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The Case Study of Miss X

By Malcolm Chambers

Starting your own business can be tricky. Knowing where to start and who to talk to, can be the most difficult part. That's why it's so important to find a local reputable firm who can advise you on what legal, legislative and economic factors you need to take into account.

At Chambers Accounting, we believe in putting you first. We're here to help guide you through the whole process, from concept through to implementation. Below is an example of how we did just.

MISS X

I'd like to set up my own Marketing business in Jersey but I don't know where to start. What do I need to think about first?

MC

The first thing you need to decide is whether you want to set yourself up as just a trading name or whether you want to start a limited company. A trading name means you are essentially self employed, and one of the benefits is that it helps you to create a distinct brand for your business, thereby helping with your own marketing. Establishing the name is straightforward and costs very little, and the accounting requirements are less than for a limited company.

Forming a limited company means you are creating a separate legal entity to yourself in the form of a Jersey registered company. This would entail limited liability and you would do this because you require the legal protection. Any company debt would not become your own personal responsibility. Therefore any personal assets you own such as your house etc. would not be at risk if your business venture should fail.



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Miss X

Well I think as it's my first venture, and I will only be starting out small, a trading name should be enough for now. How do I sort that out?

MC

You really need to do two things at this point. You need to complete a form to obtain a licence so you can trade legally. This can be obtained from the Population Office based at the Social Security Department on La Motte Street in St Helier, where the staff are very helpful. Then you also need to register your trading name. This form can be obtained from the Companies Registry at the Jersey Financial Services Commission, 14-18 Castle Street, St Helier, or by accessing their website at www.jerseyfsc.org. They are both very straightforward and easy to complete. But I can help you with both of them if you need any assistance.

Miss X

Ok. They seem nice and simple. What's next?

MC

Right. The next thing you need to do is contact the Social Security Department. As you have never been self employed before, up until now, you have been paying half your SS contributions, and your employer has been paying the other half. So they will need to change your status. You need to make an appointment to see them, so you can explain your new circumstances. Essentially what you are asking them to do is change your status so you are paying Class 2 contributions. Contributions are paid quarterly, in arrears, so it's important you contact them as soon as possible.

Once you have visited Social Security, we then need to sort your tax situation. We would need to prepare a letter for you to sign appointing us as your tax agent which we would submit to the Comptroller of Income Tax. This means he will correspond with us, and not you direct and we will handle all your tax affairs from then on. As a self employed individual with a trading name you will be liable to pay your previous year's tax bill, bi-annually in April and September respectively, each year. So it's important you start to save money as soon as possible, in anticipation of these tax bills. The amount of tax you pay in one year will be determined by the amount you earned the previous year.

As a self employed individual, there are certain business expenditures you will be able to claim against your tax, but we will go into these in more detail at a later meeting. As mentioned above, once we have been appointed you no longer need to worry about correspondence with the Tax office as we will do all of this for you.



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However, the one thing you absolutely must do for us is keep very strict records of ALL incoming and outgoing monies in a finance record book, plus every monthly bank statement, and every single original receipt relating to your business expenditure. This will assist us when we come to submitting your accounts to the tax office at the end of the year.

Operating a limited company is a lot more complicated and is more expensive but as your business grows we can discuss this other option further down the line. At the moment, judging from your present intentions, operating under a trading name is more suited to your circumstances.

Miss X

That's fantastic Malcolm! It was all so confusing before. I didn't really know where to start. Now I have a much clearer idea of what I have to do. I'm completely confident I will be able to complete all the forms I need to, and I will go away and give some serious thought as to next steps. Thank you so much for all your help! Now, what do I owe you?

MC

Nothing. Our initial consultation with prospective customers is entirely free. If you decide to appoint us as your agents, we will agree a fee for our services in advance, payable upon completion of each year's work, or in monthly instalments. Whichever is most suitable for you. We look forward to hearing back from you soon, and good luck!