ZAZEN TAX

New Store Accounting Setup

Everything to put in place before, or shortly after, your first sale. About two hours now, and it saves days later.

Business .... **Completed by** .... **Date** ....

Nothing on this list is difficult. Every item takes a few minutes at the start and hours to sort out retrospectively, which is the entire argument for doing it now rather than in your first January.

1. Before, or just after, your first sale — about 20 minutes

- [ ] **Decide whether you are a sole trader or a company**
  You can start as a sole trader and incorporate later, and for most new stores that is the sensible order. Our separate checklist works through the signals.
- [ ] **Open a bank account the business uses and you do not**
  Nothing in law requires it for a sole trader and nothing else on this list saves more time. Reconstructing a year of trading out of a personal account is the most expensive hour of bookkeeping anyone buys.
- [ ] **Open the payment processor in the correct legal name**
  Sole trader in your name, company in the company's. Changing it later means re-verification, and on some platforms that is slow.
- [ ] **Check the trading name is not already taken**
  A company name at Companies House, and a quick search for anyone trading under something confusingly similar.
- [ ] **Choose your accounting year end and stick to it**
  Sole traders now align to the tax year, ending 5 April. A company chooses, and the anniversary of incorporation is the default.
- [ ] **Note the date you actually started trading**
  It sets your registration deadlines, and a year later nobody remembers it precisely.

> THE ONE THAT MATTERS MOST
> The separate bank account. Every other item on this checklist is easier if the money has been in its own place from the first sale, and materially harder if it has not.

2. Registering with HMRC about 20 minutes

- [ ] **Work out whether you are past the £1,000 trading allowance**
  Measured on income, not profit. Take £3,000 and spend £2,800 on stock and you have £200 of profit but £3,000 of income, and you must register.
- [ ] **Register for Self Assessment if you are a sole trader**
  By 5 October following the end of the tax year you started trading in. Do it the month you pass £1,000 rather than waiting; it takes ten minutes.
- [ ] **Register for corporation tax if you are a company**
  Within three months of starting to trade. Incorporating at Companies House is not the same thing, and this second step is missed regularly.
- [ ] **Register for PAYE before you pay anyone, including yourself**
  A company director on a salary counts. Registration takes a few days and you cannot run a compliant payroll retrospectively.
- [ ] **Decide whether to register for VAT now**
  Compulsory at £90,000 of taxable turnover in any rolling twelve months. Voluntary registration often pays from day one for importers and anyone selling mainly to VAT-registered businesses.
- [ ] **Set up your Government Gateway account and keep the details safe**
  You will need it under time pressure eventually, which is the worst moment to be resetting a password.

3. The records habit about 15 minutes

- [ ] **Pick one place for receipts and use it every time**
  A dated folder of phone photographs is a better record than a shoebox, and HMRC accepts digital copies provided they are legible and complete.
- [ ] **Write on each receipt what it was for**
  In a year the receipt alone will not tell you, and a cost you cannot explain is a cost you cannot claim.
- [ ] **Record gross sales, not what lands in your bank**
  The deposit has already had fees taken off and refunds netted against it. Your turnover is what customers paid, and turnover is what decides your VAT position.
- [ ] **Start a mileage log now rather than reconstructing one**
  55p a mile for the first 10,000 business miles from April 2026, then 25p. Trips to the post office and suppliers count, and a contemporaneous log is worth far more than a remembered one.
- [ ] **Decide how you will claim for working from home**
  Sole traders can take a flat rate or apportion actual costs. A company reimburses the director instead. Pick one now and apply it consistently.
- [ ] **Know how long you have to keep it all**
  Five years after the 31 January filing deadline for a sole trader, six years from the end of the accounting period for a company.

4. Bookkeeping about 30 minutes

- [ ] **Choose between a spreadsheet and software, deliberately**
  A template you keep up to date beats software you have stopped opening. But see the next item before deciding.

- [ ] **Check whether Making Tax Digital already applies to you**
  Sole traders and landlords with qualifying income over £50,000 must keep digital records and file quarterly through compatible software. Qualifying income is gross, before expenses.
- [ ] **Set up your categories before you have transactions to sort**
  Sales, shipping income, cost of sales, platform and payment fees, advertising, postage and packaging, software, professional fees. Splitting them later is tedious.
- [ ] **Keep shipping income separate from product sales**
  Both are income, but mixing them makes every margin you calculate afterwards wrong.
- [ ] **Decide which day of the month you close the books**
  A fixed day beats good intentions. Ninety minutes on the same date each month is the whole discipline.
- [ ] **Connect the bank feed if you are using software**
  And reconcile it from the first month, so there is never a backlog to work through.

5. Money discipline about 15 minutes

- [ ] **Open a second account for tax you already owe**
  Move a fixed percentage of every payout into it. Around 30 per cent covers most basic-rate sole traders once Class 4 National Insurance is counted.
- [ ] **Never spend from the business account personally**
  As a sole trader it makes the bookkeeping harder. In a company every such withdrawal is a director's loan, with a tax charge if it is still overdrawn nine months after the year end.
- [ ] **Record what you take out of the business**
  Drawings for a sole trader, salary or dividends for a company. Money leaving the business is not a cost, and treating it as one overstates your expenses.
- [ ] **Keep VAT separate the day you register**
  It is in your bank and it is not yours. Businesses that spend it are the ones that cannot pay the return.
- [ ] **Expect the second January, not the first**
  The first year's tax bill is often small because the personal allowance covers most of the profit. The second brings payments on account, which add half again on top.

> THE PERCENTAGE RULE BEATS FORECASTING
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> A fixed share of every payout moved to a separate account, automatically, on the day it arrives. It requires no discipline once set up and no calculation at all, and it is the single most effective thing on this checklist.

6. Know your numbers from day one about 20 minutes

- [ ] **Work out landed cost before you set a single price**
  Supplier price plus freight, duty and handling. The invoice alone commonly understates the true cost by a third or more, and every margin built on it is wrong by the same proportion.
- [ ] **Work out contribution per product**
  Price less landed cost, fulfilment and payment fees. It decides your break-even volume and the most you can ever pay to win a sale.
- [ ] **Know your break-even ROAS before you spend on advertising**
  One divided by your contribution margin. A 3x return is excellent on some products and loss-making on others, and the platform will not tell you which.
- [ ] **Start tracking rolling twelve-month turnover immediately**
  Long before it matters. It climbs faster than monthly sales do, because each growing month replaces a smaller one from a year ago as well as adding itself.
- [ ] **Put your deadlines in a calendar, not a memory**
  Registration dates first, then filing and payment dates once you have them. Company owners should diarise the corporation tax payment separately, because it falls three months before the return that calculates it.
- [ ] **Agree with yourself what you will look at each month**
  Gross margin, contribution, advertising return, and the rolling twelve months. Four numbers, five minutes, and you will never be surprised by your own business.

> IF YOU ONLY DO THREE THINGS
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> Open the separate bank account, move a fixed percentage of every payout into a tax account, and work out your landed cost before pricing. Those three prevent most of what goes wrong in a first year, and all three take under an hour combined.

Free tools for everything on this list

Landed cost, break-even ROAS, the VAT threshold tracker, the bookkeeping template, the monthly close checklist and the tax calendar are all free on zazentax.com, and they use the same figures throughout.

Zazen Tax

Accountants for people who sell things. zazentax.com/contact

General information, not advice for your circumstances. Rates and thresholds are those applying in 2026/27 for England, Wales and Northern Ireland, and change from time to time.