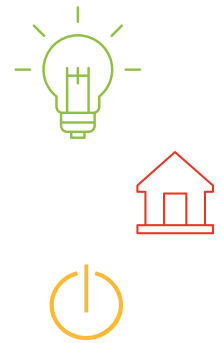


Complying with the law – Part 4

Quick Summary

- Understanding VAT and how it is applicable to your business is vital to make sure you aren't breaking the law at all – be it intentional or by accident.
- There are a few different types of business insurance, and without them, you might be leaving your business exposed to huge losses.
- The Lincolnshire Trading Standards Business Development Team is available to offer a wide range of free, impartial advice to make sure your business is operating within the trading standards.
- Business rates are another form of VAT – but on your business premises. However, not all premises are required to pay business rates, and it's important to know which you will need to pay to comply with the law.



VAT

If you run a business, you'll need to know about VAT rates and registration thresholds. You've most likely heard on the news about 'tax evaders' – the story never ends well for them. It's best to understand exactly how VAT works so you don't make the same mistakes!

A VAT registered business charges VAT when selling goods or services and in turn they can generally reclaim the VAT they have paid on any goods and services purchased.

There are three rates of VAT, depending on the goods or services the business provides. The current 2018 rates are; standard @ 20%, reduced @5% and zero @0%. There are also some goods and services that are exempt from VAT or outside the UK VAT system altogether.

Find out what is exempt from VAT or outside the scope, and what rate of VAT is charged on sales by visiting <http://www.hmrc.gov.uk/vat/forms-rates/rates/index.htm>



In addition to sales, a VAT registered business must account for and pay VAT on:

- Items sold to staff, such as canteen meals or via vending machines
- Sales of business assets
- Hiring or loaning of goods to someone else
- Commission received from selling something on behalf of someone else
- Certain business gifts
- Goods that you or your staff take out of the business for personal use, whether on a temporary or permanent basis
- Services supplied to the business but then used privately
- Barter or part-exchange
- Samples

A business should consider registration if VAT taxable turnover (see explanation below) for the last 12 months is more than £85,000 (April 2018 threshold for VAT registration). The de-registration threshold is £83,000 (April 2018). For more details check: <https://www.gov.uk/vat-registration-thresholds>

A VAT taxable turnover is the total of sales and certain other supplies that are subject to VAT, including supplies that are zero-rated. If goods or services sales are exempt from VAT, they're not part of VAT taxable turnover.

There are some VAT schemes that businesses may be able to take advantage of to reduce paperwork and save time – this might be particularly useful for smaller business owners. A business can only use some of these schemes if VAT taxable turnover is below a certain threshold. Take a look at **VAT scheme basics** for more information.

For further reading on VAT, check out the HMRC **VAT Guide** - This guide explains the basics of how VAT works. It also tells you where you can find more information and advice. A **VAT awareness WEBINAR** is also available, explaining what VAT is and how it works, when you need or can choose to register and what you must do once you're registered.

Tax and VAT - Business Lincolnshire video

Insurance

You wouldn't buy a new home without purchasing home insurance, or a new phone without phone insurance. So why would you leave your business (i.e. livelihood) uninsured?

Many people see insurance as a waste of money and simply use the phrase 'I'll be careful' as an assurance that nothing will go wrong. However, it's important to know that something could go wrong further down the line, and you'll be thanking your past self that you spent a little money on insurance now, rather than trying desperately to stop the ship from sinking when an insurance claim knocks your business sideways.

There are several types of insurance, and it's important to know which ones are right for you. You might find you need more than one type of insurance depending on what your business consists of.

Public liability insurance

If members of the public or customers come to your premises or you go to theirs (including if you work from home), you should think about taking out public liability (PL) insurance.

PL insurance covers any awards of damages given to a member of the public because of an injury or damage to their property caused by your business.

Employers' liability insurance

Employers' liability (EL) insurance enables businesses to meet the costs of damages and legal fees for employees who are injured or made ill at work through the fault of the employer. Employees injured due to an employer's negligence can seek compensation even if the business goes into liquidation or receivership.

By law, an employer must have EL insurance and be insured for at least £5 million. If your business is not a limited company, and you are the only employee or you only employ close family members, you do not need compulsory EL insurance.

Professional indemnity insurance

If you are in the business of selling your knowledge or skills, you may want to consider taking out professional indemnity (PI) insurance.

PI insurance protects your business against claims for loss or damage made by a client or third party if you make mistakes or are found to have been negligent in some or all of the services you provided. PI insurance will also cover legal costs. Many professions are required to have PI insurance cover as a regulatory requirement or as part of their professional authorisation.

Insurance

Lincolnshire Trading Standards Business Development Team is there to provide basic advice and information to assist new and existing Lincolnshire businesses with compliance.

From the **1st April 2015**, where your business trades goods and services outside of Lincolnshire (regionally, nationally or internationally), there is the offer of Primary Authority Partnerships. Primary Authority Partners will be allocated a single point of contact officer and have yearly contracted time dedicated to them as part of a bespoke package. See here for full cost details and benefits of **Primary Authority Partnerships**.

For Business Advice

Please call 03454 04 05 06 - Trading Standards nationally has an agreement with Citizens Advice to help you report a problem or obtain free, confidential and impartial advice and guidance on consumer issues.

If referred to Lincolnshire Trading Standards we will respond to your enquiry within 5 working days - You may be referred regarding **Primary Authority Partnerships**, **Feed Hygiene Registration** or **Metrology Calibrations**.

Social Media & Useful Links

The Consumer Rights Act replaces 12 existing laws, including the Sale of Goods Act 1979 and the Supply of Goods and Services Act 1982, for in-depth guides on the changes from 1 October 2015 and Trading Standards law explained please visit **TSI Business Companion**.

Lincolnshire Trading Standard aims are to promote and maintain;

- A fair, equitable and safe trading environment in Lincolnshire
- Disease free and humanely treated farm livestock in Lincolnshire
- The quality and competitiveness of the goods and services provided by local business and agriculture

Lincolnshire Trading Standards enforcement activity targets serious offences or widespread malpractices causing detriment to those residing and trading in Lincolnshire. However, civil claims or disputes affecting you or your business, about a breach of contract, can only be pursued by you. They cannot; close businesses down, intervene on your behalf or mediate in contractual disputes, personally recommend businesses or investigate every individual complaint received.

See the **What's New** page for more information and follow us on Twitter, **@lincsts**, and on **Facebook**.

Business Rates

What are Business Rates?

Business rates - also known as non-domestic rates - are taxes placed upon the occupation of non-domestic property. Such as property tax assessments and valuations.

Most premises used for business are subject to business rates. This includes commercial properties such as shops and factories. There are a few exceptions, including:

- Farm buildings and land
- Fish farms
- Places of worship and church halls
- Buildings used for the training or welfare of disabled people

You may be able to make minor business use of your home without paying business rates. But if you use part of your home exclusively for business (e.g. a workshop), you may be liable for business rates on it.

Business Rates are dealt with by your local district council. Therefore, all individual accounts and all new account enquiries should be directed to them.

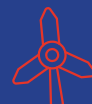
There are a number of different Business Rate reductions available, depending upon your situation. Applications should be made to your District Council.

If you are unsure which district your business is in, you can use the Local Authority Districts look up table in the **Contacts section**.



Need more support?

Get in touch!



For more information visit www.businesslincolnshire.com where you can request support from one of our advisers by filling in the online contact form.



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