

# Running a business from your home

## What's needed when operating from home

There are a number of business that can be run from home, all of which are subject to different regulatory requirements and practical considerations. Typical types of home-based business include arts and crafts, home baking, therapies, hair and beauty, pet care, bed and breakfasts, freelance services and those that have been developed from hobbies.

This guide describes the legal and practical aspects of running a business from home. It identifies key legal issues including tax, rates, planning permission, trading licences, insurance and health and safety. It also highlights practical considerations relating to security, document retention, IT and administration.

## Landlord and mortgage provider permission

Anyone intending to trade from home should inform their mortgage provider or landlord and check that they are allowed to do this under the terms of their mortgage or tenancy agreement.

Landlords may be unwilling to grant permission if, for example, there will be nuisance to neighbours caused by unreasonable noise or parking problems due to frequent deliveries to the property.

## Planning permission and building regulations approval

In many cases businesses are so small scale that they do not involve a 'material change of use' and, therefore, do not need planning permission to set up. However, if it is necessary to extend or adapt part of the home or substantially change its use, planning permission may be

required, in which case an application should be made to the Planning Department.

Converting an outbuilding into an office or workshop, or making a home primarily a place of business rather than a residential property, for example, needs planning approval before any changes can be made.

Proposals to set up fully fledged commercial businesses in residential properties is strongly resisted by the Planning Department due to housing shortage, the likelihood of disturbing neighbours, and the availability of land and buildings more suitable for the purpose elsewhere.

For more information see the [Planning Advice Notice](#)

## Trading licences

If you wish to trade from home as a Sole Trader (one person) or Partnership (two or more persons) in Jersey, it is a legal requirement to apply for and obtain a [New Business Licence](#) which is issued by Business Licensing. Visit our [Starting up as a Sole Trader or Partnership in Jersey](#) page for comprehensive information.

Certain types of business will require additional licenses or registration apply regardless of whether or not the business is run from home. Examples of these that are required for homebased business include:

- Taxi and private hire
- Skin piercing and tattooing
- Massage and special treatments
- Animal boarding or home boarding
- Food Business Registration.

You can find out more on the [Industry specific licences and regulations](#) here.

## Insurance

Most domestic home and contents insurance policies do not include cover for business activities. For example, anyone running an ecommerce business from home will need to insure their stock against theft or accidental

damage. If it is intended to store business equipment or stock in a garage or shed, it will be necessary to check that this can be covered.

Insurance providers may require the home owner or occupier to take out specific business and contents cover, either as an extension to the existing home insurance policy or under a separate policy. Existing home contents insurance cover may also be invalidated and claims refused (even if the loss claimed is not connected to the business) if the insurance provider has not been informed that a business is being run from the property.

## Rates

How much you need to pay in Parish rates depends on the rateable value of land (which you either own or occupy). This is assessed by the rate assessors elected by your Parish. It also depends on whether your land is assessed as being used for a 'domestic purpose' (ie it is wholly or mainly used as a private dwelling) or for a 'non-domestic purpose' (ie for any other purpose).

Parish rates are set by the Parish Assembly (which is made up of parishioners and ratepayers, not parish officials). The amount of rates that each parish needs to collect depends on the budget for the year (this is agreed by the Parish Assembly). This means that parish rates differ depending which parish your 'land' is in.

## Liability for tax

Personal income tax in Jersey is based around a 20% rate of tax. There are tax exemption thresholds that keep you from paying tax if your income is below the exemption threshold in the year. If your income is over the exemption threshold you will pay tax, but the exemption threshold and any other deductions you are entitled to claim are used to calculate your tax using a marginal rate tax calculation. More information at [personal tax for business owners](#).

Deductions are available to sole traders that use their home for business purposes. The deductions allow expenses incurred when using a home for business

purposes to be offset against taxable income. There are two options available:

1. Claim a notional £520 for the use of your home as office. This covers utilities etc. It's still possible to claim any direct business costs at home in addition to this such as telephone, printing etc.
2. Add up your total home costs such as electric, water, oil, home insurance, cleaning, telephone (if not already claiming this). You can't claim mortgage costs in this calculation.

The total amount incurred should be divided by the number of rooms in the house – but don't count hallways and toilets as rooms. So if total costs came to £5000 and you had 6 rooms in the house and one was used for an office the claim would be equate to £833.

Any other home costs that are incurred wholly for business purposes such as office equipment, computers, telephones, printers, desks, chairs etc. should be claimed separately in addition to the home as office claim above.

Anyone planning to use their own vehicle for business purposes needs to keep detailed records so that they can separate their business from their private mileage and claim for business miles as a business expense. [Tax deductions for employment expenses](#)

## Health & safety

Article 3 of the Health and Safety at Work (Jersey) Law 1989 places a duty on employers to ensure, as far as is reasonably practicable, the health and safety at work of their employees. Article 5 of the Health and Safety Law places a duty on every employer and on the self-employed to conduct their undertaking in such a manner as to ensure, so far as is reasonably practicable, that he or she and other persons are not exposed to risk. The law does not differentiate on where the business is conducted from.

If the person running a business from home is self-employed or the employer they need to ensure that their

activities do not expose them or others who may be affected to risk. As most work carried out in the home is low risk they should assess the risk to themselves and others and take steps to control it.

More information is available here [Homeworkers H&S Guide](#)

## Security

Before starting to trade from home, it is important to consider whether additional security, such as a burglar alarm or window locks, will be needed. Setting up a home-based business may raise the level of insurance premiums and insurers may require certain security measures to be in place before agreeing to provide cover.

If the business deals with high volumes of cash or cheques, adequate storage, such as a small safe will be required, and money should be paid in to the bank on a regular basis.

## Data protection

If you run a business you are required to register with the Jersey Data Protection Authority as required by the Data Protection (Jersey) Law 2018 and this can be done online. The fee for notifying the [Commissioner](#) is £50 per year.

The Data Protection Law places strict conditions on the storage, management and use of personal data. It stipulates that personal data must be used only for its clearly intended purpose and held securely. For example, anyone running a business from home must ensure that paper records that include personally identifiable information about individuals are kept securely. They must also take measures to prevent laptops and USB memory sticks that contain personal data being lost or stolen

## Document retention

Business proprietors must keep records of all receipts and expenditure for tax purposes. The exact records kept depend on the type and size of the business, but they must be sufficient to enable the completion of a precise and accurate tax return. All sales and other business receipts and details of expenses incurred should be

recorded and the records kept secure.

If staff are employed, records must be kept covering all wages, ITIS, Social Security payments and deductions. Employers' liability insurance policy details must be available for staff to view, and a record of all insurance policies held should also be kept.

There are specific rules relating to document retention depending on the type of business being set up from home, for example under food legislation a business proprietor must keep records relating to supplies received, customer orders and food hygiene procedures.

## **IT and telecoms**

To avoid the possibility of a family member answering a business call you may want to install a separate telephone line. A benefit of this is that the cost of installing and maintaining the line can be claimed as a business expense.

You will probably want to connect to a broadband network and there are a number local companies providing suitable domestic services.

IT and cyber security is a crucial issue and especially so if you are running a business from home. It is important to ensure that firewall and antivirus software is in place to protect any business information, records and data that are stored on PCs, laptops and tablets. There are also various cloud-based data storage and software options that are useful for anyone running a business from home.

## **Administrative support**

If there is unlikely to be sufficient time to deal with day-to-day business administration but the cost of an employee cannot be justified, a freelance 'virtual office assistant' could be engaged to provide administrative support. Virtual assistants (VAs) can undertake a wide range of admin tasks and provide tailored services for anyone running a home-based business.

VA duties typically include telephone answering,

bookkeeping, typing and filing, event or travel booking and data entry. Some VAs provide specialist services such as website updating and design, desktop publishing or marketing. They usually charge between £10 and £30 per hour, depending on the services required.

## Receiving mail

Setting up a Post Office box number or commercial mail redirection service can be useful to restrict the amount of business mail received at your home address. More information from Jersey Post at [PO Box Numbers](#)

## Relevant Links

- > [Planning Advice Notice](#)

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- > [New Business setting up](#)

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- > [Starting up as a sole trader or partnership in Jersey](#)

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- > [Industry specific licences and regulations](#)

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- > [Personal taxes for business owners](#)

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- > [Tax deductions for employment expenses](#)

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- > [Homeworkers H&S Guide](#)

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- > [Office of Information Commissioner](#)

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- > [JACS](#)

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- > [Social Security for business owners](#)

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- > [Business Licensing](#)

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- > [PO Box Numbers](#)

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- > [Setting up a catering business](#)

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