



Can you turn your hobby into a money-spinner?

The UK has seen a rapid rise in the number of new start-ups – more than 2 million in the past three years. Indeed, the total number of businesses in the North West has increased by 10 per cent due to the record level of start-ups and has even managed to outperform London where the number of companies grew by just 6 per cent.

Surprisingly, according to a recent study by AXA, the majority of these new ventures are started in areas which are not directly related to previous work experience; in fact just under half are in an entirely different field of work.

The fastest growing sectors include transport, restaurants, professional services, construction and technology & IT. Technology is an obvious growth area but transport is overtaking it. This is largely due to the success of online shopping and the increased demand for couriers to deliver the goods.

Hobby-based businesses have also become a boom growth area accounting for 40 per cent of start-ups in 2016. Many of these specialise in providing niche products through online retail. For example, an arts and craft hobby can lead to selling bespoke or personalised items such as cards, furniture, baby gifts and pet accessories on websites such as Etsy or Not on the High Street. Other popular areas include blogging, games development, beauty and holistic therapies, catering and photography. However it must be taken into consideration that only four out of ten people who set up their own business make a full time job from it. For many it just remains a side line for making a bit of spare cash.

If you are thinking of setting up your own business it is important to realise that it takes on average six to nine months before you start to make a profit. We would recommend that you keep your day job or start working part-time if possible in the early days. Research your chosen field well and be aware of competitors. Perhaps back up your skills with a course or professional qualification to aid your credibility. It is also very important to seek advice from any relevant professional bodies to check any regulations, tax implications, insurance and financial protections you may need.

The law changed in April meaning that online traders are allowed to earn up to £1,000 tax free per annum. However, some outgrow this exemption.

Many traders start off in a small way and assume their activity is treated as a hobby. However, if you repeatedly buy things to resell, make things with a view to selling them, or

frequently sell items online in order to make a profit, then you are trading and should notify HMRC. If you are unsure, we suggest you seek professional advice.

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