



Ben Heslop

Tax doesn't have to be taxing... or does it?

Ben Heslop is the programme manager of Cumbria Business and Intellectual Property Centre (BIPC) which offers free help and support to businesses in pre and post start-up phases through the British Libraries.

If you can remember the wonderful tones of Sir Alec Guinness voicing Hector the Tax inspector as self assessment was introduced in 1995 or Moira Stuart sat in an understairs cupboard you will know the wonderfully alliterative phrase "Tax doesn't have to be taxing". To be fair the phrase has stuck in my head for years so the adverts worked... but it definitely isn't true!

I have had to file the full gamut of responses to HMRC from self assessment as a sole trader to full Ltd company accounts, and if I had done these myself I would surely be writing this article from a prison cell. Not because I ever hankered after being the mastermind behind a tax avoidance scheme (although sometimes I wish I had) but because my ability to understand the system is at best limited and at worst shows the fact that my C at GCSE gained in the 90s has not stood me in good stead when it comes to accounts.

As an aside, why tax and money management is not taught front and centre in all schools will always be a mystery to me. Knowing the interior angles of a triangle all add up to 180 is great but some life skills around money would help young people far more in this day and age I suspect. But it is not the maths of tax that gets me, it's the nuances of what is allowed, what needs to be reported, when it needs to be reported and how.



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Now there will be many people reading this who successfully complete their online tax return every year with no problems at all and countless pieces of software that can do this for us. I salute and applaud you and don't suggest you change that on the back of my ramblings. However, is it the most efficient way to do it and when is a saving not a saving?

In my experience a good accountant will always save you more money than they charge you. A very early learning point for me, back when I was scared that if I claimed for two pencils then used one to write a shopping list and not for my business I was in trouble, was that there is a big difference between tax avoidance and tax efficiency. And that is where my accountant has really helped me over the years, to understand what tax is all about and how the system works. And while no one likes the idea of paying tax, it is only ever paid on profit so it means you're doing something right.

Tony Ferguson from Dodd and Co says: "More so than ever, new business owners are very conscious of costs and are prepared to take on tasks that have been traditionally contracted out to bookkeepers, accountants, and business advisors."

And while this may seem like a cost saving it will never match the deeper insights you get talking to a professional.

Being a small business is hard enough as it is without having to learn the tax system or spend an eon on hold to HMRC. Chris Dent from DCB accountant says: "Have a conversation with your accountant, don't ever assume they know everything, even in this digital age they can add a lot of help, guidance and support."

The relationship you build with an accountant can also save you money in other ways. If you are the sort of client that turns up with a bin bag of folded receipts, then your bill will reflect that the office junior will take a couple of weeks ironing out the paper and working out the story!

At the start of each year I get 12 poly pockets and label them January to December, every receipt goes in and at the end of the month I print my bank statement and annotate anything I will forget in 12 months. Does this sound very rock and roll? Granted no, but at the end of the year when I get a tiny bill from my accountant and the questions are minimal as the story was right in front of them I do have a slight smug smile to myself.

Tony from Dodd and CO says: "In the early stages of business many owners are unaware of how their tax liability is calculated and when this becomes payable. From a cash flow perspective this can cause problems if the business owner needs to pay a whole year's tax liability plus 50% in advance at the same time."

Before having an accountant I received the "payment on account" letter from HMRC and looked at my business balance and thought "uh oh!" but, now, being able to speak to my accountant and realise what this meant was really reassuring and allowed me to plan better.

So is this me saying tax is impossible to do yourself? No not at all, but I would argue having a good relationship with an accountant does not need to be expensive and in my experience saves you money and helps you plan your business' future better.