

INTERNAL TRAINING · BUSINESS DEVELOPMENT

# Accounting & Tax Services

## BD Training Manual

What owner-managed businesses need from an accountant, what we do for them, and how to spot and qualify the opportunities.

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## Start here

Most of our clients are owner-managed businesses: sole traders, partnerships and small limited companies. Every one of them has the same problem. The law gives them a list of returns, deadlines and digital rules, and they would rather be running their business. This manual explains what that list is, what we do about it, and how to have a confident conversation about it.

|                                                                                                                   |                                                                                                                             |                                                                                               |                                                                                             |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| <b>Part A · Our clients</b><br>Business structures, how owners are taxed, the yearly deadlines and how we charge. | <b>Part B · Our services</b><br>Each service in plain English: what it is, who needs it, the deadlines and the sales angle. | <b>Part C · Onboarding</b><br>Identity checks, clearance, authorisations and what to collect. | <b>Part D · BD playbook</b><br>Trigger events, discovery questions, scoring and objections. |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|

Capital allowances have their own manual. This one shows where they fit alongside our other services.

### Look out for these boxes

|                                                                        |                                                                     |
|------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>IN PLAIN ENGLISH</b><br>The idea behind a rule, without the jargon. | <b>BD TIP</b><br>Practical advice for your calls and meetings.      |
| <b>WATCH OUT</b><br>Things that cause penalties, risk or lost work.    | <b>SAY IT LIKE THIS</b><br><i>Wording you can use with clients.</i> |

#### THE WHOLE MANUAL IN 60 SECONDS

1. A business is a **sole trader**, a **partnership** (or LLP) or a **limited company**. The structure decides which returns it files and how its owners pay tax.
2. Sole traders and partners pay income tax and National Insurance on all their profit through **Self Assessment**. Companies pay **corporation tax**, and directors then pay personal tax on the salary and dividends they take.
3. **Making Tax Digital for Income Tax** started in April 2026 for sole traders and landlords with income over £50,000, and reaches £30,000 in April 2027 and £20,000 in April 2028. Each one now files four quarterly updates a year from digital records. This is the biggest new source of work in years.
4. Businesses with staff need **payroll** and **pension auto-enrolment**. Businesses with taxable turnover over £90,000 must register for **VAT**. Builders need **CIS**.
5. We charge **fixed annual fees, paid monthly by standing order**, for the services listed in a letter of engagement. Anything else, such as advice, planning or HMRC enquiries, is quoted separately first.
6. Nothing is filed without the client's approval, and we can't start work until the anti-money laundering checks are complete.
7. Your job is to spot the **trigger events** (D1), ask the **discovery questions** (D2) and bring the technical team in early.

#### CORRECT AT 26 OCTOBER 2026

Rates and rules change, usually at the Budget. Figures are for 2026/27 in England, Wales and Northern Ireland; Scotland has its own income tax rates. Check anything you quote to a client with the technical team.

## PART A

# Understanding our clients

The four business structures, how their owners are taxed, the yearly calendar of deadlines and how our services and fees are set up.

## A1 Business structures

The first question on every call is **how the business is set up**. Everything else follows from the answer.

|                                          | Sole trader                                      | Partnership                                          | LLP                                                                            | Limited company                                                                          |
|------------------------------------------|--------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| <b>What it is</b>                        | One person trading in their own name             | Two or more people in business together              | A partnership with the legal protection of a company                           | A separate legal person owned by shareholders and run by directors                       |
| <b>Liability</b>                         | Unlimited: personal assets at risk               | Unlimited, and shared between the partners           | Limited to what members put in                                                 | Limited to what shareholders put in                                                      |
| <b>Tax on profit</b>                     | Income tax and Class 4 NIC on all profit         | Each partner pays on their share                     | Each member pays on their share                                                | Corporation tax on the company's profit                                                  |
| <b>Annual filings</b>                    | Self Assessment (SA100)                          | Partnership return (SA800) plus each partner's SA100 | SA800, members' SA100s, accounts and confirmation statement at Companies House | Accounts and confirmation statement at Companies House, CT600 to HMRC, directors' SA100s |
| <b>Accounts public?</b>                  | No                                               | No                                                   | Yes                                                                            | Yes                                                                                      |
| <b>Making Tax Digital for Income Tax</b> | <b>Yes</b> from April 2026 if over the threshold | <b>Not yet</b> no start date set                     | <b>Not yet</b>                                                                 | <b>No</b> (directors may be caught through their own property income)                    |

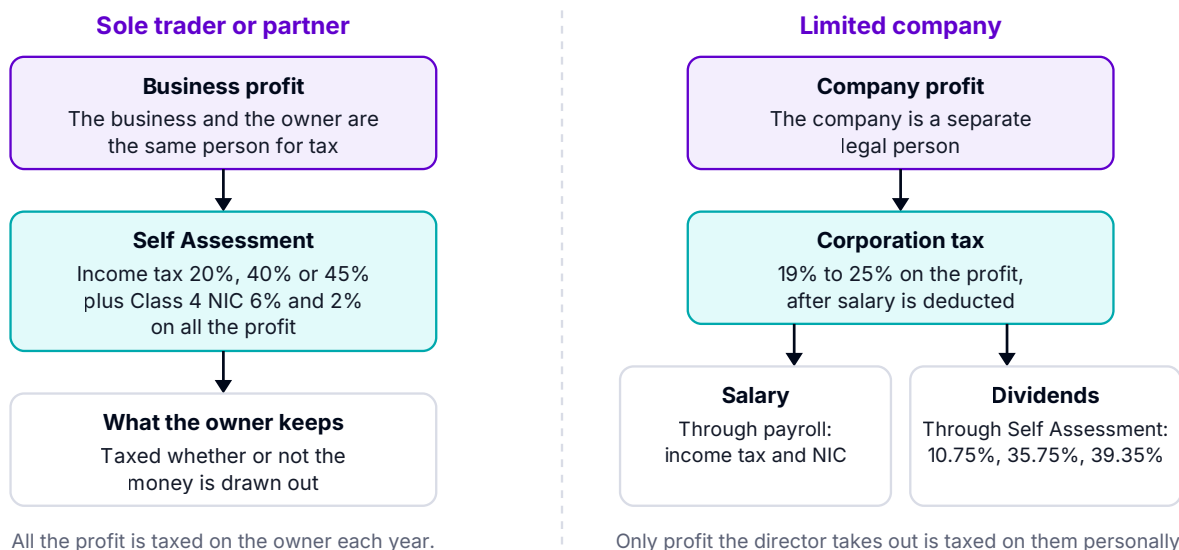
### IN PLAIN ENGLISH

A sole trader **is** the business. A company **owns** the business, and the owner gets paid by the company. That one difference explains most of what follows.

### BD TIP

Many clients run more than one structure: a company for the trade, a buy-to-let in their own name, a share of a family partnership. Each one is a separate engagement. Ask about all of them.

## A2 How owner-managers are taxed



### Two quick examples (2026/27)

|                                                             |                  |                                                                      |                |
|-------------------------------------------------------------|------------------|----------------------------------------------------------------------|----------------|
| <b>Sole trader making £40,000 profit</b>                    |                  | <b>Company making £60,000 profit</b>                                 |                |
| Income tax: (£40,000 – £12,570) × 20%                       | £5,486           | Corporation tax at 25%                                               | £15,000        |
| Class 4 NIC: £27,430 × 6%                                   | £1,645.80        | Less marginal relief: $\frac{3}{200} \times (£250,000 - £60,000)$    | –£2,850        |
| <b>Total personal tax</b>                                   | <b>£7,131.80</b> | <b>Corporation tax payable</b>                                       | <b>£12,150</b> |
| Due through Self Assessment, with payments on account (B1). |                  | The director then pays personal tax only on what they take out (B4). |                |

### The headline rates

| Tax                                | 2026/27                                                                                                                          |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| <b>Income tax</b>                  | Personal allowance £12,570; 20% to £50,270; 40% to £125,140; 45% above. The allowance tapers away between £100,000 and £125,140. |
| <b>Class 4 NIC (self-employed)</b> | 6% on profits between £12,570 and £50,270; 2% above                                                                              |
| <b>Corporation tax</b>             | 19% on profits up to £50,000; 25% over £250,000; marginal relief in between                                                      |
| <b>Dividends</b>                   | £500 allowance, then 10.75%, 35.75% or 39.35% depending on the tax band (up 2 points from April 2026 for the first two)          |
| <b>Employee and employer NIC</b>   | Employees 8% between £12,570 and £50,270, then 2%. Employers 15% above £5,000.                                                   |

Full table on the reference pages. Income tax on property and savings income rises by 2 points from April 2027.

## **A3** The compliance calendar

Deadlines drive our work, and they are a reason for clients to act now. These are the ones that matter for owner-managed businesses.

| When                                             | What                                                                                         | Who                                   |
|--------------------------------------------------|----------------------------------------------------------------------------------------------|---------------------------------------|
| <b>Every month: 19th / 22nd</b>                  | PAYE, NIC and CIS paid to HMRC (22nd if paid electronically); CIS monthly return by the 19th | Employers, contractors                |
| <b>On or before each payday</b>                  | Full Payment Submission (FPS) to HMRC                                                        | Employers                             |
| <b>1 month and 7 days after each VAT quarter</b> | VAT return filed and VAT paid                                                                | VAT-registered businesses             |
| <b>7 August, 7 November, 7 February, 7 May</b>   | Making Tax Digital quarterly updates                                                         | Sole traders and landlords in MTD     |
| <b>5 April / 6 April</b>                         | Tax year ends and starts                                                                     | Everyone                              |
| <b>31 May</b>                                    | P60s to employees                                                                            | Employers                             |
| <b>6 July / 22 July</b>                          | P11D and P11D(b) filed; Class 1A NIC paid                                                    | Employers with benefits               |
| <b>31 July</b>                                   | Second payment on account                                                                    | Self Assessment taxpayers             |
| <b>5 October</b>                                 | Register for Self Assessment if newly needed                                                 | New sole traders, landlords, partners |
| <b>31 January</b>                                | Online tax return; balancing payment and first payment on account                            | Self Assessment taxpayers             |
| <b>9 months and 1 day after year end</b>         | Corporation tax paid (smaller companies)                                                     | Companies                             |
| <b>9 months after year end</b>                   | Accounts filed at Companies House (21 months after incorporation for the first accounts)     | Companies and LLPs                    |
| <b>12 months after year end</b>                  | Company tax return (CT600) filed                                                             | Companies                             |
| <b>Every 12 months</b>                           | Confirmation statement, within 14 days of the review date                                    | Companies and LLPs                    |
| <b>Within 60 days of completion</b>              | Capital gains tax return and payment on UK residential property sales                        | Individuals selling property          |

### **BD TIP**

Most businesses that switch accountant do it after a scare: a penalty letter, a missed deadline, or a bill they weren't expecting. Ask "When was your last return filed, and have you had any letters from HMRC or Companies House?"

## **A4** What we offer and how we charge

Our accounting and tax compliance work runs under our **Accounting and Tax Compliance Terms of Business** and a **letter of engagement** for each client. The letter lists the services the client has chosen and the fee for each. The terms describe each service in schedules.

| Schedule                                | Services                                                                                                                                      |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1 · Individuals and sole traders</b> | Self Assessment returns; sole trader and property accounts; Making Tax Digital for Income Tax; HMRC coding notices and routine correspondence |
| <b>2 · Limited companies</b>            | Statutory accounts; corporation tax returns (CT600); company secretarial; directors' Self Assessment as a separate item                       |
| <b>3 · Partnerships and LLPs</b>        | Partnership accounts; partnership return (SA800); LLP filings; partners' Self Assessment as a separate item                                   |
| <b>4 · Additional services</b>          | VAT returns; payroll; pension auto-enrolment; bookkeeping; CIS; benefits and expenses (P11D)                                                  |

### How the fees work

- **Fixed annual fee for each service**, based on the scope and the volume and quality of records agreed at the start.
- **Paid monthly in advance by standing order**: one twelfth of the annual fee each month, plus VAT. The client sets up the standing order before work starts.
- **Extra work is quoted first**. Advice and tax planning, HMRC enquiries, amendments caused by late or wrong information, and work for other people or entities are all outside the fixed fee.
- Fees are reviewed once a year with 30 days' notice. Either side can end the engagement with 30 days' notice.

#### EXAMPLE ENGAGEMENT

##### A small limited company with three staff

| Service                                         | Annual fee (ex VAT) |
|-------------------------------------------------|---------------------|
| Statutory accounts, filed at Companies House    | £950                |
| Corporation tax return (CT600)                  | £450                |
| Confirmation statement                          | £60                 |
| VAT returns, quarterly through MTD software     | £480                |
| Payroll, monthly, up to 3 employees             | £360                |
| Director's Self Assessment return               | £250                |
| <b>Total: £212.50 a month by standing order</b> | <b>£2,550</b>       |

Taken from one of our letters of engagement to show how a package is built. Always price from the current fee schedule.

#### SAY IT LIKE THIS

*"You pay one fixed monthly fee for everything in your letter of engagement, so there are no surprise bills. If you ever need something extra, we agree the cost with you before we start."*

## PART B

## Our services

Each service in plain English: what it is, who needs it, the deadlines, what goes wrong, and where the sales opportunity is.

## B1 Self Assessment

Self Assessment is how individuals report income that isn't fully taxed at source. The return is the **SA100**, with supplementary pages for self-employment, partnerships, property and capital gains.

### Who needs to file

- Sole traders with trading income over £1,000.
- Partners in a partnership or LLP.
- Landlords with property income over £1,000.
- People with dividends over £10,000, or other untaxed income.
- People with capital gains to report.
- Many company directors, especially those taking dividends.

### What we do (Schedule 1)

- Prepare and file the return once the client approves it.
- Work out income tax, Class 4 NIC, student loan, child benefit charge and capital gains tax.
- Tell the client what to pay and when.
- Check HMRC's statements and claim refunds.
- Prepare sole trader and property accounts where listed.

### Deadlines and payments

|                   |                                                                     |
|-------------------|---------------------------------------------------------------------|
| <b>5 October</b>  | Register if newly needing a return                                  |
| <b>31 October</b> | Paper return deadline                                               |
| <b>31 January</b> | Online return; balance of last year's tax; first payment on account |
| <b>31 July</b>    | Second payment on account                                           |

### Late penalties (if not in MTD)

Late return: £100 straight away; after 3 months, £10 a day for up to 90 days; after 6 and 12 months, a further £300 or 5% of the tax each time, whichever is higher.

Late payment: 5% of the unpaid tax at 30 days, 6 months and 12 months, plus interest.

#### PAYMENTS ON ACCOUNT

Each payment on account is half of last year's bill, paid towards this year's. Using the sole trader example in A2 (£7,131.80 of tax), the client pays two payments on account of £3,565.90 each. They aren't needed if last year's bill was under £1,000, or if more than 80% of the tax was taken at source. A first-year client often faces a January bill of 150% of their tax, so warn them early.

#### BASIS PERIOD REFORM

Since 2024/25, sole traders and partners are taxed on the profits of the tax year itself. If their accounts run to a date other than 31 March or 5 April, profits are apportioned across two sets of accounts, and "transition profit" from 2023/24 is being spread over up to five years. A client with an odd year end is a good prompt for a conversation about moving it.

## B2 Making Tax Digital for Income Tax

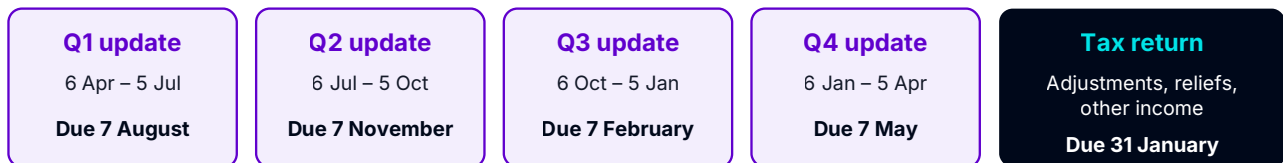
This is the biggest change to personal tax in a generation, and our biggest growth opportunity. Sole traders and landlords now keep digital records and send HMRC an update every quarter.

### Who's in, and when



**Qualifying income** is gross self-employment turnover plus gross property income (rents), before expenses, added together. A client with a £35,000 sole trade and £20,000 of rent has £55,000 and has been in since April 2026. Partnership income doesn't count, and partnerships themselves aren't in MTD yet.

### The MTD year



Standard quarters shown. Tax is still paid on 31 January and 31 July, as now. Each business (each trade, and the property business) needs its own quarterly updates.

### What the client must do

- Keep income and expense records digitally, in MTD-compatible software.
- Send four quarterly updates for each business.
- File the tax return through the software by 31 January.
- Pay tax on 31 January and 31 July, as before.

### What we do (Schedule 1)

- Choose and set up compatible software.
- Sign the client up with HMRC.
- Review the records each quarter and submit the updates.
- Prepare and file the year-end return.
- Tell the client when they must join, or can leave.

### Penalties

MTD uses **points**: one point for each late submission, and a £200 penalty once a quarterly filer reaches four points (two for an annual return). Points for missed quarterly updates in 2026/27 are waived for those who joined in April 2026; the year-end return isn't covered. Late payment costs 3% at 15 days and another 3% at 30 days, then 10% a year, rising to 4% and 4% from April 2027.

#### BD TIP

Ask every sole trader and landlord: "Roughly what's your turnover and your rental income, added together?" Over £50,000, they should already be in. Over £30,000, they're in from April 2027. Over £20,000, from April 2028. Many people still don't know, and a lot of them do their own return today.

## **B3** Limited companies: accounts and corporation tax

Every limited company must prepare **statutory accounts** each year, file them at **Companies House**, and file a **company tax return (CT600)** with HMRC, whether or not it made a profit.

| Filing                             | Deadline                                                                          | If late                                                                 |
|------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| <b>Accounts to Companies House</b> | 9 months after the year end (first accounts: 21 months after incorporation)       | £150 to £1,500 depending on lateness; doubled if late two years running |
| <b>Corporation tax payment</b>     | 9 months and 1 day after the year end (large companies pay quarterly instalments) | Interest                                                                |
| <b>CT600 to HMRC</b>               | 12 months after the year end                                                      | £100, rising with further delay, plus tax-geared penalties              |
| <b>Confirmation statement</b>      | Every 12 months                                                                   | Prosecution and strike-off risk                                         |

### What we do (Schedule 2)

- Prepare the accounts from the company's books, under the Companies Act 2006, for the directors to approve and sign.
- File them at Companies House once approved.
- Prepare the corporation tax computation and CT600, with the accounts in the tagged iXBRL format HMRC requires.
- Tell the directors what to pay and when.

### Company size

Since April 2025 a company is **micro** if it meets two of: turnover up to £1 million, balance sheet up to £500,000, up to 10 employees; and **small** with two of: turnover up to £15 million, balance sheet up to £7.5 million, up to 50 employees. Most of our clients are micro or small, which means simpler accounts and, usually, no audit.

#### CHANGES COMING IN APRIL 2028

Companies House will accept accounts only through software, "abridged" accounts will go, and small and micro companies will have to file a profit and loss account, so more of their figures will be public. We will advise affected directors.

#### ACCOUNTS AREN'T AN AUDIT

We compile the accounts from the client's records. We don't audit them, and the directors stay responsible for the records and for the accounts giving a true and fair view.

## B4 Paying the director: salary, dividends and loans

A director can take money out of their company in three ways. Getting the mix right every year is one of the most valuable things we do for owner-managers.

| Route                  | How it's taxed                                                                                                                                                                    | Points to know                                                                                                                                                           |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Salary</b>          | Through payroll: income tax and employee NIC; employer NIC at 15% above £5,000. Deductible for corporation tax.                                                                   | Usually a small salary to use the personal allowance and earn state pension credits. The right figure depends on whether the company can claim the Employment Allowance. |
| <b>Dividends</b>       | £500 allowance, then 10.75%, 35.75% or 39.35%. Not deductible for the company. No NIC.                                                                                            | Only legal if the company has enough retained profit. Each dividend needs a board decision and a voucher.                                                                |
| <b>Director's loan</b> | If the director owes the company money at the year end and doesn't repay it within 9 months, the company pays a temporary charge (s455): 35.75% for loans made from 6 April 2026. | Loans over £10,000 can also be a taxable benefit. The charge is refunded once the loan is repaid.                                                                        |

### Worked example

A director takes a salary of £12,570 and dividends of £30,000. The salary uses the personal allowance. The first £500 of dividends is tax-free and the rest falls in the basic rate band:  $(£30,000 - £500) \times 10.75\% = \text{£}3,171.25$  of dividend tax. If the company can't claim the Employment Allowance, employer NIC on the salary is  $(£12,570 - £5,000) \times 15\% = \text{£}1,135.50$ , which is still deductible for corporation tax.

#### THE OVERDRAWN LOAN ACCOUNT

A director who takes £20,000 more than their salary and dividends, and doesn't repay it within 9 months of the year end, leaves the company with a £7,150 charge. Overdrawn loan accounts are common in companies that don't have an accountant keeping an eye on them, and they make an easy opening for a conversation.

#### THE EMPLOYMENT ALLOWANCE TRAP

The £10,500 Employment Allowance, which reduces the employer NIC bill, isn't available to a company whose only employee paid above £5,000 a year is a director. A one-person company usually can't claim it.

#### BD TIP

Remuneration advice is tax planning, which we quote for separately (B10). You can open the door with: "Has anyone looked at the best mix of salary and dividends for you since the dividend rates went up in April?"

## B5 Partnerships and LLPs

A partnership files its own return, the **SA800**, showing the profit and how it is shared. Each partner then reports their share on their own SA100 and pays income tax and Class 4 NIC on it. The partnership itself pays no income tax.

### What we do (Schedule 3)

- Prepare the partnership or LLP accounts for the partners to approve.
- Prepare and file the SA800 and partnership statement, sharing the profit in line with the partnership agreement.
- Give each partner the figures for their own return.
- For an LLP, file the accounts and confirmation statement at Companies House.

### Points to know

- The partners choose a **nominated partner** who approves the return and gives us instructions.
- Each partner's own return is a separate engagement, and a good add-on sale.
- Partnerships aren't in MTD yet, but a partner with their own sole trade or rental income may be.
- Partners are jointly responsible for the partnership's debts; LLP members aren't.

#### MIXED PARTNERSHIPS

A partnership with a company as a partner is a "mixed" partnership. It can't claim the Annual Investment Allowance, and there are anti-avoidance rules on how profit is shared. Refer these to the technical team.

#### BD TIP

One partnership engagement can bring in the SA800, two to six personal returns, payroll for staff, VAT, and often a property held personally by one of the partners.

## **B6** Payroll and pensions

Any business that pays employees, including a company paying its own director, must run payroll under **PAYE** and report to HMRC in real time.

| Requirement                  | What it means                                                                                                                                                   |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Real Time Information</b> | A Full Payment Submission (FPS) on or before every payday; an Employer Payment Summary (EPS) by the 19th of the next month to claim reductions or report no pay |
| <b>Paying HMRC</b>           | PAYE and NIC by the 22nd of the next month if paid electronically (quarterly for small employers)                                                               |
| <b>Employer NIC</b>          | 15% on pay above £5,000 a year per employee, less the £10,500 Employment Allowance where available                                                              |
| <b>Minimum wage</b>          | £12.71 an hour from age 21; £10.85 for 18 to 20; £8.00 for 16 to 17 and apprentices                                                                             |
| <b>Statutory Sick Pay</b>    | From April 2026, payable from the first day of sickness and to all employees, whatever they earn                                                                |
| <b>Year end</b>              | P60s by 31 May; P11Ds by 6 July                                                                                                                                 |

### Pension auto-enrolment

Employers must put eligible staff (aged 22 to state pension age and earning over £10,000) into a workplace pension, with total contributions of at least 8% of qualifying earnings, of which the employer pays at least 3%. They must reassess staff every pay period and re-declare compliance with The Pensions Regulator every three years. Where listed, we do the assessments, letters, scheme data and declarations; the client stays the employer and pays the contributions.

#### **BD TIP**

Hiring the first employee is a big moment: payroll, pension, employer NIC, the Employment Allowance and right-to-work checks all arrive at once. "Are you planning to take anyone on this year?" is one of the best questions you can ask.

## B7 VAT

VAT is a tax on sales that businesses collect for HMRC. A VAT-registered business adds VAT to its sales (output tax), reclaims VAT on its costs (input tax), and pays HMRC the difference.

|                       |                                                                                                                                              |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Must register</b>  | When taxable turnover in the last 12 months goes over <b>£90,000</b> , or is expected to in the next 30 days alone. Register within 30 days. |
| <b>Can deregister</b> | When taxable turnover in the next 12 months is expected to be below £88,000                                                                  |
| <b>Rates</b>          | 20% standard; 5% reduced (for example domestic energy); 0% zero rate (most food, children's clothes, books)                                  |
| <b>Returns</b>        | Usually quarterly, filed and paid 1 month and 7 days after the quarter ends, through MTD-compatible software                                 |
| <b>Penalties</b>      | Points for late returns (£200 at four points for quarterly filers); late payment 3% at 15 days, a further 3% at 30 days, then 10% a year     |

### VAT schemes

| Scheme                   | How it works                                                                   | Who it suits                                                              |
|--------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| <b>Standard</b>          | VAT accounted for on invoices issued and received                              | Most businesses                                                           |
| <b>Cash accounting</b>   | VAT accounted for when money is paid or received                               | Turnover up to £1.35 million; customers who pay slowly                    |
| <b>Flat rate</b>         | A fixed percentage of gross turnover, set by trade; little input VAT reclaimed | Turnover up to £150,000 with few costs (16.5% for "limited cost" traders) |
| <b>Annual accounting</b> | One return a year, with interim payments                                       | Turnover up to £1.35 million wanting fewer returns                        |

#### WATCH OUT

Late registration is expensive: the business owes the VAT it should have charged from the date it should have registered, usually out of its own pocket. Construction services between VAT-registered builders use the **domestic reverse charge**, and commercial property can carry VAT through an **option to tax**. Refer both.

#### BD TIP

"Is your turnover getting close to £90,000?" Businesses approaching the threshold need advice now. Some benefit from registering voluntarily, for example if their customers are VAT-registered and they buy a lot of equipment.

## **B8** Bookkeeping, CIS and benefits

### Bookkeeping

Good records make every other service quicker and cheaper. Where listed, we record transactions and reconcile bank accounts in the client's accounting software (Schedule 4). Cloud software such as Xero, QuickBooks and FreeAgent links to the bank, captures receipts from a phone and is compatible with MTD for VAT and Income Tax.

#### **BD TIP**

A client whose records arrive as a carrier bag of receipts, or a spreadsheet three months late, is the perfect bookkeeping client. Fixed fees assume a certain quality of records, so bookkeeping protects the client from extra charges too.

### Construction Industry Scheme (CIS)

When a contractor pays a subcontractor for construction work, it must check the subcontractor with HMRC and usually deduct tax from the labour part of the payment.

|                        |                                                                                                                      |
|------------------------|----------------------------------------------------------------------------------------------------------------------|
| <b>Deduction rates</b> | 20% for registered subcontractors; 30% for unregistered; 0% for those with gross payment status                      |
| <b>Monthly return</b>  | By the 19th of the month after each tax month (tax months end on the 5th); the deductions are paid to HMRC with PAYE |
| <b>Subcontractors</b>  | Sole traders reclaim deductions through Self Assessment; companies set them against their PAYE through payroll       |

#### **WHY IT MATTERS**

Builders, electricians, plumbers and other trades are often both contractors and subcontractors. Getting CIS wrong leads to penalties and money stuck with HMRC, so they value an accountant who handles it every month.

### Benefits and expenses

Company cars, private medical insurance, loans to employees and other benefits are reported on form **P11D** by 6 July, with employer Class 1A NIC paid by 22 July. From **6 April 2027** company cars, vans, fuel and medical benefits must be reported through payroll instead, and most other benefits from 6 April 2028. Every client with company cars will need to change how they report them.

## B9 Companies House and company secretarial

Companies House is the public register of companies and LLPs. Where listed, we file the annual **confirmation statement** and tell Companies House about changes to directors, the registered office, shareholdings and **persons with significant control** (PSCs), on the client's instructions (Schedule 2).

| Filing                                     | When                                                        |
|--------------------------------------------|-------------------------------------------------------------|
| Confirmation statement                     | At least every 12 months, within 14 days of the review date |
| New or departing director                  | Within 14 days of the change                                |
| Change of registered office                | Takes effect once Companies House registers it              |
| Change in persons with significant control | Within 14 days of the company updating its own register     |
| Annual accounts                            | 9 months after the year end (B3)                            |

The directors stay responsible for the company's own statutory registers, such as the register of members, and for making sure filings are made.

### IDENTITY VERIFICATION

Since 18 November 2025, every new director and PSC must verify their identity with Companies House before they can be appointed. Existing directors and PSCs must verify when their company files its first confirmation statement after that date, and the twelve-month changeover ends in November 2026. Each person verifies themselves, through GOV.UK One Login or an authorised agent. We don't carry out the verification, but it gives us a natural reason to call every company client: "Have all your directors verified their identity? Your next confirmation statement can't be filed until they have."

## **B10** Tax planning and specialist reliefs

Compliance work is the foundation. Advice is where clients see the most value, and it is **quoted separately** before we start (Terms clause 3.5). These are the conversations that come up most with owner-managers.

| Topic                     | What it involves                                                                                                                                                                                | Trigger                                                               |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| <b>Incorporation</b>      | Moving a sole trade into a company. Can save tax at higher profit levels, but adds cost and admin, and property in the business needs care with CGT and stamp duty.                             | Sole trader profits well into the higher rate band                    |
| <b>Profit extraction</b>  | The best mix of salary, dividends and pension contributions each year                                                                                                                           | Every company client, every year                                      |
| <b>Pensions</b>           | Company contributions are deductible and NIC-free, up to the £60,000 annual allowance                                                                                                           | Profitable companies; directors near retirement                       |
| <b>Selling a business</b> | Business Asset Disposal Relief: 18% CGT on up to £1 million of lifetime gains from 6 April 2026                                                                                                 | Owner thinking of selling or retiring                                 |
| <b>Property</b>           | Landlord tax, the restriction on mortgage interest relief, ownership structures, 60-day CGT returns                                                                                             | Clients with buy-to-lets                                              |
| <b>Capital allowances</b> | Claims on fixtures in commercial property bought or refurbished. See our separate manual.                                                                                                       | Bought or refurbished a commercial building, care home or holiday let |
| <b>R&amp;D tax relief</b> | A tax credit for companies solving technical or scientific problems. Since April 2024 most claims use the merged scheme; first-time claimants must notify HMRC within 6 months of the year end. | Developing new products, processes or software                        |
| <b>HMRC enquiries</b>     | Representing clients when HMRC opens an enquiry or compliance check                                                                                                                             | An HMRC letter                                                        |

### **WHY THIS MATTERS TO BDS**

Every compliance client is a route to advisory and specialist work, and every capital allowances or R&D client is a route to compliance work. Listen for the triggers in D1 and pass them on.

### **DON'T ADVISE**

Never tell a client what they should do on a planning point, such as "you should incorporate" or "pay yourself this much". Say it's worth a conversation, and bring in the technical team.

## PART C

# Taking on a client

How a new client is onboarded, what we need from them, and who is responsible for what once we start.

## C1 The onboarding journey

- 1 Discovery call** BD  
Find out the structure, the services needed, the deadlines and any problems (D2).
- 2 Proposal and letter of engagement** BD  
Services and fixed fees from the current fee schedule. The client signs the letter, which brings in the Terms of Business.
- 3 Identity and anti-money laundering checks** Compliance  
Customer due diligence on the client and its directors, partners and beneficial owners, by electronic check, before any work starts.
- 4 Professional clearance** Technical  
We write to the previous accountant for clearance and handover information. We can decline to act if clearance raises concerns.
- 5 Authorisations** Client  
The client accepts our HMRC agent authorisation request (needed for MTD) and gives us any Companies House codes.
- 6 Standing order** Client  
Set up before the services begin.
- 7 Software and records** Technical  
Set up or connect to the accounting software; collect records and deadlines.
- 8 Work begins** Technical  
First filings planned against the deadlines.

### NO WORK BEFORE THE CHECKS

Money laundering law requires us to verify the client before we act. No work starts, even something urgent, until the checks are done. If someone can't or won't be verified, we can't act for them.

### SWITCHING ACCOUNTANT IS EASY

Clients often worry about the hassle. In practice we write to their old accountant, who must respond promptly, and the client mostly just signs the letter of engagement and approves the HMRC request.

## **C2** What to collect

| Client                    | Ask for                                                                                                                                                                                        |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Everyone</b>           | Name, address, date of birth and contact details for each individual; National Insurance number and UTR; previous accountant's details; latest returns and any HMRC or Companies House letters |
| <b>Sole trader</b>        | Last accounts and tax return; bank statements; sales and expense records or software login; any rental property details                                                                        |
| <b>Limited company</b>    | Company number and authentication code; year end; last accounts and CT600; bank statements; directors' and shareholders' details; director's loan account balance                              |
| <b>Partnership or LLP</b> | Partnership agreement and profit shares; partnership UTR; nominated partner; each partner's details                                                                                            |
| <b>Employer</b>           | PAYE reference and accounts office reference; employee list with pay details; pension scheme details; starters, leavers and changes                                                            |
| <b>VAT-registered</b>     | VAT number; scheme and quarter dates; last returns                                                                                                                                             |
| <b>Contractor (CIS)</b>   | CIS registration; list of subcontractors and payments                                                                                                                                          |
| <b>Benefits</b>           | Company cars (list price, CO <sub>2</sub> , dates), medical insurance and other benefits                                                                                                       |

## **C3** Who does what

### The client

- Keeps proper records, digitally where MTD applies.
- Sends records on time: accounts and corporation tax within 3 months of the year end; Self Assessment by 31 October; payroll, VAT, CIS and MTD within about 7 days of each period end.
- Reviews and approves filings in time.
- Forwards HMRC and Companies House letters.
- Tells us about changes and pays tax on time.
- Verifies their own identity with Companies House.

### Ashton & Carrington

- Provides the listed services with reasonable skill and care.
- Never files anything without the client's approval. Routine filings such as MTD updates, VAT, payroll and CIS returns can run on a standing approval.
- Works to meet statutory deadlines, provided the client has done their part.
- Acts as the client's agent with HMRC and Companies House.
- Is a member firm of the Institute of Financial Accountants (IFA), supervised by the IFA for anti-money laundering.

### LATE RECORDS

If a client sends records late or incomplete, the terms protect us from the penalties that follow. Make sure every new client understands the record deadlines from the start.

## PART D

# BD playbook

What to listen for, what to ask on the first call, how to score a lead, how to explain what we do, and how to handle objections.

## D1 Trigger events: what to listen for

Clients rarely ask for a service by name. They describe what's happening in their business. Learn to hear the service behind the sentence.

| If you hear...                                  | Think...                                                                      |
|-------------------------------------------------|-------------------------------------------------------------------------------|
| "Business is going well, turnover's growing"    | VAT registration check near £90,000; MTD for Income Tax; incorporation review |
| "I do my own tax return"                        | MTD quarterly updates if turnover plus rent is over £20,000 to £50,000        |
| "I've got a couple of rental properties"        | Self Assessment, MTD, property tax planning, 60-day CGT returns               |
| "We're taking on staff"                         | Payroll, auto-enrolment, Employment Allowance                                 |
| "I'm thinking of setting up a company"          | Incorporation advice, company formation, accounts, CT600, payroll             |
| "I just take money out when I need it"          | Director's loan account and s455; salary and dividend planning                |
| "We've got company cars"                        | P11D now; payrolling benefits from April 2027                                 |
| "We're in construction"                         | CIS returns, domestic reverse charge VAT                                      |
| "We bought our building" or "we've refurbished" | Capital allowances; VAT on property                                           |
| "We've developed new software or products"      | R&D tax relief                                                                |
| "I'm thinking of selling or retiring"           | Business Asset Disposal Relief, exit planning                                 |
| "HMRC has written to me" or "we got a penalty"  | Take over the compliance and tidy up; enquiry support                         |
| "My accountant is retiring" or "never answers"  | Full switch: all compliance services                                          |
| New company or new directors                    | Identity verification reminder, confirmation statement, accounts              |

## D2 The discovery call

Twelve questions that tell us what the client needs and how urgent it is. Write the answers down.

| #  | Ask                                                                                   | Why we ask                              |
|----|---------------------------------------------------------------------------------------|-----------------------------------------|
| 1  | What does the business do, and is it a sole trader, partnership or company?           | Decides every filing (A1)               |
| 2  | Roughly what's the turnover, and the profit? Is it growing?                           | VAT, MTD, incorporation, fee level      |
| 3  | Do you have any other income: rental property, dividends, a partnership share?        | Self Assessment, MTD, extra engagements |
| 4  | Who does your books and tax at the moment, and what software do you use?              | Bookkeeping need; MTD readiness         |
| 5  | Are you VAT-registered? Which scheme?                                                 | VAT service; threshold check            |
| 6  | Do you employ anyone, including yourself as a director? Is there a workplace pension? | Payroll and auto-enrolment              |
| 7  | Are you in construction, or do you pay subcontractors?                                | CIS                                     |
| 8  | What's your year end, and when were your last accounts and returns filed?             | Deadlines; urgency                      |
| 9  | Have you had any letters from HMRC or Companies House, or any penalties?              | Urgency; tidy-up work                   |
| 10 | Anything big coming up: hiring, buying property, building work, selling?              | Payroll, capital allowances, planning   |
| 11 | Why are you looking for a new accountant now?                                         | The real problem to solve               |
| 12 | What would make the biggest difference: deadlines handled, advice, or time back?      | How to pitch the proposal               |

## D3 Scoring a lead

### Green: strong lead

- Owner-managed business with several needs (accounts, tax, payroll, VAT), records available, and a clear reason to switch.
- Sole trader or landlord newly caught by MTD, or a growing business near the VAT threshold.

### Amber: refer for review

- Missing years, penalties or an open HMRC enquiry; very poor records; previous accountant unwilling to hand over.
- Complex structures: groups, trusts, overseas income or non-resident owners.

### Red: not for us, or stop

- Won't complete identity checks; wants us to file without seeing records or approving; asks us to hide income.
- Needs an audit, or a service we don't provide.

## D4 Talking to clients

### WHAT WE DO

*"We look after your accounts and tax for one fixed monthly fee: the returns, the deadlines and the HMRC side of things. You approve everything before it's filed, and you can call us whenever you need to."*

### WHY SWITCH TO US

*"Most of our clients come to us because they want someone who's proactive: who reminds them before a deadline, spots things like Making Tax Digital before they become a problem, and tells them where they could be saving tax."*

### MAKING TAX DIGITAL

*"HMRC now wants quarterly updates from sole traders and landlords. We set up the software, check your figures each quarter and file everything, so nothing changes for you except having better numbers."*

### WHO WE ARE

*"We're a member firm of the Institute of Financial Accountants, and everything we do follows their professional rules."*

#### Do

- Ask about every structure and income source the client has.
- Note deadlines and HMRC letters, and flag urgent ones the same day.
- Explain the fixed monthly fee and what's included.
- Explain the identity checks before you send the letter.
- Pass planning questions to the technical team.

#### Don't

- Give tax advice or promise savings.
- Quote a fee that isn't on the current fee schedule.
- Promise work will start before the checks are done.
- Say we'll file anything without the client's approval.
- Criticise the client's current accountant.

## D5 Handling objections

| They say                                          | You say                                                                                                                                                                                             |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "I do my own tax return."                         | "That's worked until now, but if your turnover and rent add up to more than £20,000, you'll soon be sending HMRC five submissions a year. We can take that off your plate for a fixed monthly fee." |
| "My software does it all."                        | "Software keeps the records, but it can't tell you what to claim, check the figures or spot problems. We work in your software, so you keep the benefits."                                          |
| "My accountant is cheaper."                       | "Our fee covers everything in the letter, with no surprise bills, and you can always reach us. It's worth comparing what's actually included."                                                      |
| "Switching sounds like hassle."                   | "We handle it. We contact your current accountant for the handover, and you just sign the letter and approve our HMRC access."                                                                      |
| "Why a standing order?"                           | "It spreads the cost evenly, so there's no big bill at year end, and you always know what you're paying."                                                                                           |
| "Why all the ID checks?"                          | "Every accountant has to do them by law, under the money laundering regulations. It's a short online check and doesn't affect your credit rating."                                                  |
| "I'll sort it out after the deadline."            | "Penalties start the day after. If we start now, we can get it in on time."                                                                                                                         |
| "Can you just give me a quick tip on saving tax?" | "There probably are savings, and that's exactly what our tax team looks at. Let me book you in with them."                                                                                          |

## REFERENCE

# Rates, glossary and knowledge check

The 2026/27 figures, the words you'll hear, and fifteen questions to test yourself.

## Rates and thresholds 2026/27

### INCOME TAX

|                     |                                 |
|---------------------|---------------------------------|
| Personal allowance  | £12,570 (tapered from £100,000) |
| Basic rate 20%      | to £50,270                      |
| Higher rate 40%     | to £125,140                     |
| Additional rate 45% | above £125,140                  |

### DIVIDENDS AND SAVINGS

|                            |                           |
|----------------------------|---------------------------|
| Dividend allowance         | £500                      |
| Dividend rates             | 10.75%, 35.75%, 39.35%    |
| Personal savings allowance | £1,000 basic, £500 higher |

### NATIONAL INSURANCE

|                         |                                      |
|-------------------------|--------------------------------------|
| Employee                | 8% from £12,570 to £50,270; 2% above |
| Employer                | 15% above £5,000                     |
| Employment Allowance    | £10,500                              |
| Class 4 (self-employed) | 6% from £12,570 to £50,270; 2% above |

### COMPANIES

|                          |                                   |
|--------------------------|-----------------------------------|
| Corporation tax          | 19% to £50,000; 25% over £250,000 |
| s455 on director's loans | 35.75% (loans from 6 April 2026)  |

### CAPITAL GAINS TAX

|                                |                          |
|--------------------------------|--------------------------|
| Rates                          | 18% and 24%              |
| Annual exempt amount           | £3,000                   |
| Business Asset Disposal Relief | 18%, £1 million lifetime |

### VAT

|                |         |
|----------------|---------|
| Standard rate  | 20%     |
| Registration   | £90,000 |
| Deregistration | £88,000 |

### MINIMUM WAGE (FROM APRIL 2026)

|                          |        |
|--------------------------|--------|
| 21 and over              | £12.71 |
| 18 to 20                 | £10.85 |
| 16 to 17 and apprentices | £8.00  |

### OTHER

|                                 |                                                |
|---------------------------------|------------------------------------------------|
| Trading and property allowances | £1,000 each                                    |
| Pension annual allowance        | £60,000                                        |
| Child benefit charge            | £60,000 to £80,000                             |
| Capital allowances              | AIA £1 million; main pool 14%; special rate 6% |

England, Wales and Northern Ireland. Scotland sets its own income tax rates on earnings, profits and rents.

# Glossary

|                                                 |                                                                                                         |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| <b>Agent services account</b>                   | Our HMRC account for acting as a client's agent. Clients approve our request online.                    |
| <b>Anti-money laundering (AML)</b>              | The legal checks on a client's identity and business we must complete before acting.                    |
| <b>Auto-enrolment</b>                           | The duty to put eligible staff into a workplace pension.                                                |
| <b>Basis period reform</b>                      | Since 2024/25, sole traders and partners are taxed on the profits of the tax year.                      |
| <b>Business Asset Disposal Relief (BADR)</b>    | A lower rate of CGT (18%) on selling a business, up to £1 million of lifetime gains.                    |
| <b>Class 1A NIC</b>                             | Employer NIC on benefits in kind.                                                                       |
| <b>Class 4 NIC</b>                              | NIC paid by the self-employed on their profits.                                                         |
| <b>Confirmation statement</b>                   | The annual check of a company's details at Companies House.                                             |
| <b>CIS</b>                                      | Construction Industry Scheme: tax deducted from payments to subcontractors.                             |
| <b>CT600</b>                                    | The company tax return.                                                                                 |
| <b>Director's loan account</b>                  | A record of money between a director and their company. Overdrawn balances can trigger s455.            |
| <b>Dividend</b>                                 | A payment to shareholders from a company's profits after tax.                                           |
| <b>Employment Allowance</b>                     | A £10,500 reduction in employer NIC, not available to companies whose only paid employee is a director. |
| <b>EPS / FPS</b>                                | Employer Payment Summary and Full Payment Submission: the real-time payroll reports.                    |
| <b>Final declaration / tax return under MTD</b> | The year-end return made through MTD software by 31 January.                                            |
| <b>Gross payment status</b>                     | CIS status letting a subcontractor be paid without deductions.                                          |
| <b>iXBRL</b>                                    | The tagged format HMRC requires for company accounts and computations.                                  |
| <b>Letter of engagement</b>                     | The signed letter setting out the services and fees for a client.                                       |
| <b>Making Tax Digital (MTD)</b>                 | HMRC's rules requiring digital records and returns through software.                                    |
| <b>Marginal relief</b>                          | The relief that tapers corporation tax between 19% and 25% for profits from £50,000 to £250,000.        |
| <b>Nominated partner</b>                        | The partner who approves the partnership return and instructs us.                                       |
| <b>P11D</b>                                     | The annual form reporting employees' benefits in kind.                                                  |
| <b>Payments on account</b>                      | Advance payments towards the next year's Self Assessment tax, due 31 January and 31 July.               |
| <b>PAYE</b>                                     | Pay As You Earn: tax and NIC deducted through payroll.                                                  |
| <b>Professional clearance</b>                   | The letter we send a previous accountant before taking over.                                            |
| <b>PSC</b>                                      | Person with significant control: someone who owns or controls a company.                                |
| <b>Qualifying income</b>                        | Gross self-employment and property income, used to test whether MTD applies.                            |
| <b>s455</b>                                     | The temporary corporation tax charge on overdrawn director's loans not repaid within 9 months.          |
| <b>SA100 / SA800</b>                            | The individual and partnership Self Assessment returns.                                                 |
| <b>UTR</b>                                      | Unique Taxpayer Reference.                                                                              |

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## Knowledge check

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Try these without looking back. The answers follow.

1. Name the four business structures we work with.

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2. A sole trader has £35,000 of turnover and £20,000 of rent. When do they join MTD for Income Tax?

---

3. What are the four standard MTD quarterly update deadlines?

---

4. When are Self Assessment payments on account due, and how much is each?

---

5. A company makes £60,000 profit. What's its corporation tax?

---

6. What are the dividend tax rates from April 2026?

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7. What happens if a director's loan account is overdrawn at the year end and not repaid within 9 months?

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8. At what turnover must a business register for VAT?

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9. Why can't most one-person companies claim the Employment Allowance?

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10. What changed for Statutory Sick Pay in April 2026?

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11. What changes for company car benefits from April 2027?

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12. What must new and existing directors do with Companies House?

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13. How do our fees work?

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14. Can we start urgent work before the identity checks are done?

---

15. A client says they just bought their factory. Which other service should you think of?

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## Answers

**1. Name the four business structures we work with.**

**Answer:** Sole trader, partnership, LLP and limited company.

**2. A sole trader has £35,000 of turnover and £20,000 of rent. When do they join MTD for Income Tax?**

**Answer:** They were in from April 2026: their qualifying income is £55,000, over the £50,000 threshold.

**3. What are the four standard MTD quarterly update deadlines?**

**Answer:** 7 August, 7 November, 7 February and 7 May.

**4. When are Self Assessment payments on account due, and how much is each?**

**Answer:** 31 January and 31 July; each is half of the previous year's tax bill.

**5. A company makes £60,000 profit. What's its corporation tax?**

**Answer:** £12,150: 25% less marginal relief of £2,850.

**6. What are the dividend tax rates from April 2026?**

**Answer:** 10.75%, 35.75% and 39.35%, after a £500 allowance.

**7. What happens if a director's loan account is overdrawn at the year end and not repaid within 9 months?**

**Answer:** The company pays a temporary s455 charge, 35.75% for loans made from 6 April 2026, refunded when the loan is repaid.

**8. At what turnover must a business register for VAT?**

**Answer:** Over £90,000 in the last 12 months, or expected in the next 30 days alone.

**9. Why can't most one-person companies claim the Employment Allowance?**

**Answer:** It isn't available where the only employee paid above £5,000 is a director.

**10. What changed for Statutory Sick Pay in April 2026?**

**Answer:** It is paid from the first day of sickness, and to all employees whatever they earn.

**11. What changes for company car benefits from April 2027?**

**Answer:** Cars, vans, fuel and medical benefits must be reported through payroll instead of on P11Ds.

**12. What must new and existing directors do with Companies House?**

**Answer:** Verify their identity: new directors before appointment, existing ones by their company's first confirmation statement after 18 November 2025.

**13. How do our fees work?**

**Answer:** A fixed annual fee for each listed service, paid monthly in advance by standing order; anything else is quoted first.

**14. Can we start urgent work before the identity checks are done?**

**Answer:** No. The anti-money laundering checks must be completed first.

**15. A client says they just bought their factory. Which other service should you think of?**

**Answer:** Capital allowances, and possibly VAT on the property.

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## Sources and further reading

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### Our own documents

Ashton & Carrington Accounting and Tax Compliance Terms of Business, version 1.1 (effective 23 October 2026), including Schedules 1 to 5. Letter of engagement template for accounting and tax compliance services.

### HMRC and GOV.UK

Making Tax Digital for Income Tax; Self Assessment deadlines and penalties; VAT registration and schemes; PAYE and payroll; Construction Industry Scheme; Companies House identity verification. [gov.uk](https://www.gov.uk)

### Rates and recent changes

2026/27 rates and allowances, including dividend rates and Business Asset Disposal Relief: [PKF Francis Clark 2026/27 tax card](#); minimum wage, NIC thresholds and statutory pay: [QuickBooks, new tax year changes 2026/27](#).

MTD for Income Tax timetable: [BDO](#). MTD penalty points and late payment penalties: [Sage](#).

Statutory Sick Pay from April 2026: [Price Bailey](#). Section 455 rate: [Hillier Hopkins](#).

### Professional body

Institute of Financial Accountants: [ifa.org.uk](https://ifa.org.uk)



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