

UK Legislation for Business Start-Up

Registering the Business

It is important to choose the correct structure for your business. A new business venture may start as a Sole Trader. A sole trader has unlimited liability and carries a risk. For that reason, a business may decide to register as a Private Limited Company. Requirements for each include the following:

Sole Trader (Unlimited Liability)	Private Limited Company (Ltd) (Limited Liability)
<ul style="list-style-type: none"> • Records of business income and expenses must be kept. • As you are self-employed you must register for self-assessment and complete an annual tax return. • Income tax is paid on any profits. • You are personally responsible for any debts your business may incur. 	<ul style="list-style-type: none"> • The business must register with Companies House. • Accounts must be filed annually with Companies House. • An annual return must be submitted to Companies House. • A private company must have one member and one director who must be at least 16 years of age. • Changes in structure and management of the business must be notified to Companies House. • Her Majesty's Revenue and Customs (HMRC) must be informed of the companies existence and must submit a return which will be subject to Corporation Tax.

Vat Registration

You must register for VAT if your turnover is over £85,000. This amount changes and it is advised that you check the current amount at time of business set-up. You can register voluntarily even if turnover is not at the threshold. For example, if you sell to other VAT-registered businesses and want to reclaim the VAT you must be VAT registered.

If a business does not have turnover of £85,000 it is often recommended that it registers for VAT. It can give a good impression to stakeholders as they will feel they are dealing with a reputable firm.

Health and Safety

The Health and Safety Executive oversee and enforce the **Health and Safety at Work etc Act 1974**. All businesses must comply with this law. As an employer, or a self-employed person, you are responsible for health and safety in your business. Health and safety laws are there to protect you, your employees and the public from workplace dangers. For further information please consult the following website: <http://www.hse.gov.uk/>.

Do you need a licence?

Many businesses require a licence to operate. It is important that a new business venture ensures that they are operating legally in its sector. A local council is often responsible for overseeing this. For example, a business operating in the food and drink sector will need to abide by Food Safety Regulations. Food Standards Scotland are the body that oversee this in Scotland. They will advise a business on areas such as The Food Safety Act 1990 and The Food (Scotland) Act 2015. Please see <http://www.foodstandards.gov.scot/> for further information.

Data Protection Laws

General Data Protection Regulation (GDPR) replaces The Data Protection Act 1998. It controls how personal information is used by organisations, businesses or the government. Everyone responsible for using data has to follow strict rules called 'data protection principles'. It is the responsibility of a business to ensure that it is using data fairly and lawfully.

Legalities around Employing Staff

As a business employer there are many legal responsibilities surrounding employees. Areas that need to be considered include:

- Equality Act 2010 – This act legally protects people from discrimination in the workplace and in wider society
- Employment Laws cover areas including Contracts of Employment and Working Time Regulations.
- Employment Rights Act (1996)

Insurance

It is important to protect yourself in the event of anything going wrong in your business. A claim against your business from a customer for example could be expensive. You may wish to consider covers like public liability or professional indemnity. While these are not legal necessities, they will help to protect your business from compensation claims if something goes wrong.