

# Matrix Payroll

## Working as a Sole Trader

Setting up a business bank account

In order to work for Kingston Music Service (Royal Borough of Kingston upon Thames) in a freelance capacity, you will need to be paid into a business bank account. This document from our payment provider, Matrix, explains why.



## What is a business bank account?

Business bank accounts are similar to personal bank accounts, but are used for business transactions by sole traders, partnerships, companies, clubs, societies or charities.

## Why is this required?

As a business, we have certain obligations to ensure we operate in a financially ethical and compliant way. In particular:

**Tax Evasion** – businesses could be guilty of a criminal offence under the Corporate Criminal Offence (CCO) legislation if an ‘associated person’ – for example an employee, contractor or supplier – facilitates tax evasion. Payments into personal bank accounts are not governed by tax & financial statement filings.

**Anti-Money Laundering** – Banks conduct additional checks against business bank accounts which help to identify and prevent money laundering practices.

## What are the benefits?

There are a number of benefits to using a business bank account to manage your sole trader earnings instead of using a personal account, such as:

- Keeps business income and expenditure [separate from personal finances](#) (recommended by HMRC)
- Can help prevent you from [personal legal liability](#)
- Some business accounts may come with accounting software, or be able to sync with online accounting software, which can help to [simplify tax returns and managing finances](#)

## How to choose the best business bank account?

It is important to consider the features of an account when making your choice, such as:

**Account Fees** | Many banks impose fees on business accounts, though some are fee-free

**Transaction Limits** | You may need an account without a cap if regularly transferring large sums

**In-credit Interest** | Some accounts earn interest on the balance in the account

**Eligibility** | Ensure you meet the provider’s conditions, which may include a minimum turnover

Using online comparison sites are a good place to start your search, allowing you to compare different accounts, fees and features. These can be found easily by searching online.

Speak to your personal finance advisor for expert advice before making financial decisions.