

BUSINESS NEWS & UPDATES FROM

Busy Books

Supporting Local Business

APRIL 2017

Accounts – Book Keeping – VAT – Payroll – CIS - Administration

WHEN IS A HOBBY A TRADE?

Sell handmade crafts? Buy and sell on Ebay? Have a stall at car boot sales?

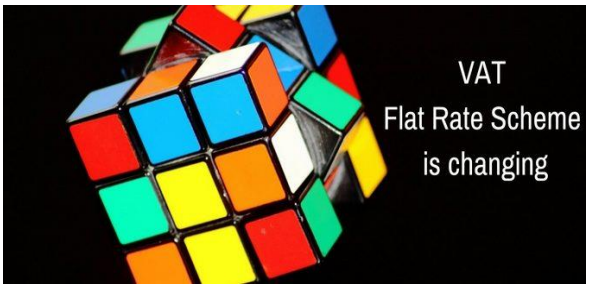
If you establish a regular pattern of making money this way and turn a profit, then you need to consider if your hobby is a business that you need to declare to HMRC. HMRC have several guidelines called 'the badges of trade' that help them reach a conclusion about the activity however these criteria are not the only aspects that will be considered:

- ✓ An intention to make a profit supports trading but by itself is not conclusive.
- ✓ Is the asset of such a type or amount that it can only be turned to advantage by a sale?
- ✓ Are the transactions similar of those of an existing trade?
- ✓ Was the asset repaired, modified, or improved to make it more easy to sale or sale at a greater profit?
- ✓ Was money borrowed to buy asset(s) and could the funds only be repaid by selling the asset(s)?
- ✓ Was the asset sold quickly after purchase?

Please note that from 5th April 2017 the government will introduce a new £1000 allowance for property and trading income. Therefore, if your hobby/trade does not produce income above £1000 you will not need to declare or pay tax on that income from the 5th April 2017. If your trade does produce further income you should register for self-assessment. We can help with tax returns for small traders from just £200!



Several tax agents have reported that HMRC's online self-assessment systems ignored some applications to reduce payments on account for 2016/17 without notification and on some occasions despite the tax payer receiving confirmation of the reduction. We urge you to notify HMRC or us of any unexpected statements, reminders or penalties and regularly log in to your online tax account.



The VAT flat rate scheme rules changed on the 1st April 2016 forcing most service businesses to change their VAT preparation methods. Remember to update your systems for your next VAT quarter if this applies to you. Double click the link below for full details of the changes:

https://www.busybookswestbury.co.uk/2017/01/frs-changes/

Employers… are you ready for your Auto-Enrolment duties?

Not sure what to do? Contact us today on 01373 229589 or admin@busybookswestbury.co.uk

Don't ignore the Workplace Pension

#DontIgnoreIt

