Working for yourself: life as a sole practitioner in tax

General Features



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Life as a sole practitioner has always been attractive to some tax advisers. We ask some of those who have already taken the leap to share their advice.

Key Points

What is the issue?

Currently, 8% of the members of CIOT and ATT work as sole practitioners – and doubtless others are considering the leap to self-employment.

What does it mean for me?

Many sole practitioners launch their careers with a few clients already lined up but your business will only continue to be successful if you can keep the work coming in.

What can I take away?

You need broader skills than your tax expertise to set up as a sole practitioner. You will be effectively running your own business and must be prepared to take on the broader business skills required by any organisation.

The last few years have driven many of us to take stock of our lives – from assessing the way our careers are unfolding to daydreaming about where we would like to live while we pursue them! The professional opportunities in tax – as we all know – are many and varied. But something about the complexities of the Covid outbreak, coupled with the unexpected requirement to work remotely for an extended period of time, has led some of us to consider a complete change of focus.

Currently, 8% of the members of CIOT and ATT work as sole practitioners – and doubtless others are considering the leap to self-employment. Everyone working for themselves will have a unique experience but there are some common issues it is essential to consider.

We have asked some of the sole practitioners who are closely connected with CIOT and ATT to share their experiences about the benefits and challenges that decision can bring.

Why make the transition?

There seem to be as many motivations for taking the leap to work on your own as there are sole practitioners. Perhaps that shouldn’t be surprising but it does emphasise how it allows advisers from a wide range of backgrounds to find their own niche.

Sofia Thomas, set herself up as a sole practitioner in 2016 as Thomas Consulting, before moving on to launch Juno Sports Tax about 18 months ago. When we spoke to her, she was honest about the difficulties of juggling being a parent and working long hours, sometimes being out of the house for up to 14 hours a day. ‘I thought, if I’m going to work this hard, I might as well do it for myself.’ She had watched both her parents run their own businesses, which gave her more confidence, she added. It was a decision she has never regretted.

Claire Shelemay took the opportunity to set up her practice in Israel, where she started work as a sole practitioner in Crownstone Consulting. She had moved from London to Israel for personal reasons five years earlier, travelling back and forth between the two places to bring work into the UK market for her employer. ‘After my second maternity leave, I decided to take the plunge and start my own company. I have a niche of dealing with Israelis investing into the UK market or physically moving to the UK or moving their business interests there. Because I’m based in Israel, I thought that I’ve got a good network out here.’

Sometimes, though, it can seem as if it is just meant to be. Mala Kapacee now runs her own tax investigations consultancy, London Tax Network Ltd. She hadn’t been planning to set up as a sole practitioner but when she was clearing out her desk at 4pm on her last day in employment the phone rang. ‘It was a client I’d had from a different firm about five years before, who needed some help. When I said I didn’t work there any more, they gave me their number and asked me to call. And that was my first client.’

Preparing for the culture shift

It won’t come as a surprise, but the biggest impact of setting up as a sole practitioner is the challenge of working alone. Whether you are working at one of the Big Four firms or a small local practice, you will be used to being surrounded by others – colleagues, contacts and friends – on a daily basis. When you are tackling a tax problem, your colleagues can provide you with information, expertise, a fresh perspective and a sounding board while you talk things through. Adjusting to the sudden loss of this was an issue for everyone we interviewed.

David O’Keeffe worked his way up to the position of tax partner at KPMG before he left 11 years later, and that culture shift was one of the first things he noticed. ‘I’ve often said that the thing I missed was just being able to swivel your chair around and say to somebody, “What do you think about this issue? Do you think I’ve got this right?” You are literally on your own, and that was a big culture shock.’

Everyone advises that maintaining a support network is of vital importance. Katherine Bullock, a specialist tax barrister, took the decision four years ago to move to Yorkshire and set up her own chambers. Perhaps because life as a barrister had been some preparation for working as a sole practitioner, she knows how important it is to maintain those networks of contacts in your new undertaking. ‘Don’t

underestimate the value of your colleagues and the networks where you share your knowledge and expertise. In so many ways, that network is still there if you decide to practice on your own – it's just a question of tapping into it.'

Mala Kapacee agrees, as the nature of her work means that she can find herself working in many different areas of taxation. 'As a sole practitioner, you need a network. In tax investigations in particular, you find yourself working across so many different aspects of tax that it's not possible to be technically brilliant at them all. You want to be able to reassure clients that they can ask you anything – and that if you don't know the answer yourself, you can guarantee to find someone who does.'

The ability to build and maintain a circle of contacts in the field is one of the most vital steps to take when you're setting up as a sole practitioner. Obviously, the CIOT and ATT – both through their central support and local branch networks – can be invaluable in helping you to make this shift.

The practicalities…

As well as a support network, there are some other basics that you will definitely need in place as you transition to self-employment. The one requirement that everyone seems to agree on is the need for some financial security while you are establishing yourself as a sole practitioner.

Sofia Thomas recommends that you have three months' rent or mortgage costs set aside before you make the leap, which seems to be the consensus for a minimum starting point. Even if you take the leap with a thriving client list, you will find it reassuring to know that you have some ballast if you hit an unexpected quiet patch.

Another decision is the location of our place of work. Homeworking is something that we have all become much more comfortable with since our collective experiences of Covid. With Zoom and Microsoft Teams, our ability to work remotely has increased almost exponentially. And although many jobs in taxation – though by no means all – are based in London or other major cities, this is no longer a requirement for the sole practitioner. Katherine Bullock relocated to Yorkshire when she set up her own chambers. 'Everything was online and it became apparent that you didn't need to travel to a particular place to practice.'

Some practitioners prefer to set themselves up in an office outside their home, although many choose to work from a home office. As David O'Keeffe recalled, 'I did look into the prospect of renting office space and then realised, what's the point? You work on your own, whether you work in an office or at home.' What is more important, he says, is the need to be self-disciplined.

When you work for an organisation, a certain amount of discipline is 'imposed' on you. If you work for yourself and miss deadlines, no one is going to chase you but your clients. Most tax advisers contemplating the move to sole practitioner will almost certainly have a very solid work ethic, of course. You should remember, though, that the need to regulate your time works in more than one direction. As David O'Keeffe put it: 'It works the other way as well. You've got to be disciplined enough to take time out from the work and have some free time.'

The skills beyond tax

You need broader skills than your tax expertise to set up as a sole practitioner. You will be effectively running your own business and must be prepared to take on the broader business skills required by any organisation.

'I'm always trying to improve on how you best monetise your skill,' explained Sofia Thomas. 'That's a gap that isn't taught in schools, it isn't addressed in professional exams. So where do you get that knowledge from? We all know how to work in tax but you also have to manage the business that you're working in. You need to want to learn and understand that skill as well.'

The lack of back office support really struck David O'Keeffe in the early days: 'It's credit control, all the money laundering supervisions, the know your client checks, the money laundering checks. It might be obvious but when you're a sole practitioner you have to do everything and that was a bit of a shock. It sometimes still is!'

Mala Kapacee agrees: 'In one of the big firms, you don't always see what goes on behind the scenes. As a business owner, you have to do the engagement letters and the billing. And there will be no one to tell you how many pens to order!' She sets aside fixed times in her calendar year to tackle certain essential tasks, such as her anti-money laundering training and indemnity insurance.

You will need at least some minimal IT skills to keep things running smoothly but may benefit from some broader experience. Claire Shelemay built her own website when she set up as a sole practitioner. ‘I actually enjoyed doing that,’ she said. ‘When you’re building something for yourself, you know what you’re passionate about and what you’re trying to communicate.’

Marketing and promotion

Perhaps the crucial non-tax skill, however, is marketing your services to ensure a regular run of business. Many sole practitioners launch their careers with a few clients already lined up but your business will only continue to be successful if you can keep the work coming in.

Equally, though, it’s important to remember that as a sole practitioner you can only manage a certain quantity of business. Don’t take on everything you’re offered if it means unmanageable pressure or 14 hour days!

Marketing is perhaps as much an art as a science. David O’Keeffe explained how he had to learn to strike the right balance: ‘There were times early on when it was like a rollercoaster of masses of business development. But then the work comes in and you can’t do any business development because you’re doing all the work. And then the work’s finished so you start on business development again. You then have to evolve a way of keeping the work flowing in at a level that you can manage and pays the bills.’

Some of us find that a real benefit of working as a sole practitioner. ‘I enjoy the business development,’ says Claire Shelemay. ‘You can build brand awareness through things like writing articles. You need to build a network, build relationships, keep up those relationships, attend events. The business skills – the soft skills – are very important.’

The benefits

Some of the greatest benefits to draw from life as a sole practitioner are the freedoms open to you. You have control over the work you will take on and the areas you choose to specialise in. That intellectual freedom is something that has definitely attracted Katherine Bullock. ‘I like the freedom of it – the ability to choose exactly what work I will take on and what work I won’t. It’s the freedom to control

my time, to control my work, to focus on the areas that really interest me and to take the time that I want to over it.’

There are other more practical freedoms too, of course. Everyone spoke of the more personal benefits that this route offered to them. Mala Kapacee has taken the opportunity to take law exams and has been enjoying the opportunities for development that might have been difficult when she had to be mindful of time sheets. But there are also personal freedoms, as she explained: ‘If I’ve got a quiet day, I’m not chained to my desk for seven hours. I can do things I enjoy and spend time with friends and family. And for me, that level of flexibility and independence is what I want in life. I don’t feel like work takes over, and because of that the work becomes so much more fun. I might end up preparing a presentation at the weekend, but it’s something I enjoy doing.’

In short, you need to carefully weigh up the pros and cons, and see if it is a lifestyle and career that would work for you. As Katherine Bullock said: ‘You need to think very practically about it. You need to think commercially about it. What are you going to do? How much will things cost? Can you support yourself? Where will your work come from? How will you give a professional service? The more time you spend planning, the easier it will be to start – but eventually you just need to jump in and see how it goes.’

She did have one final piece of advice – an old proverb told to her by a friend who was making a similar move. ‘Birds don’t question the branch they stand on because they trust their wings.’ If you have confidence in your own abilities and take the leap, hopefully you too will land on your feet.

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