

Lockdown start-ups

The pandemic and intermittent lockdowns have been a difficult time for many businesses and employees alike. While some have thrived, many have lost their jobs or been furloughed. This situation however has resulted in a boom growth of start-ups and people turning their hobbies and side hustles into money-spinners. It has been a unique time to break with routine - to slow down, take stock and explore business ideas.

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, face masks, furniture, baby gifts and pet accessories on websites such as Etsy or Not on the High Street. Other popular areas have adapted to the situation we are currently in at the moment - offering online services such as online health and fitness classes, food delivery, subscription services and virtual classes such as sewing and wine-tasting.

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 current job if possible in the early days and build up your new venture in your spare time. Research your chosen field well and be aware of competitors. Start-

ups that can trade and market themselves digitally are at an advantage during the pandemic than those that rely on face-to-face contact with their customers. Social media can help a great deal, reaching out to the local community through Facebook and Instagram for example. Perhaps you could back up your skills with an online 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.



Many traders start off in a small way and assume their activity is treated as a hobby. If your annual sales (income before any costs are deducted) are below £1,000 you will pay no tax as you can claim exemption under the tax-free trading income allowance. However, if your annual gross income exceeds £1,000 you may need to submit details to HMRC. If this is the case we would recommend that you seek advice from an accountant - it may not be necessary to complete a tax return, but the criteria that determines when tax needs to be paid is fairly involved and will vary on a case by case basis.

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