



# Registering with the Tax Authorities

A significant task for the new business owner is ensuring that the business is properly complying with the extensive tax and information filing requirements imposed by the various authorities.

Problems and penalties could arise if the new business is not registered with the appropriate tax authorities in a timely fashion.

While this guide is not intended to be an all-inclusive list of filing requirements, it summarises some of the more prominent requirements common to most businesses.

HMRC is moving towards electronic forms and notifications via the internet. Paper forms are still required in some instances. In the following section we provide links to both downloadable versions of forms and the web links to apply online for various services.

### H M Revenue & Customs

You must give HM Revenue and Customs (HMRC) specific information about your company within 3 months of starting up in business. You may get a penalty if you don't.

You can do this online once you've got your company's Unique Taxpayer Reference (UTR):

<https://www.gov.uk/limited-company-formation/set-up-your-company-for-corporation-tax>

HMRC will use this information to work out when your company must pay Corporation Tax.

You can also register online with HMRC to notify self-employment using form CWF1:

<https://www.gov.uk/government/publications/self-assessment-and-national-insurance-contributions-register-if-youre-a-self-employed-sole-trader-cwf1>

You need to register by 5 October following the end of the tax year you need to send a tax return for. If you're late, you won't get a penalty as long as you pay your Self-Assessment bill in full by the deadline.

### H M Revenue & Customs – NI Contributions Office

Depending on the level of profit, sole traders and partners have a liability to Class 2 NIC at a weekly level of £3.05 (where annual earnings are £6,515 or more for 2021/22). These contributions are collected with income tax and Class 4 national insurance.

### H M Revenue & Customs - VAT

You need to consider if it is beneficial to be VAT registered from the outset. If you are registering for VAT, form VAT 1 needs completing, and if you are a partnership, form VAT 2 needs to be completed giving details of all the partners.

Information about VAT 1 and VAT 2 (and other VAT forms) can be found at:

<https://www.gov.uk/government/collections/vat-forms>

To register online go to <https://online.hmrc.gov.uk/registration/>

A new system of digital VAT record keeping and reporting called Making Tax Digital (MTD) started from 1 April 2019 where taxable supplies exceed the £85,000 VAT registration threshold. This is being extended to all VAT registered businesses, irrespective of level of taxable supplies, from 1 April 2022.

More information can be found at the HMRC website: <https://www.gov.uk/vat-returns>

### Making Tax Digital (MTD) for VAT

The Government now requires all VAT registered businesses making taxable supplies over £85,000 to keep their records in a digital format and submit their VAT information to HMRC quarterly as part of the "Making Tax Digital" project.

This means that such businesses will need to keep their accounting records in a digital format that links to the HMRC computer system. Many of the detailed rules are now set out in regulations in secondary legislation. VAT guide 700/22 sets out the rules in detail.

For most VAT registered businesses above the threshold the new MTD obligation applied to the first VAT return period commencing on or after 1 April 2019.

MTD for VAT is currently not mandatory for those businesses below the VAT registration threshold (currently £85,000) however that threshold is being removed for MTD for VAT from 1 April 2022.

Under the MTD for VAT legislation there should be digital links between different accounting software packages where different parts of the business or group use different software. Self-employed businesses and landlords with annual business or property income above £10,000 will need to follow the rules for MTD for Income Tax from their next accounting period starting on or after 6 April 2023. Thus, if the business is already MTD compliant for VAT they will also be compliant for income tax. The start date for MTD for corporation tax has yet to be confirmed.



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