurance

NICs: National Insurance Contributions

PAYE: pay as you earn

FPS: Full payment submission

CGT: Capital Gains Tax

SDLT: Stamp Duty Land Tax

PLC: Private Limited Company

UTR: Unique taxpayer reference

LLP: limited liability partnership

PSC: personal service company

AIA: Annual investment allowance

ISA: Individual savings account

NGO: non-governmental organisation

DOR: Debt Order Relief

NT: Nil Tax Code

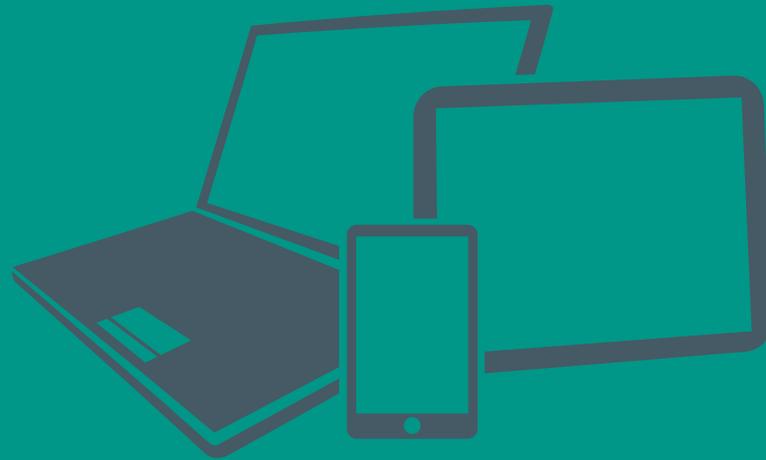
IPA: Income payment agreement

IPO: Income payment order

PLR: Potential loss revenue

TTP: time-to-pay

CIS: Construction industry scheme



Find out more at
tax.smarta.com

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