



First day at school:

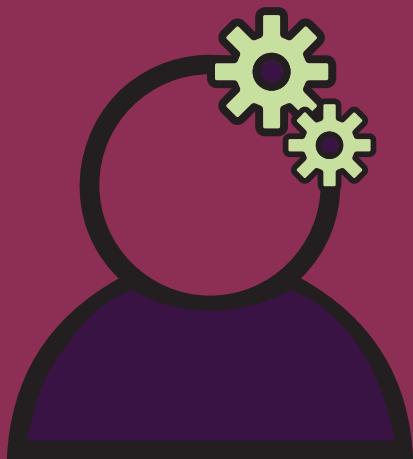
Key things you need to get used to before
you go live into the world of business

So here you are:

You are new to business and possibly to the accounting world, but you have arrived at the right place.

How on earth are you going to begin to sort out your business's VAT, CGT, your employee's PAYE, NIC and the business' side of these payments? Then you might want to think about other matters such as IHT, SATRs, annual returns and the list goes on. Who owes who what, by when, what are the other company deadlines, why all these different 'year ends', what else should I be thinking about.... And, after all that, how is your company doing? How on earth are you going to begin to make sense of it all?

It is enough to make your head spin.



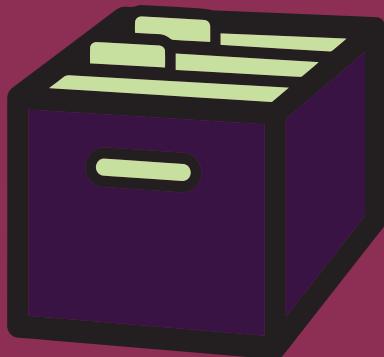
Well, a simple answer is to read on, and soon **you'll be talking acronyms back to those accountants!**

Lets take your company's VAT

I am sure you know stands for Value Added Tax. It's quite simple really – you are VAT registered, or you are not. If you are not VAT registered, then you don't need to worry a minute longer. If you are, then again, it is quite simple. A record is kept of the VAT on items purchased (input VAT), and on all your sales with VAT (output VAT).

If the total VAT on purchases is more than on sales, HMRC will send you the difference for that accounting period. On the other hand, if the VAT total on sales is more than it is on purchases, you will owe HMRC the difference, and will need to make a payment to them.

We have an excellent bookkeeping service that can do all this for you – you simply send in all your records, invoices and receipts and then we turn these into spreadsheets and make your VAT calculations for you.



NIC?

You probably know this stands for National Insurance Contributions and is the amount that each employee has to pay, plus the amount that the employer/company has to pay to HMRC.

It's quite simple when you get down to the numbers – if you earn over the lower threshold, you start paying employer and employee NIC on the amount of earnings over this threshold.

As for your PAYE

This is just really another name for 'income tax' and stands for the amount that you Pay to HMRC, As You Earn. That means rather than an annual bill, you pay a percentage according to what you have earned for each pay period, ie, paying as you earn.

You do have a tax-free allowance, however, which means if your earnings are at this level or lower, you do not have to pay any PAYE. If you earn above the tax free allowance, but below an upper threshold, you will be taxed at the so-called 'basic rate'.

Again, if you earn between above the second threshold, a higher tax rate is applied.

It is as simple as that, and if we run your payroll for you, we can carry out all the necessary calculations on your behalf.



Once your earnings reach a higher threshold, the employee rate drops to a lower percentage. But again, we can check all these calculations for you when we run your payroll.



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