ZAZEN TAX

The Salon Owner's UK Tax Handbook

VAT where everything counts, wages that cost more than the rota says, chairs that are rented properly, and the year end that lives in drawers.

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

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Contents

One salon runs through every chapter: The Copper Comb, six chairs, three employed stylists at £14 an hour, two chairs rented at £150 a week, a retail shelf and a voucher drawer. Every tool on zazentax.com uses the same salon, so the chapters and the calculators agree with each other.

1 One salon, one year

Salon money has a shape: high-frequency small takings, margins that live in minutes, and a room where employees and small businesses work side by side at identical chairs.

The Copper Comb takes £4,680 a week through three employed columns, £420 across the retail shelf and £300 in chair rent from two self-employed stylists: £4,550 a week ex VAT. Wages cost £2,168 loaded, product £279, the room £1,650, and the week keeps £453.

Each chapter takes one place that money leaks or compounds. The numbers are worked, not illustrative: the same salon runs through every calculator and workbook on zazentax.com, and each chapter names the tool that does its arithmetic on your numbers.

> THE THEME OF THE WHOLE BOOK
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> A salon's accounts hide in physical places: the diary, the colour cupboard, the voucher drawer, the chair that is rented and the chair that is not. Count the places and the accounts follow.

2 VAT where everything counts

A salon has no outside-the-scope corner: services, retail and chair rent are all standard-rated territory, and all of it counts toward the £90,000 rolling test.

That makes the threshold arrive earlier than expected and the planning matter more. The worked two-chair studio takes £1,600 a week, £83,200 a rolling year: 92.4 per cent of the threshold used, £6,800 of headroom, and a monthly check that is no longer optional. The Salon VAT Threshold Planner watches the line.

The tempting escape, splitting hair from beauty so each stays under, has a name at HMRC: disaggregation. Shared premises, tills, staff and branding let them direct the parts to be treated as one business, with the VAT backdated. The honest moves are pricing for VAT before the crossing and crossing on purpose.

3 Wages: the floor is not the cost

The £14 hour costs £18.06 once holiday, employer NIC and pension land: a 29 per cent load that belongs in every price on the wall.

The floors from 1 April 2026: £12.71 at 21 plus, £10.85 at 18 to 20, £8.00 under 18 and for apprentices. Commission models sit on top of the floor, never instead of it: a commission week that averages below the minimum for the hours worked must be topped up, and the check runs weekly.

The demo comparison: £560 basic against £585 at 45 per cent commission on £1,560 of takings. Commission pays more in good weeks, less in quiet ones, and always carries the floor underneath. The Salon Staff Cost and Commission Calculator prices both, and the Stylist Commission Tracker is the weekly evidence.

4 The rented chairs, done properly

Rent-a-chair is the industry's own invention: two businesses at one chair. It works brilliantly when it is real and expensively when it is theatre.

The economics first: the salon keeps £484 a week from an employed column and £150 from a rented chair, but the £150 carries no wages, no product, no holiday and no quiet-week risk. The stylist keeps £560 employed or £1,057 renting, before their own tax, insurance and empty Tuesdays. Both answers are right for different chairs, which is why mixed rooms exist.

The status line is control: their prices, their hours, their clients, their money, a fixed rent invoiced with VAT. The full subject, agreements, drift and the register, gets its own book: Chair, Room and Booth Rental, the flagship next door.

5 Vouchers, deposits and other people's money

December sells promises: £9,000 of vouchers is £7,380 of service still owed and £1,620 of breakage, and the cash is not revenue yet.

Vouchers sold sit as a liability until redeemed; breakage becomes income on a written policy, not on hope. Most salon vouchers are single-purpose for VAT, everything they buy is standard rated, so the VAT point is the sale. The Gift Voucher Liability Calculator splits any drawer.

Deposits are the same species: client money for treatments not yet given, a liability at the year end, and a kept deposit keeps its VAT, £15 kept banks £12.50. The no-show arithmetic that deposits defend gets chapter seven.

6 The shelf and the cupboard

Retail flatters itself and colour leaks quietly: the two stock stories every salon carries.

The £18.50 bottle looks like double money and earns £4.63, exactly 30 per cent, once VAT, the £9.25 cost and a 10 per cent stylist commission come off. Real and worth having, and the shelf should be ranked by that line, not the RRP. The Retail Margin and Commission Calculator does the ranking.

The colour cupboard is the other direction: £655 used across 42 services is £15.60 a head against a £14.50 standard, £46 a week of mixed-and-binned bowls, £2,400 a year. Opening plus purchases less closing, every week, in the Stock and Colour Usage Tracker.

7 The empty chair

The diary loses £345 a week to no-shows: 180 appointments, 5 per cent missing, £46 average. £17,940 a year walks past the window.

The chair, the stylist and the slot were all paid for; only the product survives. Deposits recover a slice and deter the rest: the rate falls the day card details are taken, and that fall is worth more than every deposit kept. The No-Show and Deposit Calculator prices the leak and the policy.

Utilisation is the same chapter at monthly scale: 120 available hours, 96 booked, 90 billed. The gap between available and booked is marketing and menu; between booked and billed, no-shows and gaps. The Chair Utilisation Tracker measures both, and growth without new chairs lives there.

8 The year end that lives in drawers

A salon's year end is four counts and three decisions, all of them cheaper in December than in the accountant's February.

The counts: stock at cost, the voucher drawer's outstanding face value, deposits held, and the rent ledger squared. The decisions: the price list against the per-hour ranking, the chair mix on the year's actuals, and the kit bought through the annual investment allowance.

The Salon Year-End Checklist walks the lot, the workbooks are the ledgers it reads from, and the February meeting becomes assembly instead of archaeology, which is the cheapest professional fee reduction on the market.

Where to go next

Start with the Treatment Price and Margin Calculator and your own menu: the per-hour column reorders the whole business. Then the VAT threshold check, because that line moves while nobody watches.

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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