ZAZEN TAX

Year-End for Trades

About two hours, and a third of it has to happen before the date rather than after it.

Year ending .... **Completed by** .... **Date** ....

Most year-end guidance is written for a business that invoices what it does in the month it does it. Construction does not work like that, so the three sections that matter most here are the ones a general checklist does not have: work in progress, retention, and CIS.

1. Before the date, while you can still change things — about 30 minutes

- [ ] **Decide any capital purchases before the date**
  A van bought a day before the year end gets relief a full year earlier than one bought a day after.
- [ ] **Check the director's loan account if you have one**
  Overdrawn nine months and a day after the year end and the company pays tax on the balance.
- [ ] **Decide on any debt you are not going to collect**
  Written off before the date, it reduces this year's profit. Left hopeful, it does not.
- [ ] **Book the stock and materials count**
  As close to the date as you can manage.

2. Work in progress, which is the trade-specific one — about 25 minutes

- [ ] **List every job started and not finished at the date**
  With the costs incurred on each: labour, materials, subcontractors.
- [ ] **Value the work done but not yet invoiced**
  It is an asset at the year end. Leave it out and you understate both profit and the value of the business.
- [ ] **Separate work certified but unpaid from work not yet certified**
  One is a debtor. The other is work in progress, and they are taxed at different times.
- [ ] **Check no job has costs in one year and its income in the next**
  That is what makes a profitable year look terrible and the next one look implausible.

> WHY THIS SECTION EXISTS
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> A builder who finishes a large job three weeks after the year end, with all the cost in this year and all the income in the next, will show a loss this year and a windfall next. Neither figure is true, and both are what a lender will look at.

3. Retention — about 15 minutes

- [ ] **List every retention held against you, and by whom**
  With the release dates. Both of them.
- [ ] **Include it as a debtor**
  It is money you have earned and not been paid. Leaving it out understates the profit and the balance sheet.
- [ ] **Decide on anything more than two years old**
  If it is not coming back, write it off and take the deduction this year.

4. CIS — about 20 minutes

- [ ] **Gather every payment and deduction statement for the year**
  You can only claim what you can evidence.
- [ ] **Reconcile the statements to what you are claiming**
  The two agreeing is the whole point of keeping the log.
- [ ] **Chase anything missing now**
  The contractor who is slow in June stops answering by March.
- [ ] **Check CIS suffered is a debtor and not an expense**
  Booked as a cost it understates your profit and you then claim the same money again as a credit. It is tax paid on account, not a cost of trading.

> THE ONE WORTH CHECKING TWICE
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> CIS suffered in the profit and loss turns a profitable trade into a loss-making one on paper, and that is the figure a mortgage broker or a lender will read. It belongs on the balance sheet until it is set against what you owe.

5. Stock, tools and the van about 15 minutes

- [ ] **Count the materials on the van and in the lockup**
  Bought and not yet used is stock at the year end, not a cost of this year.
- [ ] **Update the tools and equipment register**
  Including anything sold, because a balancing charge is taxable.
- [ ] **Check the vehicle treatment is still right**
  Most double cab pickups became cars for the benefit charge on 6 April 2025, with transition running to 5 April 2029 at the latest.

6. After the date about 15 minutes

- [ ] **Get the records to your accountant early**
  The bill is the same in April and in January. The options are not.
- [ ] **Diarise the payment date as well as the filing date**
  They are different, and the payment usually comes first.
- [ ] **Set aside the tax as it accrues, not when it is due**
  A percentage of every payment into a second account is the only method that reliably works.

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General information, not advice for your circumstances. Rates are 2026/27 for the UK and change from time to time.