Starting as a sole trader checklist

To start as a sole trader, choose a business name, keep records of income and expenses from your first sale, and register for Self Assessment once you earn more than £1,000 in a tax year. Register by 5 October after the tax year you started. You'll pay Income Tax and National Insurance on profits through your return, so set money aside, and check whether VAT or Making Tax Digital applies.

Before your first sale

- [ ] Choose a business name: your own name or a trading name that follows the naming rules.
- [ ] Open a separate bank account for the business, so income and costs are easy to trace.
- [ ] Decide how you'll keep records: software, a spreadsheet or a cash book.

Register with HMRC

- [ ] Register for Self Assessment once your trading income goes over £1,000 in a tax year. You can register earlier.
- [ ] Register by 5 October after the end of the tax year you started trading, or risk a penalty.
- [ ] Keep your Unique Taxpayer Reference (UTR) safe when it arrives: you need it to file and to register for other schemes.
- [ ] Register for CIS as a subcontractor if you work in construction for a contractor.

Records from day one

- [ ] Every sale and payment received, with invoices.
- [ ] Every business expense, with receipts.
- [ ] Bank statements for the business account.
- [ ] A mileage log, if you'll claim vehicle costs at the flat rate.
- [ ] Purchases of equipment, tools or vehicles.

Plan for the bill

- [ ] Set aside money for Income Tax and Class 4 National Insurance on your profits.
- [ ] Expect payments on account towards the next year unless your Self Assessment bill is under £1,000.
- [ ] Watch your turnover against the £90,000 VAT threshold over any rolling 12 months.
- [ ] Check whether and when you'll need Making Tax Digital for Income Tax.

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Guidance and the latest version: https://www.countify.co.uk/resources/checklists/starting-as-sole-trader-checklist