TRADE GUY
COMMUNITY

THE COMPLETE TRADESMAN'S START-UP GUIDE

Everything you need to launch, stay compliant and build a successful trade business in the UK

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DISCLAIMER

This guide is for informational purposes only. Always consult a qualified accountant or solicitor for advice specific to your situation. Tax rates and thresholds are based on 2024/25 figures unless stated.

Choosing Your Business Structure

01

The first decision you make — and one of the most important

Before you pick up a single job, you need to decide how you're going to operate legally. In the UK, most tradesmen start as either a **sole trader** or a **limited company (Ltd)**.

Sole Trader

The simplest way to trade. You are the business. Register with HMRC, file a Self Assessment tax return each year, and pay Income Tax and National Insurance on your profits. No Companies House, no corporation tax, no annual accounts filing.

PROS	CONS
• Simple to set up — done online in minutes	• Unlimited personal liability — home and assets at risk
• Less admin — one tax return per year	• Harder to get finance or large contracts
• Keep all profits after tax	• You pay National Insurance Class 2 & 4
• No Companies House filing fees	• Less tax-efficient at higher earnings (roughly £50k+)
• Privacy — accounts aren't public	• Can appear less professional to some clients
• Easy to close down if things change	• No sick pay or maternity pay protections

Limited Company (Ltd)

A separate legal entity. You are a director and shareholder. The company pays Corporation Tax on its profits, and you pay yourself a combination of salary and dividends. More complex to run but often more tax-efficient once earnings grow.

PROS	CONS
• Limited liability — personal assets protected	• More admin — annual accounts, confirmation statements, payroll
• More tax-efficient above ~£35,000–£50,000 profit	• Costs more to run (accountant fees, Companies House filing)
• Looks more professional to larger clients	• Your accounts are public on Companies House
• Easier to bring in partners or investors	• IR35 risk if working through agencies or clients
• Can retain profits and draw down later	• More complex tax planning required
• Eligible for more business finance products	• Takes longer to set up properly

So Which Should You Choose?

- Start as a sole trader if you're just starting out, earning under £35,000 profit, or want to keep things simple.
- Consider going Ltd when your profit consistently exceeds £35,000–£50,000, or when clients require it.
- Many tradesmen start as sole traders and switch to Ltd after a year or two — that's perfectly normal.
- Always speak to an accountant before making the switch. The tax savings need to outweigh the extra costs.

Registering & Going Legal

02

Step-by-step — what you need to do on day one

You must register with HMRC as self-employed if your gross self-employment income exceeds £1,000 in a tax year. The deadline to register is **5 October** following the end of the tax year in which you started trading.

> **UPCOMING CHANGE — REPORTING THRESHOLD RISING TO £3,000**
>
> HMRC confirmed the Self Assessment reporting threshold will rise from £1,000 to £3,000, effective from the 2027/28 tax year. Until 2027/28, current rules apply. Always check gov.uk for the latest position.

Sole Trader — Registration Checklist

- ✓ Register online at gov.uk/register-for-self-assessment
- ✓ Receive your Unique Taxpayer Reference (UTR) in the post within 10 working days
- ✓ Set up a Government Gateway account to file your tax return online
- ✓ Register for VAT if turnover exceeds £90,000 (or voluntarily to reclaim VAT)
- ✓ Open a separate business bank account — not legally required but strongly advised
- ✓ Consider registering a business name if trading as anything other than your own name

Registering a Limited Company

Register through Companies House at **companieshouse.gov.uk** for just £50 — takes as little as 24 hours.

- ✓ Choose a company name (check availability on Companies House)
- ✓ Register at companieshouse.gov.uk — costs £50 online
- ✓ Set up a registered office address (can be your accountant's address)
- ✓ Appoint directors and shareholders (you'll likely be both)
- ✓ Register with HMRC for Corporation Tax within 3 months of trading
- ✓ Set up a PAYE scheme if paying yourself or any employees a salary
- ✓ Register for VAT if required (threshold £90,000 turnover)
- ✓ Open a dedicated company bank account — legally advisable
- ✓ Hire an accountant — you'll need one for annual accounts filing

Key Documents to Keep

Document	What It Is	How Long to Keep
UTR Number	Your unique tax reference from HMRC	Forever
Invoices Issued	Record of all work invoiced	6 years minimum
Invoices Received	Receipts and supplier invoices	6 years minimum

Document	What It Is	How Long to Keep
Bank Statements	Business account records	6 years minimum
Mileage Log	Business journeys and dates	6 years minimum
Contracts	Written agreements with clients	6+ years
Insurance Certificates	Proof of active policies	Keep all past copies
CSCS Card / Certs	Trade qualifications and cards	Ongoing / renew as needed

START AS YOU MEAN TO GO ON

HMRC can investigate your accounts going back 6 years (20 years in fraud cases). Keep every receipt, every invoice, and every bank statement from day one.

Tax, Self Assessment & PAYE

03

How the UK tax system works for tradesmen — demystified

As a sole trader, you pay Income Tax on your **profits** — not your turnover — and National Insurance contributions. Your profits are your income minus your allowable expenses.

Income Tax Bands (2024/25)

Tax Band	Taxable Income	Rate
Personal Allowance	Up to £12,570	0%
Basic Rate	£12,571 – £50,270	20%
Higher Rate	£50,271 – £125,140	40%
Additional Rate	Over £125,140	45%

National Insurance for Sole Traders

NI Class	Who Pays	Rate (2024/25)
Class 2 NI	Sole traders earning over £12,570 profit	£3.45/week
Class 4 NI	On profits £12,570 – £50,270	6%
Class 4 NI (higher)	On profits over £50,270	2%

Self Assessment — Key Deadlines

5 April	End of the UK tax year — your accounting period closes
5 October	Deadline to register for Self Assessment if new to self-employment
31 October	Deadline to file a paper tax return (most people file online)
31 January	Online filing deadline AND payment of tax owed
31 July	Payment on Account deadline — advance payment towards next year's bill

> **PAYMENTS ON ACCOUNT — DON'T GET CAUGHT OUT**
>
> If your tax bill exceeds £1,000, HMRC requires 'Payments on Account' — advance payments towards the following year. This catches many new sole traders off guard. In your first year with a big tax bill, you may owe 150% of what you expected. Set aside 25–30% of every payment you receive for tax.

Limited Company Tax

Tax Type	Rate	Notes
Corporation Tax (small profits)	19%	Profits up to £50,000

Tax Type	Rate	Notes
Corporation Tax (main rate)	25%	Profits over £250,000
Director salary (up to NI threshold)	0% NI	Up to ~£12,570 — most tax-efficient
Dividend allowance	£500	First £500 of dividends — tax free
Dividend tax (basic rate)	8.75%	Within basic rate band
Dividend tax (higher rate)	33.75%	In higher rate band

The Classic Ltd Company Director Strategy

- Pay yourself a salary of £12,570/year (or £9,100 if company pays employer NI) — this is within NI thresholds.
- Take remaining income as dividends — taxed at 8.75% vs 20% income tax for a basic rate taxpayer.
- The saving over sole trader status can be significant at £50,000+ profits — but accountant fees must be factored in.
- This strategy is legal and widely used — but always confirm with a qualified accountant.

VAT — Simplified

04

When you must register, what it means, and how to handle it

VAT is charged on most goods and services in the UK at 20%. You **must register** if your VAT-taxable turnover exceeds **£90,000** in any rolling 12-month period.

PROS	CONS
• Reclaim VAT on tools, materials, van, fuel, equipment	• Prices rise 20% for non-VAT registered customers
• More credible to trade and commercial customers	• Quarterly VAT returns required
• Flat Rate Scheme can generate extra profit	• Cash flow impact before paying HMRC

How VAT Works — A Simple Example

Scenario	Amount
You charge a customer for labour and materials	£1,000 + VAT
VAT charged to customer (20%)	£200
Customer pays you total	£1,200
You buy materials — supplier charges you VAT	£100 VAT on £500 materials
VAT you owe HMRC (£200 collected minus £100 paid)	£100

The Flat Rate Scheme (FRS)

Instead of calculating VAT on every transaction, you pay a fixed percentage of your gross turnover to HMRC. For construction services, the flat rate is typically **9.5%**. You charge customers 20% but only pay HMRC 9.5% — the difference is yours.

FRS Worked Example	Amount
Invoice £10,000 + VAT = gross received	£12,000
FRS payment to HMRC (9.5% x £12,000)	£1,140
VAT collected from customer	£2,000
You keep the difference	£860 profit

VAT on Domestic Properties — The 5% Rule

Certain work on residential properties empty for 2+ years may be charged at a reduced 5% — or even 0% for energy-saving measures. Understand this so you're quoting and charging correctly.

MAKING TAX DIGITAL (MTD)

VAT-registered businesses must keep digital records and submit via MTD-compatible software (e.g. QuickBooks, Xero, FreeAgent). Income Tax MTD is being phased in from April 2026.

What You Can Claim As Expenses

05

Don't pay more tax than you have to — know your allowances

Allowable expenses reduce your taxable profit. The HMRC rule: the expense must be **'wholly and exclusively'** for the purposes of your business.

Tools & Equipment

- Hand tools — hammers, drills, spanners, levels, etc.
- Power tools — grinders, sanders, circular saws, etc.
- Specialist equipment — pipe cutters, cable testers, tile cutters
- Safety equipment — PPE, hard hats, safety boots, hi-vis vests
- Replacement blades, bits, consumables, tool storage and van racking
- Tool repairs and servicing

Van & Vehicle Costs

- Van purchase (via capital allowances — see Chapter 6), fuel, insurance, road tax, MOT
- Servicing, repairs, tyres, van signage, parking charges on jobs (not fines)
- If using a personal car: HMRC mileage rate — 45p/mile first 10,000 miles, 25p thereafter

Workwear & Protective Clothing

- Branded workwear with company logo, overalls, gloves, safety boots, hi-vis
- Note: ordinary clothing you could wear outside work is NOT claimable

Materials & Subcontractors

- All materials purchased for jobs (keep every receipt)
- Subcontractor costs — ensure you understand CIS deductions
- Site hire: scaffolding, skips, machinery hire, waste disposal

Business Premises & Working From Home

- Rent, rates, utilities if you rent a workshop or yard
- If working from home: you can claim a proportion of home costs (heating, electricity, broadband)
- HMRC flat rate: £10/month (25–50 hrs), £18/month (51–100 hrs), £26/month (101+ hrs)
- Storage — if you store stock or materials at home, an additional proportion may be claimable

Admin, Marketing & Professional Fees

- Accountant, bookkeeper, solicitor fees related to the business
- Website hosting, advertising (Google Ads, Facebook Ads, trade directories)
- Trade memberships (FMB, NICEIC, Gas Safe), software, mobile phone (business portion)
- Broadband — business proportion; business cards and stationery

Training & Qualifications

- Training to maintain or update existing skills (e.g. gas refresher training)
- CSCS card fees, First Aid training, Health & Safety courses
- Note: training to acquire a NEW unrelated skill is generally NOT claimable

Insurance

- Public liability, employers liability, professional indemnity, tool insurance
- Van insurance (business use), income protection insurance

> **THE GOLDEN RULE FOR EXPENSES**
>
> Keep EVERY receipt — even small ones. A dedicated business bank account makes record-keeping vastly easier. If in doubt whether something is claimable, ask your accountant — don't just not claim it. A £100 expense saves you £20 in tax. A missed £1,000 of expenses costs you £200 in unnecessary tax.

> **CIS — CONSTRUCTION INDUSTRY SCHEME**
>
> If you work as a subcontractor, the main contractor deducts 20% (or 30% if unregistered) from your labour payments and pays HMRC. You reclaim this against your tax bill. Register at gov.uk to ensure you're deducted at 20% not 30%.

Equipment, Tools & Vehicles

06

Capital allowances, buying smart, and what you can claim

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When you buy something that lasts more than a year — a van, high-value tool, machinery — it's treated as a 'capital item'. The **Annual Investment Allowance (AIA)** lets most tradesmen write off 100% of qualifying equipment costs in the year of purchase.

Allowance Type	What It Covers	Limit
Annual Investment Allowance (AIA)	Plant, machinery, tools, equipment	£1,000,000/year
First Year Allowance (FYA)	New zero-emission vehicles	100% year 1
Writing Down Allowance — Main pool	Vans, cars (some), general equipment	18%/year
Writing Down Allowance — Special rate	Integral features, some cars	6%/year
Full Expensing (Ltd companies only)	New qualifying plant & machinery	100% year 1

Buying a Van — The Key Rules

A van is treated very differently to a car for tax purposes — much more favourably. The key distinction: a van is a goods vehicle with a payload of 1 tonne or more.

PROS	CONS
• Vans qualify for 100% AIA — full cost off tax in year 1	• Private use may trigger benefit-in-kind charge
• No benefit-in-kind tax if used mainly for work	• Keep records of business vs private mileage
• VAT on purchase reclaimable if VAT registered	• Driving company van home nightly may count as private use
• Running costs fully deductible as business expenses	• Commercial vehicle insurance can be higher

Buy New, Buy Used or Lease?

Option	Tax Treatment	Best For
Buy new outright	100% AIA in year 1	Those with cash reserves
Buy used outright	100% AIA in year 1 if under AIA limit	Good value purchases
Hire Purchase (HP)	AIA claimed in year 1 on full price	Most tradesmen — balanced
Finance Lease	Monthly payments as expense	VAT registered businesses
PCP	Limited — complex rules	Generally not recommended

Tool Buying Strategy

- Buy quality tools — they last longer, work better, and are 100% tax deductible.
- Keep receipts for every tool purchase, no matter how small.
- Buy before 5 April each year to get the tax relief in that tax year.
- If you're Ltd, buy through the company — reclaim VAT and get Corporation Tax relief.
- Consider tool insurance — if they're stolen from your van, your business stops.

Insurance & Compliance

07

Protect yourself, your business and your customers

Insurance Type	What It Covers	Required?
Public Liability Insurance	Injury to third parties or property damage caused by your work	Effectively essential
Employers Liability	Injury or illness to employees or labour-only subcontractors	LEGALLY REQUIRED if you employ staff
Tool Insurance	Theft, loss or damage to your tools	Strongly recommended
Van / Commercial Vehicle	Business use vehicle cover	Legally required to drive
Professional Indemnity	Claims that your advice or design caused loss	Important for design & build
Income Protection	Replaces income if unable to work due to illness or injury	Highly recommended
Contract Works Insurance	Work in progress on site — fire, flood, vandalism	Required on larger contracts

Trade Registrations & Certifications

Trade	Certification	Notes
All construction	CSCS Card	Required on most commercial sites
Gas engineers	Gas Safe Register	LEGAL REQUIREMENT — illegal without it
Electricians	Part P / NICEIC / NAPIT / ELECSA	Required for notifiable electrical work
Oil boiler engineers	OFTEC registration	Required for oil heating work
Plumbers	WaterSafe (recommended)	Increasingly expected by clients
Builders / General	Federation of Master Builders (FMB)	Adds credibility
Asbestos work	Licensed contractor status	Required for high-risk work

Health & Safety Basics

- As a sole trader or employer, you have legal duties under the Health & Safety at Work Act 1974
- Carry out and document risk assessments for your work activities
- If you have 5+ employees, a written Health & Safety policy is legally required
- Report certain accidents to the HSE under RIDDOR
- Consider a Construction Phase Plan if working on projects lasting more than 30 days

> **WORKING WITHOUT INSURANCE IS GAMBLING WITH EVERYTHING YOU OWN**
>
> A single accident on site can result in a claim worth tens or hundreds of thousands of pounds. Without public liability insurance, that comes directly out of your pocket. For £200–£800/year for most trades, it's the cheapest protection you'll ever buy.

Recommended Insurers — Sole Traders

The following providers are consistently rated among the best for self-employed and sole trader tradesmen in the UK. Always get at least 2–3 quotes — premiums vary based on your trade, turnover and claims history.

Provider	Why They Stand Out / Website	Best For
Simply Business	Compare multiple insurers in one place. Over 1 million customers, covers 1,500 trades. PL from around £5.64/month. | simplybusiness.co.uk	Sole traders wanting choice and speed
Rhino Trade Insurance	Built specifically for tradespeople. PL from £5.21/month, backed by MS Amlin (rated A+ by AM Best). | rhinotradeinsurance.com	Tradesmen wanting a specialist insurer
Tradesman Saver	Trading since 1984. Legal expenses and accidental death cover included free as standard. | tradesmansaver.co.uk	Sole traders wanting strong standard inclusions
AXA	Rated 4.6/5 from over 18,000 reviews. PL up to £10m for eligible trades. | axa.co.uk	Sole traders who want a major insurer
Everywhen (Towergate)	Flexible cover adjustable as business grows. Covers work at heights up to 15m and work with heat. | everywhen.co.uk	Tradesmen with specialist or higher-risk work

Recommended Insurers — Limited Companies

Limited companies have additional considerations — employers liability is legally required the moment you take on staff, and IR35 exposure is a real risk for those working through agencies or on larger contracts.

Provider	Why They Stand Out / Website	Best For
Qdos	UK's leading contractor and Ltd company specialist. IR35 Contract Assessments included free with most policies. | goqdos.com	Ltd company directors on larger contracts
Simply Business	Covers Ltd companies across 1,500 trades. 9/10 customers rate 'good' or 'excellent' on Feefo. | simplybusiness.co.uk	Ltd companies wanting a one-stop solution
Allianz	Covers Ltd companies up to 9 employees. PL up to £5m, EL up to £10m. Optional contract works, tools and plant cover. | allianz.co.uk	Growing Ltd companies needing comprehensive cover
AXA	Fully customisable Ltd company insurance. PL from £1m to £10m depending on trade. | axa.co.uk	Ltd companies wanting flexible, scalable cover
NFU Mutual	Member-run insurer. Standard policy includes public, product and environmental liability. | nfumutual.co.uk	Ltd companies wanting a trusted mutual insurer

Insurance Buying Tips — Don't Skip These

- Never auto-renew without checking the market — insurers rely on inertia to keep premiums high.
- Declare your work accurately — undisclosed activities can invalidate a claim entirely.
- Check the policy excess — a low premium with a £1,000 excess may not be the bargain it appears.
- Public liability of £1m is the minimum — most clients and sites require £2m or £5m. Check before quoting.
- Ask if your policy covers subcontractors working under you — many basic policies do not.
- Keep your certificate of insurance accessible on site and in your van at all times.
- Review cover annually as your turnover and number of employees grows.

Who To Outsource & When

08

Focus on what you're good at — get help with the rest

Every hour you spend on admin, chasing invoices, or figuring out your tax return is an hour you're not billing. A good accountant costs **£500–£1,500/year** for a sole trader or **£1,000–£3,000** for a Ltd company — and will save you far more than that.

What a Good Accountant Does for You

- Prepares and files your Self Assessment return (sole trader) or annual accounts and Corporation Tax return (Ltd)
- Advises on the most tax-efficient way to structure your pay and expenses
- Handles VAT registration and quarterly VAT returns
- Sets up and manages your payroll (PAYE) if you have staff
- Advises on whether and when to switch from sole trader to Ltd
- Represents you if HMRC ever investigates

What to DIY vs Hand Off

Task	DIY or Outsource?	Notes
Basic invoicing	DIY	Use QuickBooks, Xero or FreshBooks
Chasing payments	DIY initially	Cash flow is king — stay on top of it
Tax return (simple)	Either	Software helps — accountant safer
Annual accounts (Ltd)	Outsource	Legally required to be prepared properly
Payroll & PAYE	Outsource	Mistakes are costly
VAT returns	Either	MTD software — accountant can oversee
HR & employment contracts	Outsource	Get it right when you first take on staff
Legal disputes / contracts	Outsource	Don't cut corners here

Useful Software for Tradesmen

Software	What It Does	Cost
QuickBooks Self-Employed	Invoicing, expenses, tax estimates, MTD VAT	From £10/mo
Xero	Full accounting, payroll, VAT, bank feeds	From £15/mo
FreeAgent	Accounting, invoicing, Self Assessment	From £19/mo
Tradify / Jobber	Job management, quoting, scheduling	From £35/mo
GoCardless	Automated direct debit from customers	1% per transaction
Dext (Receipt Bank)	Scan and log receipts via phone	From £20/mo

Getting Customers & Growing

09

Win more work, price it right, and build a reputation that sells itself

Your First Customers

When you're starting out, your first customers almost always come from people who already know you. Don't underestimate your existing network.

- Tell everyone in your personal network — friends, family, former colleagues
- Contact former employers — they may subcontract work back to you
- Join local Facebook community groups and trades groups
- Register on Checkatrade, MyBuilder, Rated People, TrustATrader
- Get a **Google Business Profile** set up — it's free and vital for local search
- Ask every happy customer for a Google review — aim for 20+ reviews in your first year

How to Work Out Your Day Rate

- Add up all your annual costs: tools, insurance, van, fuel, accountant, phone, software.
- Add your desired annual salary / drawings.
- Divide by billable days — typically **200–220 days** after holidays, training and admin.
- Add a profit margin of **15–25%** on top.
- Example: £30,000 salary + £15,000 costs = £45,000 ÷ 210 days = **£214/day minimum** before profit.
- If VAT registered, charge VAT on top — it doesn't come out of your rate.

Winning Quotes

- Always provide written quotes — never verbal — and confirm in writing before starting work
- Be clear about what's included and what's NOT — exclusions prevent disputes
- Visit the job before quoting if possible
- Follow up every quote within 2–3 days
- Don't always be the cheapest — justify your price with experience, reviews and professionalism

Building Your Online Presence

- **Google Business Profile** — free, essential, shows you in local searches and Google Maps
- **Facebook Business Page** — useful for trades, especially residential work
- Website — even a simple one-pager makes you look professional; expect £300–£1,000 for a basic site
- Before and after photos — take them on every job; they're your best marketing material
- Reviews — the single biggest factor in a customer choosing you over a competitor

Protecting Yourself from Bad Customers

- Always use a written contract or terms and conditions — even a simple one
- Take a deposit before starting any significant job (10–30% is standard)
- Stage payments on larger projects — never complete before all payments are settled
- Small claims court (online) can recover debts up to £10,000 — use it if necessary

Building For Long-Term Success

10

Cash flow, pensions, scaling up and planning your future

Cash Flow — The Lifeblood of Your Business

More businesses fail from cash flow problems than from lack of work. You can be fully booked and still run out of money if customers don't pay on time.

- Invoice the same day the job is completed — never let invoices pile up.
- Set payment terms clearly on every invoice — **7 or 14 days**, not 30.
- Chase overdue invoices immediately — don't let them go past 14 days without a call.
- Keep a cash reserve of at least **2–3 months** operating costs.
- Set aside **25–30%** of every payment for your tax bill in a separate savings account.
- Review your bank balance weekly — know your numbers.

Pensions — Don't Ignore This

Self-employed people get no employer pension contributions. If you don't set up your own pension, you'll retire on the State Pension alone (currently ~**£11,500/year**).

- Open a SIPP — Vanguard, Hargreaves Lansdown, PensionBee are popular options
- Contribute regularly — even £100/month makes a significant difference over 20+ years
- Pension contributions are tax-deductible — HMRC adds 20% basic rate relief automatically
- If you're Ltd, the company can contribute — saving Corporation Tax
- Aim to contribute **10–15%** of your earnings to a pension

Taking on Staff — What You Need to Know

- Issue a written Contract of Employment within 2 months of the start date — it's a legal requirement
- Register as an employer with HMRC before they start
- Set up PAYE payroll — your accountant can do this for you
- Employers NI is currently **13.8%** on earnings above £9,100/year
- Provide a workplace pension (auto-enrolment) — mandatory for employees earning over £10,000/year
- Employers Liability Insurance becomes legally required the day you take on your first employee

Scaling Your Business

- Don't scale too fast — grow at a pace your cash flow can support
- Systemise before you scale — document your processes so others can do things your way
- Invest in job management software early — it pays for itself when managing multiple jobs
- Specialise where possible — specialists command higher day rates than generalists
- Review your prices annually — don't let inflation eat your margins

Your Year One Financial Checklist

✓ Register for Self Assessment with HMRC (if not done at start)

✓	Collate all income and expense records for the year
✓	File your Self Assessment return by 31 January — pay any tax owed
✓	Review whether VAT registration is needed or beneficial
✓	Review sole trader vs Ltd company — is it time to switch?
✓	Review your insurance policies — are you still adequately covered?
✓	Set a budget for the coming year based on last year's actual figures

Sourcing Suppliers & Trade Accounts

Build your supply chain before you need it — not when you're under pressure

Knowing where to get materials quickly, at the right price, with credit terms, can be the difference between a profitable job and a painful one. Have at least two options for each category — one main supplier and one backup.

Supplier Type	What They Supply	Key Names (UK)
Builders Merchants	Timber, bricks, blocks, cement, plasterboard, fixings	Travis Perkins, Jewson, Buildbase, MKM, SitexDirect
Plumbers Merchants	Pipework, fittings, boilers, radiators, bathroom products	Wolseley, City Plumbing, Graham, SitexDirect
Electrical Wholesalers	Cable, consumer units, lighting, sockets, switches	CEF, Rexel, TLC, Edmundson, SitexDirect
Tool & Plant Hire	Power tools, plant, access equipment	Speedy Hire, HSS, A-Plant, Brandon Hire
Tile & Flooring	Ceramic, porcelain, LVT, carpet, underlay	Tile Giant, Topps Tiles, trade tile suppliers
Fixings & Fasteners	Screws, bolts, anchors, nails, brackets	Toolstation, Screwfix, Rawlplug, SitexDirect

Opening a Trade Account — What You'll Need

- ✓ Proof of your business — sole trader registration or Ltd company number
- ✓ Proof of ID and proof of address
- ✓ Trade qualifications or memberships — speeds up approval
- ✓ Two trade references — previous suppliers or commercial customers
- ✓ New start-ups may trade on payment-on-collection initially — typically changes within 3–6 months

Trade Account Strategy

- Open accounts at Travis Perkins/Jewson AND a local independent merchant — prices and stock differ
- Screwfix and Toolstation trade accounts are free and instant — use for small items and emergencies
- Ask for a credit limit review after 6 months — start small and build it up
- Pay your account on time, every time — your credit limit grows and your pricing improves
- Negotiate pricing once you're spending consistently — most merchants offer better rates after 3–6 months

Negotiating with Suppliers

- Get at least two quotes for any significant material purchase
- Ask for a 'trade price list' rather than the counter price
- Ask about volume discounts and end-of-year cashback or rebate schemes

- Build a relationship with your account manager — people buy from people
- Pay on time — this is your biggest leverage for better terms

Managing Your Supply Chain

As your business grows, material management becomes increasingly important. Overordering ties up cash. Underordering stops jobs.

- Do a detailed material takeoff before quoting large jobs — don't estimate, measure
- Add a 5–10% allowance on material quantities for waste, breakage and cuts
- Order materials in advance for larger jobs — lead times on some items can be 2–4 weeks
- Keep a small stock of commonly used materials and fixings — reduces emergency buying
- Track what you spend on materials per job — helps you quote more accurately over time
- Keep delivery notes — they're your proof of purchase if anything goes wrong
- Check deliveries on arrival — report shortages or damage immediately, not weeks later

> **CLIENT-SUPPLIED MATERIALS — PROTECT YOURSELF**
>
> If a client supplies their own materials and those materials fail or are defective, your contract must be clear that your workmanship guarantee only covers materials you supply. Get it in writing before the job starts.

Building Your Preferred Supplier List

Over time, build a written preferred supplier list for your most common materials. This becomes invaluable when you take on staff or subcontractors.

- Primary and backup supplier for each material category
- Your account number with each merchant
- Your main contact name and direct number
- Delivery lead times and minimum order values
- Credit limit and payment terms
- Any negotiated pricing or discount levels

Quotes, Invoicing & Getting Paid

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The paperwork that protects you and keeps cash flowing

Your quote and invoice are legal documents. Done properly, they protect you. Done badly, they leave you exposed. A **quote** is a fixed-price offer; an **estimate** is approximate. Be clear which you're providing.

What Every Quote Should Include

✓	Business name, address, contact details and VAT number (if registered)
✓	Quote reference number, date, customer name and address
✓	Clear description of works — and what is specifically EXCLUDED
✓	Materials specified by brand or grade where relevant
✓	Payment terms — deposit required, stage payments, final payment
✓	Quote validity period (typically 30 days) and your terms & conditions
✓	Start date and estimated duration

Quote Presentation — First Impressions Count

A handwritten quote on a scrap of paper says one thing about your business. A clean, branded PDF quote says something very different. Use quoting software or even a Word template. It costs nothing but makes a significant difference to how customers perceive you — and how seriously they take your price.

- Use branded headed paper with your logo, company name, contact details.
- Number your quotes sequentially — makes tracking and referencing easy.
- Keep a copy of every quote you issue — you'll need it if there's a dispute.
- Send by email with a PDF attachment — creates a digital paper trail.
- Follow up every quote with a call or message within 48–72 hours.
- If you lose a job on price, ask why — knowing your market helps you price better.

Payment Terms by Job Size

Job Type	Recommended Payment Structure
Small job (under £500)	Payment on completion — same day if possible
Medium job (£500–£3,000)	25–33% deposit, balance on completion
Large job (£3,000–£15,000)	33% deposit, 33% mid-point, 33% on completion
Major contract (£15,000+)	10% deposit, monthly valuations, 5% retention after defects period
New customer (first job)	Higher deposit recommended — 50% is not unreasonable

Invoicing — Do It Properly

An invoice is a formal request for payment. For VAT-registered businesses, it's also a legal document that your customer needs to reclaim VAT. Get it right.

Invoice Element	Required For	Notes
Business name & address	All businesses	Must match your registered trading name
Invoice number	All businesses	Must be sequential — no gaps
Invoice date	All businesses	Date of supply or date of invoice
Customer name & address	All businesses	Full address for limited companies
Description of works	All businesses	Clear enough to avoid disputes
Net amount	All businesses	Amount before VAT
VAT rate applied	VAT registered only	Standard 20%, reduced 5%, or zero rated
VAT amount	VAT registered only	Calculated separately
Gross total	All businesses	Total including VAT
Your VAT number	VAT registered only	Mandatory on all VAT invoices
Payment terms	All businesses	e.g. 'Payment due within 14 days'
Bank details	All businesses	Sort code, account number, bank name

Chasing Payment — Step by Step

Day 0	Send invoice immediately on job completion — not days later
Day 1 overdue	Friendly reminder by text or email — 'Just checking invoice arrived safely'
Day 7 overdue	Follow up call — be direct but professional
Day 14 overdue	Formal overdue notice in writing — state you will add statutory interest
Day 21+	Letter Before Action — formal notice of intention to pursue through the courts
Last resort	Small Claims Court (Money Claim Online) — for debts up to £10,000, costs from £35

> **STATUTORY INTEREST ON LATE PAYMENTS**
>
> Under the Late Payment of Commercial Debts Act 1998, you're entitled to charge 8% above Bank of England base rate on overdue B2B invoices, plus a fixed recovery fee of £40–£100. Include this in your T&Cs; — it encourages prompt payment.

Variations & Additional Works

- Any work outside the original quote scope must be agreed in writing **BEFORE** it's carried out
- A WhatsApp message confirming 'I can do the extra X for £Y — shall I go ahead?' counts as written agreement
- Never assume a customer will pay for extras you carried out without asking

- Keep all written approvals — email and text messages are admissible in small claims court

ACCOUNTING FOR INCOME — CASH VS ACCRUALS

Most sole traders use cash basis accounting — you record income when it's received and costs when they're paid. Limited companies typically use accruals accounting — income is recorded when earned, costs when incurred. Your accountant will guide you.

INVOICING SOFTWARE — WORTH EVERY PENNY

QuickBooks, Xero, FreshBooks, or FreeAgent all create professional invoices in minutes. They track unpaid invoices, send automatic reminders, and connect to your bank account. Most are MTD-compatible. Cost: £10–£30/month. The time saved pays for this many times over.

Managing Jobs & Contracts

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Run every job professionally — protect yourself, impress your customers

The difference between a tradesman who gets repeat business and referrals, and one who constantly chases new customers, often comes down to how well they manage the job from first contact to final handover.

Written Contracts — Why You Need One

- A verbal agreement is technically a contract — but almost impossible to prove in a dispute
- For any job over £500, always get written confirmation of acceptance
- Email confirmation 'I accept your quote dated X' is sufficient
- For larger jobs, use a formal contract — FMB and other trade bodies offer templates
- Always keep a copy of the signed or accepted contract

Your Terms & Conditions Should Cover

- Payment terms — due dates, deposit requirements, stage payment schedule
- Late payment — interest charges and recovery costs
- Variations — how additional works are agreed and charged
- Warranty / defects period — typically **12 months** from completion
- Materials — what happens if client-supplied materials fail
- Cancellation — notice period and any charges
- Your insurance details — reassures customers you're covered

The Job Pack

Document	What It Contains
Signed Quote / Contract	Agreed scope, price and terms
Site Survey Notes	Measurements, photos, observations
Material Schedule	All materials with quantities and supplier
Risk Assessment	Hazards identified and control measures
Variation Orders	Any agreed changes to original scope
Site Photos	Before, during and after — date-stamped
Invoices & Receipts	All costs associated with the job
Completion Sign-Off	Customer signature confirming works complete

Managing Customer Expectations

- Confirm start date in writing and give 24–48 hours notice before starting
- If there are delays, tell the customer immediately — don't wait for them to chase you
- Give daily or weekly updates on longer jobs — a quick text goes a long way
- Leave the site clean at the end of each day — this alone generates enormous goodwill

- On completion, walk through with the customer — address any concerns before you leave

Snagging & Defects

Even the best tradesmen have snagging lists. How you handle them defines your reputation. A customer who had a minor issue resolved quickly often becomes your biggest advocate.

- Agree a defects / snagging period in your contract — typically 12 months from completion
- Return to address genuine defects promptly — within 5–7 working days where possible
- Keep a record of all snags reported and resolved
- Be clear in your contract what constitutes a defect vs fair wear and tear vs customer misuse
- Withheld retention money (common on larger jobs) should only be released after the defects period

Working With Main Contractors

Many tradesmen do subcontract work for main contractors — building firms, developers, or larger trade businesses. This can provide steady work but comes with specific requirements and risks.

- CIS registration is almost always required — ensure you're registered as a CIS subcontractor
- You'll receive a CIS deduction statement — keep these to offset against your tax bill
- Read the subcontract agreement carefully — liability clauses can be onerous
- Retention (typically 5%) is common on contracts — budget for delayed payment of this portion
- Understand the programme — late completion can attract delay damages in some contracts
- Ensure your insurance meets the main contractor's requirements before starting
- Submit your invoices on time — most main contractors have strict payment cycles

Domestic Consumer Protection — Important

When working for domestic customers (homeowners), consumer protection law gives them significant rights — more than commercial customers.

- Under the Consumer Rights Act 2015, your work must be carried out with reasonable care and skill
- Materials must be fit for purpose and of satisfactory quality
- Customers have the right to a price reduction or repeat performance if work isn't satisfactory
- For contracts over £42 agreed away from your business premises, customers have a 14-day cooling-off right
- Never accept cash-only arrangements to avoid tax — the risk far outweighs any short-term gain

> **ROGUE TRADER REPUTATION — AVOID IT AT ALL COSTS**
>
> Pricing fairly, communicating clearly, turning up when you say you will, and doing what you agreed — these aren't just good business practice, they're how you stand out in a market where customers are often nervous about who they let in their home. Your reputation is your most valuable business asset.

Handover & Completion

A professional job handover leaves the customer feeling confident and cared for — and makes them far more likely to call you again and recommend you to others.

✓	Walk through completed work with customer — explain what was done and why
✓	Leave all relevant documentation — certificates, guarantees, product manuals
✓	For Gas Safe or electrical work — issue the relevant compliance certificate
✓	For boiler/heating work — demonstrate operation to the customer
✓	Leave the work area clean — vacuum, wipe down, remove dust sheets
✓	Issue final invoice (or confirm payment received)
✓	Ask for a Google review while they're happy
✓	Add to your CRM or contact list for future follow-up
✓	File the completed job pack

Final Word from TradeGuy

Starting a trade business is one of the best decisions you can make. You're in control, you earn what you're worth, and you build something that's genuinely yours. The paperwork and compliance can feel overwhelming at first — but it becomes routine quickly. Get an accountant, keep your receipts, stay on top of your invoices, and focus on doing great work. The rest follows.

Good luck. You've got this.

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