

A Fresh Start – MBF meeting 3rd Jan 2018

The New Year can be used a great incentive for setting new goals and putting in place plans to achieve them. So in the spirit of using the beginning of 2018 as a Fresh Start, the meeting looked briefly at some changes to business that will affect us

- Changing benefits and disadvantages of doing business as a company or a sole trader
- Impact of digital tax
- GDPR: new regulations on data collection and storage (preview of March meeting)
- Local advertising

Then we talked about what changes we want to make

- How to make changes stick
- MBF plans
- Individual plans

Setting up a company vs. acting as a sole trader

Chris Lilly took us through some of the reasons for setting up a business as a company or as a sole trader, with contributions from Gill & Mike Marenghi and Alex Burnett, adding expert knowledge from their positions as accountants and bookkeepers respectively.

Four of the factors that influence how you set up a company are:

- How you want to be viewed – some large companies will only work with other companies rather than with sole traders. However in some professions it is perfectly acceptable to be a sole trader
- Limiting your liability – limited companies limit your liability, which can protect your assets (e.g. your house) if things go badly wrong and the business gets into debt. However, it was pointed out that people can sue directors and this is on the increase. In cases where a limited company only has one director, or a couple as directors, it may be easier to prove that the director(s) have not acted in the best interest of all creditors. Whatever the type of business, you should consider liability insurance to protect yourself against the risk
- Pay and tax: a company has to pay tax on its profits and then the individual has to pay tax on earnings. However, running your own limited company gives you the flexibility to pay dividends, taxed at 19%, which can be set against your annual capital gains allowance. While the National Insurance (NI) rate is lower for the self-

employed, the government is looking to narrow the gap; those who own companies can also reduce their NI by paying small salaries and the rest in dividends.

- Benefits – a company can pay pensions and other employee benefits

The above points are just raising the issues, not giving any advice on how you should proceed. Everyone needs to consider what business structure works best for themselves and take expert advice as and when necessary – changing situations and regulations may alter the best choice. You can find more detailed descriptions of the different business structures, including partnerships and LLP, on websites such as [Bytestart](#)

Impact of digital tax

Alex Burnett of [AB Bookkeeping](#) gave us a brief introduction to digital tax. This will become a requirement for everyone including sole traders, but not before 2020. Landlords with over £10K in income will also have to comply. The first to be affected will be companies with turnover above the VAT threshold (currently £85K per annum) who must switch to digital tax by 2019.

The purpose of digital tax is to provide a more complete, accessible and up to date record of commercial and personal tax liabilities and entitlements in one place. You will not need to input information that HMRC can get elsewhere (e.g. from banks, other government departments and employers) and you will be able to look at much more up to date information. Quarterly reporting is required.

Digital tax means you have to use commercial software to input your report. HMRC have published a long list of possible alternatives.

Although it is not yet here, businesses should plan to move in good time – it is an investment which will make managing your business easier.

General Data Protection Register (GDPR)

This will be the topic of the March 2018 MBF meeting but since this regulation is coming into force in May 2018, the meeting covered a brief introduction to help people start thinking about it.

It updates current data protection legislation and aims to

- Reinforce data protection for individuals e.g. companies must only store relevant information and individuals can demand that a company or organisation delete the data it holds on them
- Facilitate the free flow of information e.g. you can ask a company to provide you with a copy of your data so you can transfer it to a rival organisation

- Reduce administrative burden (I don't have an example for this!)

This means your company or organisation (including voluntary organisations) have to be able to meet these obligations for data you store on your contacts and customers. The fines can be huge (up to 4% of global turnover) which is obviously meant to ensure that vast multinationals (Google, Facebook or Apple for example) take the regulation seriously.

While the regulation can be thought as big and scary, it can also be seen as an incentive for us to treat our customers' data responsibly.

Each of us should start working on the good practice of

- Checking we have consent to store individuals' data – and asking for it if we do not
- Only asking for, and storing, the data we need
- Being clear and transparent on the uses to which we put the data
- Keeping records of the data we have and of the individual's consent to its storage
- Keeping the data safe

Come to the MBF meeting in March for more details and advice!

Local advertising

A quick reminder for those of us who are looking for local business to use the free promotional tools that are available online. Apart from using sites like Facebook and Instagram, remember also to:

- Claim your business listing on Google Maps (and Apple maps, Bing maps if you can) and ask customers to leave reviews there. This will help you rise in the search rankings
- Add your business to local directories. A new one is [It's Local from East Sussex County Council](#); and don't forget the updated [business directory on the Mayfield and Five Ashes website](#)

We also discussed how Mayfield could make more of being selected as "Best Village" in England last year by The Times. Two ideas were:

- Making a permanent note of this on the village Facebook page
- Adding it on the village signs or advertising on the roundabout

This will be discussed further at the MBF / High Street meeting in February.

How to make changes stick

There is a tendency, especially at the beginning of each year to set goals and then fall short of them. It is important to plan the steps we need to take and to measure our progress in order to succeed.

However, we can also improve our chances of success by using the psychology of “loss aversion” – we all tend to work harder to avoid a loss than we do to achieve a similar reward. Two ways we can take advantage of this are:

- Make a bet where we will lose a significant sum of money if we don't succeed. If you don't want to bet, make a promise to give away the money in case of failure.
- Share the goal with others. This makes us feel more exposed (“losing face”) if we fail and so encourages us to try harder. It can also help as the others may well lend us their support.

If you want to find out more about using psychology to help form good habits, I recommend [reading Nir Eyal's blog](#).

[A side-note on this topic – I am planning to set up a Digital Skills club for anyone interested in improving their digital skills during 2018, whether this be using social media, building a website or learning programming. The club will meet regularly to encourage each other's projects and to share ideas and knowledge. Please contact [Roger Stone](#) if you want to take part.]

Plans for the MBF

There are already two meetings planned:

- Tuesday 6th or Wednesday 7th February – follow up meeting with the High Street retailers. The date for this is still being arranged. It is likely to be held in the Pink Cabbage. Topics to include: events for the High Street during 2018; promotion of the High Street and village; parking
- March: GDPR – what it is and what it means for us as businesses and individuals. We decided that the meeting should be held on Wednesday 7th

Ideas for future meetings

- Nus Ghani has invited us to visit the Stock Exchange, ring the opening bell, discuss with their small business support group and then go on to visit the Houses of Parliament. The date has yet to be arranged. Let's hope Nus still has time now that she has been appointed a Government Minister and a Deputy Whip.
- Another talk by Gary Kendall on his work
- A follow up on planning once Wealden have published their updated policy

Any other suggestions are most welcome.

Individual plans

We ran out of time to discuss any plans or goals that members of the MBF have for this year. If anyone wants to share them, especially as the benefits of sharing are set out above, please let us know and we can find the right way to do this.