

---

## Understanding Business Taxes in the UK

Understanding business taxes is crucial for managing your finances and staying compliant with HMRC regulations. Here's an overview of the key business taxes in the UK.

### Corporation Tax

Corporation tax is charged on the profits of limited companies. As of 2024, the corporation tax rate is 25%. You must file a company tax return and pay any tax due within nine months and one day after the end of your accounting period. More information can be found on the HMRC website.

### Income Tax for Sole Traders and Partnerships

Sole traders and partnerships pay income tax on their business profits. The amount you pay depends on your income tax band. As a basic rate tax payer earning above £12,570 up to £50,570 this rate is 20%. You must complete a self-assessment tax return each year and pay any tax due at the latest by the 31st of January following year.

### VAT

If your business's taxable turnover exceeds £90,000, you must register for VAT and charge VAT on your goods or services. You can also voluntarily register for VAT if your turnover is below the threshold. Learn more about VAT registration on the HMRC website. [How VAT works: Overview - GOV.UK \(www.gov.uk\)](#)

### National Insurance Contributions

Self-employed people pay class 4 national insurance on their earnings above £12,570 at a rate of 6% and 2% on profits over £50,270. Class 4 will pay towards your future eligibility to the government pension, so if you earn below £6,725 you may wish to pay voluntarily. [Self-employed National Insurance rates - GOV.UK \(www.gov.uk\)](#)

### Business Rates

Business rates are a tax on properties used for business purposes. The amount you pay depends on your property's rateable value and the multiplier set by your local council. You'll find more information on the GOV.UK website. [Business rates: Overview - GOV.UK \(www.gov.uk\)](#)

### How PeoplePlus Can Support You

Our training programmes, webinars, and 1-2-1 business coaching can provide you with the knowledge and support needed to manage your business and understand business taxes. Contact us today to learn more.

---