



BUSINESS & PERSONAL TAX SUPPORT

Why multiple income streams make sense 2023-24



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Businesses and employed persons have both had their assumptions about income security challenged by the recent COVID pandemic and the continuing disruption to global trade following the outbreak of hostilities in Ukraine.

In this information sheet we have suggested a number of ideas for creating additional income streams. After all, in challenging times it pays to avoid having all your eggs in one basket.

The major source of new income for businesses that sell to consumers is utilising the internet. We have set out a few ideas to consider on this topic below.

What did we learn during the pandemic?

Primarily, that we can take nothing for granted.

Customers may have been denied access to your business during periods of lockdown and teams fragmented, obliged to work from home or furloughed.

The suggestion in this discussion paper is that we should no longer rely on one source of income to pay our bills. Instead, we should seek out and consider building multiple income streams.

In this way, we would become more adaptable and able to survive, financially, if future challenges with the same disruptive effects as the pandemic, re-occur.

Income streams you may be able to create

The following suggestions may or may not suit your circumstances, but most of us will have options to supplement our income. The key is to explore these options.

Individuals

- Rent out your drive or DIY equipment.
- Rent a room in your home.
- If you have the capital, buy and let property and keep the day job.
- Turn your hobby into a small business utilising online shopping platform such as Etsy.com.
- Offer to write copy for business owners on your specialist topic.
- Hire your car to third parties.

- What other skills do you have? Look for part-time employment in more than one sector. For example, drive a taxi and deliver for supermarkets.

Business owners

- Sub-let surplus office space, warehousing, or factory space.
- Do you have under-utilised plant, vehicles, or other equipment that you could hire out?
- Do you have staff that you want to retain in your business long-term that you could sub-contract to other firms for limited periods?
- Could you franchise your business?

And last, but very definitely not least:

- Could your business develop an online sales platform?

Selling online

Using an online sales outlet has benefitted many businesses during recent disruptions to trade.

Retailers in particular have used this strategy to maintain some semblance of sales activity.

Enterprising wholesalers have used the internet to sell direct to consumers when their retail customers were forced to close. In many cases this has resulted in an increase in profits; retail margins being higher than wholesale margins.

Numerous home-based based hobbyists have used Etsy.com or similar ready-made online shopping markets to turn their hobby into a small business.

What are the choices that retailers can make when considering online sales?

Ready-made online markets

Etsy.com and similar online markets offer a place online for you to set up a stall and sell to an existing list of willing consumers. No marketing costs, no need to drive traffic to your stall. But you will have to pay a commission on each sale you achieve.

Bespoke online markets

Alternatively, you could use Shopify.com or similar platform and build your own online shop. No commission to pay on sales but you would have to

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create your own database of online customers and fund the appropriate marketing costs to keep them engaged with your offerings.

Your first port of call if you want to try this option is probably your website developer.

Considering your options – we can help

When times are good very few of us are going to want the hassle of investigating and implementing a variety of income producing activities.

The aim of this discussion paper is to underline the fact that we can no longer rely on the status quo. What was so yesterday, may not be the norm tomorrow.

In which case it probably makes sense to at least consider the notion that it may be possible for you to create multiple income streams and be better placed to ride out the challenges created by the COVID pandemic and similar events.

We all have very different financial circumstances and there is no universal solution to this conundrum. There are tax concessions if your income from micro-business or rentals is below £1,000 for each source and trying out options at this level of activity may help you to filter out schemes that work or should be disregarded.

Whatever your circumstances, please call as we can help you consider your options.

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