



We're into the new year, and wondering if 2023 will be as eventful as 2022 – three Prime Ministers, four Chancellors, and the current one, Jeremy Hunt, planning his Budget for March 15.

But a new year is a good time to plan, so anyone setting up a business might like the tips we have in our sole trader versus limited company article. Those of you who are VAT registered will also be interested to read about the new penalty-based scheme HMRC is introducing.

Finally, we all had a great night at our Swindon Wildcats networking event and many thanks to everyone who came along. We also hold regular breakfasts, and you can find out about all our events on our website.

SOLE TRADER VERSUS LIMITED COMPANY: What's best for your new business?

A new year is often a time when people decide to bite the bullet and set up a new business. If you're among them, then one early decision you'll need to make is whether to become a sole trader or set up a limited company. There's certainly no one-size-fits-all answer, because each carries its own advantages and disadvantages.

There are three main advantages to being a sole trader. Firstly, there are fewer admin costs and contracts with clients just have to be in the individual's name, not the company name so accounting is more straightforward.

Secondly, if the cost of a car is to be put through the business, sole trader status is more flexible. Generally, tax which is incurred for putting a car through a limited company will be higher. However, there is an exception, if you have an electric car.

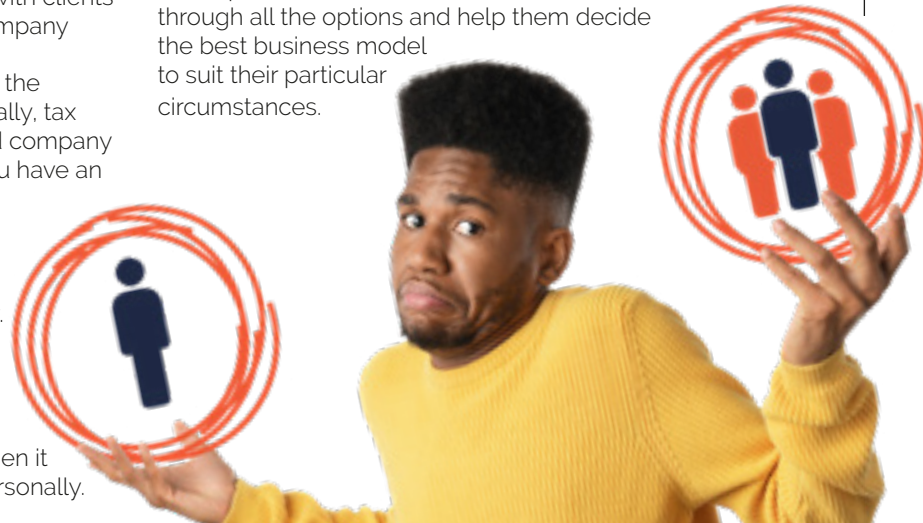
Finally, financial information does not need to be made public. If you're a sole trader, there is no requirement to register with Companies House and submit annual accounts, that anyone can view.

By contrast, there are advantages to running a limited company. As a director, you are more in control of your taxes. Secondly, there is less risk in a limited company. If you have customers who don't pay, and you can't then pay your suppliers, then it is your limited company which is liable, not you personally.

The company may go into administration, but your personal assets should be unaffected. Thirdly, perception may be a consideration, as some businesses may not want to deal with a sole trader, or they may assume you are too small.

Finally, some tax credits, such as R&D, are only available for limited companies. Similarly, the Super Deduction Scheme for investing in qualifying new plant and machinery assets is only available to companies, although this scheme comes to an end on 31 March 2023.

At Optimum, when we work with clients, we talk through all the options and help them decide the best business model to suit their particular circumstances.



We're helping to build confidence, resilience and positive aspirations...

We are thrilled to announce that after two years' fundraising – much of it interrupted by the Covid pandemic – we have collected a fantastic £4,500 for our charity, Youth Adventure Trust.

We came up with all sorts of ways to raise the money, from taking part in a 10 Peaks Challenge, to baking, to raffles, to walking a half-marathon along the Ridgeway. We are delighted with the amount we have raised for the organisation, which uses outdoor activity to change the lives of vulnerable and disadvantaged children.

Philippa Cox, Corporate Partnerships Manager for Youth Adventure Trust, said: "The funds raised are

the equivalent of four young people joining us for one whole year of outdoor activity and adventure to help build their confidence, resilience and positive aspirations. Post-pandemic our young people needed support more than ever and Optimum Professional Services were there to help."

For 2023, we are pleased to announce we will be supporting Swindon and Gloucestershire Mind, which provides mental health advice, support and services, to empower anyone experiencing a mental health problem. Watch this space for more details of our fundraising events.



Top tips for a stress-free house move

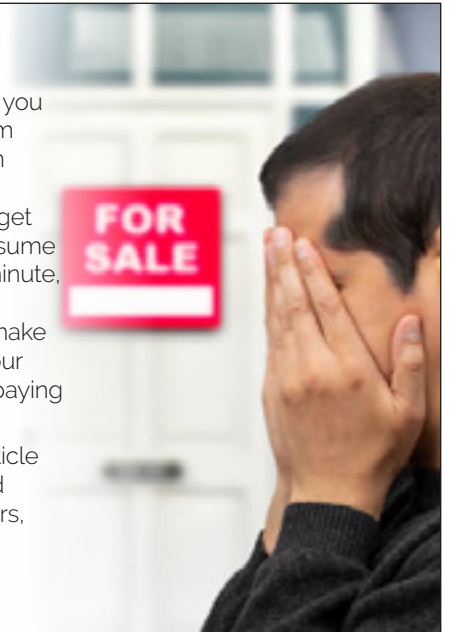
Few things in life are as stressful as moving house. In fact, many believe it comes second only to a relationship breakup or a bereavement. So, it makes sense to put as many actions in place as possible to ensure the move goes smoothly, to reduce the stress and pressure.

Here are the Optimum conveyancing team's top tips for a stress-free move: -

1. Engage your conveyancing lawyer early on in your house-hunting process.
2. Start planning early. House sales can take several weeks to complete, but there is still plenty to do, so start getting organised.
3. On exchange of contracts, contact your utility companies to tell them what date you are moving, and remember to take final meter readings on your moving day.

4. Make a list of organisations and people you need to contact, and work through them methodically once contracts have been exchanged.
5. Contact a removal company. They can get booked up well in advance, so don't assume you will be able to get one at the last minute, to suit your moving date.
6. If you are currently renting a property, make sure that you give sufficient notice to your landlord. Failure to do so may result in paying rent and a mortgage at the same time!

You can read a longer version of this article on our website, and if you are moving and need the advice of specialist conveyancers, please get in touch.



VAT PENALTY SYSTEM

HMRC has brought in a new regime of VAT penalties, for late returns and late payment, for VAT periods starting on or after 1 January 2023. It has also introduced a new approach to charging interest on late-paid VAT.

The new points-based system for late submissions is designed to be more lenient for the occasional slip-up, whilst still penalising those who repeatedly fail to comply. It will operate in a similar way to the penalty points system for motoring offences. Like the system for motoring penalties, the points expire after a period of time.

PENALTIES FOR LATE VAT RETURNS

For each VAT return you submit late you will receive one late submission penalty point.

Once a penalty threshold is reached, you will receive a £200 penalty and a further £200 penalty for each subsequent late submission.

The late submission penalty points threshold will vary according to your

submission frequency.

You will be able to reset your points back to zero if you submit your returns on or before the due date for your period of compliance - this will be based on your submission frequency - and make sure all outstanding returns due for the previous 24 months have been received by HMRC.

PENALTIES FOR LATE PAYMENT OF VAT

For late payment penalties, the sooner you pay, the lower the penalty rate will be.

- Up to 15 days overdue: you will not be charged a penalty if you pay the VAT you owe in full or agree a payment plan on or between days 1 and 15.
- Between 16 and 30 days overdue: you will receive a first penalty calculated at 2% on the VAT you owe at day 15, if you

pay in full or agree a payment plan on or between days 16 and 30.

- 31 days or more overdue: you will receive a first penalty calculated at 2% on the VAT you owe at day 15 plus 2% on the VAT you owe at day 30.

You will receive a second penalty calculated at a daily rate of 4% per year for the duration of the outstanding balance. This is calculated when the outstanding balance is paid in full or a payment plan is agreed.

To give businesses time to get used to the changes, HMRC will not be charging a first late payment penalty for the first year from 1 January 2023 until 31 December 2023, as long as you pay in full within 30 days of your payment due date.

Swindon Wildcats and Optimum event goes with a bang

What a great night was had by all when we teamed up with Swindon Wildcats to run a joint networking event, on a match night.

Around 160 tickets were reserved for the free event, and people from all areas of business, as well as Wildcats fans and families enjoyed the hospitality and watched the game.

It was a tense match, with Swindon Wildcats leading until almost the last minute, when Sheffield Steeldogs equalised. Extra time proved goalless, so

in the end the game went to penalties and Swindon Wildcats triumphed.

Those who'd never (or rarely) been to a game before loved the experience, as well as having the chance to form some great new business relationships.

Many thanks to Sally Fox-Price, Commercial Manager of Bespoke Guardian Swindon Wildcats, for all her help with organising and hosting the event. As a company, we really enjoy being corporate sponsors of the team, and this event has been a highlight.



For more information about Optimum's services please email info@optps.co.uk or visit www.optps.co.uk.

To talk to the team, call our Swindon office on 01793 538 198 or our Cheltenham office on 01242 384 936. Our offices are at Vicarage Court, 160 Ermin Street, Stratton, Swindon, SN3 4NE and The Site, 24 Chosen View Road, Cheltenham GL51 9LT.