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FREE GUIDE · 2026/27 · UPDATED OCTOBER 2026

Starting a Business: Your First-Year Checklist

Everything you need to set up properly, from registering to records, tax and your first deadlines

Zen Bookkeeping & Advisory
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Starting a business is exciting, and getting the set-up right from day one saves a lot of stress later. This guide walks you through the decisions and registrations you'll need in your first year, whether you start as a sole trader or a limited company.

> *"I started Zen to make finance feel calm and clear for business owners. I hope this guide answers your questions, and if anything doesn't quite fit your situation, I'm always happy to talk it through with you."*
>
> **Ann Williams**
> Founder, Zen Bookkeeping & Advisory

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01 Choose your structure

The main options are **sole trader**, **partnership** or **limited company**. Each affects your tax, paperwork and personal liability. See our free guide *Sole Trader or Limited Company?* for a full comparison.

Sole trader

- Quick and simple to set up
- Register for Self Assessment
- Personally liable for debts

Limited company

- Register at Companies House
- Separate legal entity with limited liability
- More admin and public records

02 Register with HMRC and Companies House

Who	What to register	When
Sole traders and partners	Self Assessment (you'll get a UTR)	By 5 October after the end of the tax year in which you started
Limited companies	Incorporate at Companies House; directors verify their identity	Before trading
Limited companies	Corporation Tax	Within 3 months of starting to trade
Employers (including paying yourself as a director)	PAYE	Before your first payday
Anyone over the threshold	VAT	Within 30 days of going over £90,000
Construction businesses	CIS	Before paying or being paid by contractors

03 Set up your finances

- **Open a business bank account** and keep business and personal money separate.
- **Choose accounting software** such as Xero, QuickBooks or FreeAgent, and connect your bank feed.
- **Keep every receipt** from day one, including pre-trading costs, which may be claimable.
- **Put money aside for tax**: around 25–30% of profit is a sensible starting point for many sole traders.
- **Check Making Tax Digital**: if your gross income will be over the threshold, you'll need compatible software.
- **Look into funding**, such as government-backed Start Up Loans of up to £25,000 per person.

04 Other things to sort

- **Insurance:** public liability, professional indemnity and, if you employ staff, employers' liability.
- **Licences and permits** for your trade, such as food hygiene registration or an alcohol licence.
- **Data protection:** most businesses that handle personal data must pay the ICO data protection fee.
- **Terms and conditions** and clear payment terms on your invoices.
- **A pricing plan** that covers your costs, tax and your own pay.

05 Your first-year timeline

1. **Before you start**
   Choose your structure, open a bank account, set up software and insurance.
2. **Month 1**
   Register with HMRC (and Companies House for a company), and start recording every transaction.
3. **Every month**
   Reconcile your bank, chase invoices and put money aside for tax.
4. **At your year end**
   Prepare accounts and plan your tax with your accountant.
5. **31 January**
   Sole traders file their first tax return and pay their tax, plus a payment on account if due.

✦ Zen tip

The first year is when good habits are formed. Getting your records and software right from day one makes everything else simpler and cheaper.

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How Zen can help

We help new businesses start the right way, with the right structure, software and support from day one.

- Business structure advice
- Company formation
- HMRC registrations
- Cloud software set-up
- Bookkeeping
- First-year tax planning

Book a free, no-obligation call

Tell us about your business and we'll explain how we can help, with a tailored fixed-fee quote for just the services you need.

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