ZAZEN TAX

Chair, Room and Booth Rental

The industry's own invention, done properly: what the salon keeps, what the stylist keeps, what HMRC reads, and the paper that holds the line.

Eight chapters, one worked chair, and every figure checkable on the free tools.

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Contents

The worked chair is The Copper Comb's: £150 a week rent against an employed column taking £1,560, a salon keeping £484 or £150, and a stylist keeping £560 or £1,057. Both sides, the whole book.

1 Why the industry invented this

Rent-a-chair exists because salons have fixed rooms and variable talent: the chair earns something in the quiet months and the stylist keeps the upside of their own column.

Done properly it is two businesses trading at arm's length: the salon sells space and the stylist sells treatments. Done as theatre, an employee with a rent invoice, it is reclassification waiting to happen, with back PAYE, NIC, holiday and penalties arriving together.

This book is the difference, worked in pounds and in paper. The one-page version is the Taking On a Self-Employed Stylist Checklist; this is the whole subject.

2 The economics, both sides

The argument is not arithmetic until both sides are priced. So price them.

The salon: an employed column taking £1,560 a week leaves £484 after £723 of loaded wages and £93 of product. The rented chair pays £150, full stop: no wages, no product, no holiday, no cover, no quiet-week risk. Employment earns £334 more in a good week and can lose money in a bad one; rent is the floor that cannot.

The week	Employed column	Rented chair
The salon keeps	£484	£150
The stylist keeps	£560	£1,057
Who carries the risk	The salon	The stylist

The stylist: £560 employed with holiday, sick pay, cover and none of the risk, or £1,057 renting before their own tax, National Insurance, insurance, product and empty Tuesdays. The Chair Rental vs Employment Calculator runs both sides on any numbers.

3 The status line

HMRC does not read the agreement first; it reads the room. The line is control, and it is brighter than the industry pretends.

- Their prices: the renter sets and changes their own list
- Their hours: no rota, no minimum days, no targets
- Their clients: their diary, their marketing, their name
- Their money: takings reach them directly, rent comes back the other way
- Their kit and product: owned, or bought from the salon at arm's length

Fail several of those and the rent invoice is decoration: the relationship is employment, with the salon owing back PAYE, NIC, holiday and pension. The room decides, so build the room deliberately.

4 The agreement that holds

The paper cannot beat the room, but good paper plus a matching room is close to unchallengeable.

A licence, not a lease of part: the salon keeps control of the premises while the stylist gets the chair and shared facilities. Fixed rent, weekly or monthly, invoiced with VAT where registered, reviewed annually like any commercial rent. Percentage-of-takings rents read as profit-sharing and drift toward employment.

The agreement names what the renter provides, their insurance including treatment risk, their qualifications, and the house rules that are premises standards rather than management. Notice periods both ways, and nothing anywhere about targets, rotas or uniforms.

5 VAT on the chair

Chair rental is standard rated. The days of arguing it was an exempt licence of land ended in 2012, and the invoices should say so.

A registered salon adds VAT to the rent; the renter, usually unregistered, carries it as a cost, which belongs in the rent negotiation honestly. The rent also counts toward the SALON'S own threshold arithmetic as standard-rated income, which the Salon VAT Threshold Planner counts.

The renter watches their own threshold too: their takings are their turnover, not yours, one more line that proves two businesses. Two columns in one room, two thresholds, two sets of books.

6 The register and the rhythm

A real rent behaves like rent: invoiced, chased, paid on schedule, recorded. The register is the proof and the rhythm is the habit.

The Chair Rental Register holds it: renter, week, rent, VAT, paid, owed. An owed line that gets chased like any debt is evidence of a genuine arrangement; rent quietly waived in quiet weeks is evidence of the opposite. The demo month: £1,200 due, £1,440 with VAT, one week chased.

Keep the renter file beside it: the agreement, the insurance certificate renewed annually, their qualifications. Diligence for a salon sale reads that file; so does an HMRC status review.

7 Drift, and how rooms fail

Almost no salon sets out to fake self-employment. Rooms drift into it, one helpful shortcut at a time.

The renter covers a staff column for a busy Saturday, then regularly. The salon takes their card payments because the terminal was closer, then always. The rent flexes in a quiet January, then never returns. Their prices appear on the salon's list because the website needed one menu. Each step is small; the sum is an employee.

The fix is the annual reread: the checklist against the room, the drift named and reversed while it is cheap. The moment reversal feels impossible is the moment to price honest employment instead, which the calculator does without judgement.

8 Choosing your mix

Employed columns compound a brand; rented chairs compound resilience. Most good rooms hold both on purpose.

Employ where you want control of standards, training, pricing and the client book; rent where you want certainty, coverage of the room's costs and talent you could not otherwise keep. Price each chair yearly on actuals: the calculator for the economics, the utilisation tracker for the hours, the register for the rent.

And keep the two worlds visibly separate: separate money, separate marketing, separate books. The mixed room that thrives is the one where a stranger could tell, in five minutes, which chairs are which.

Where to go next

Run the Chair Rental vs Employment Calculator on your quietest chair first: that is where the answer is most likely to change. Then read the checklist against your room, honestly, before anyone else does.

Every calculator and workbook mentioned in this book is free on zazentax.com, with no email form. They use the same figures, the same conventions and the same worked salon as the chapters here.

Zazen Tax

Accountants for salons and clinics. If you would rather someone ran the numbers with you, that is what we are for.

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