

DOG HOME BOARDING: DO I NEED A LICENCE?

Can I earn £1000 from Home Boarding without a Home Boarding Licence?

Are your friends or colleagues telling you that you do not need a Home Boarding Licence? If you are living in England and are considering adding this service to your business, here is some information to help you to understand when you need a licence and when you do not.



Home Boarding and the HMRC Trading Allowance

DEFRA say:

“To decide if an activity is covered by the regulations and needs a licence to operate, you should consider all of the following guidance.

All dog home boarding activities need a licence if they’re carried out as a commercial business.

To decide if an activity is a business and will need a licence, consider if the operator:

- makes any sale or carries out the activity to make a profit
- earns any commission or fee from the activity

You should also consider HMRC’s 9 badges of trade. If someone has a trading income below the HMRC trading income allowance, they do not require a licence for their activities.

If someone has a trading income above the HMRC trading income allowance, they do not automatically qualify as a business.”

Ref: DEFRA HOME BOARDING GUIDANCE (February 2022 onwards)

This means that the decision as to whether you need a licence to offer home boarding is not just about how much you will earn.

A commercial business will operate for profit, and will advertise their services, and this includes answering requests for services on social media.

If your entire income from self-employed work for the year is less than the current Trading Income Allowance, you are not a business - however anyone that can survive on an income of (currently) £1000 per year, they can probably find easier ways to make their pocket money than home boarding, as the cost of business insurance alone would severely reduce those meagre earnings.



DOG HOME BOARDING: DO I NEED A LICENCE?

HMRC

The £1000 that people on social media refer to when claiming that they do not need a Home Boarding licence is your HMRC tax-free allowance for property or trading income, which begins each year on 1st April. It is not a hard figure of £1000, it is whatever HMRC determine it to be at the start of each trading year.

Trading income is separate to any income that you earn from being employed, receiving a pension or claiming benefits. It is an allowance that is available for people who are earning an income through self-employed status and through their hobbies (known as 'casual earnings'). Everyone, whether self-employed, or employed, or receiving a pension or benefits has this allowance.

Self-employed people must add together all their annual earnings from any channel (including casual earnings) and remain under the £1000 threshold to utilise this allowance.

There are also restrictions on using the trading income allowance if you own your own business or are connected to a company or partnership.

Those employed, receiving pensions or benefits (assuming that they are not also self-employed) must add together all their casual earnings and remain under the £1000 threshold to utilise this allowance.

Trading income is about INCOME, TURNOVER or "EARNINGS". If you wish to deduct your expenses from your gross income, you cannot use the trading income allowance. If you wish to deduct your expenses or costs from your income, the trading allowance is not applicable, and you must report your earnings to HMRC in the usual manner.

The "£1000" referred to on social media is the HMRC Trading Allowance, and in the most part it is referred to incorrectly.

The HMRC Trading Allowance and Home Boarding:

- If you are not eligible for this allowance, you need a home boarding licence.
- If your self-employed total earnings exceed the HMRC Trading Allowance for any type of work, you need a home boarding licence.
- If your casual earnings through any channel exceed the HMRC Trading Allowance, you need a home boarding licence.
- If your self-employed earnings plus your casual earnings exceed the Trading Allowance, you need a home boarding licence.

DOG HOME BOARDING: DO I NEED A LICENCE?

You will notice that none of the reference articles refer to Home Boarding. That is because your Trading Allowance is nothing to do with what you are doing as a job, it is an allowance that is applied to any product sale or service that you choose to offer as a self-employed person. If you are a self-employed Window Cleaner and a Home Boarder, this is one income. One Trading Allowance. You do not get a Trading Allowance for being a Window Cleaner, and another for being a Home Boarder. Consider this when a friend or colleague tells you that, (as a Dog Walker, as a Dog Groomer, as a Dog Trainer etc.) "You can earn up to £1000 as a Home Boarder before you need a licence, because it is not your main job".



The Badges of Trade look at business details such as the frequency and repetition of transactions, the nature of the asset, and connection with an existing trade (which is very relevant to those providing other dog services as a self-employed income). **BIM20270**
Connection with an existing trade ask: "Is the transaction in question in some way related to the trade which the taxpayer otherwise carries on?" which would indicate that Home Boarding is related to Walking and Pet Sitting services, so it is a Badge of Industry and therefore a commercial activity requiring a licence.

EXAMPLES

Jean is retired. She earns £700 a year from home boarding and sells home-made jewellery at the Sunday market, usually making around £400 a year. Her total trading income is £1100. Jean needs a home boarding licence unless her local authority tells her otherwise.

Barbara works part time in a school and home boards during the school holidays. She earns £9,500 from her employer, and £950 a year from home boarding. Barbara does not need a home boarding licence unless her local authority tells her otherwise.

Krystal is a self-employed dog walker that also boards 2 of her client's dogs as they are not good in kennels. She earns £12000 a year from her dog walking business, but only £450 from boarding the dogs. Krystal's total trading income is £12450 a year. As Krystal owns her own company, she is not entitled to the trading income allowance – so she needs a home boarding licence unless her local authority tells her otherwise.

Alan takes home boarding dogs through an online agency. The agency pays him when the owner's book in, but he is classed as self-employed. Alan also does a bit of gardening in the local area (he doesn't advertise), and he buys and sells coins on eBay as a hobby. All of Alan's income from the home boarding, the coin collecting, and the gardening must be totalled together to class as his trading income. As his total earning before expenses is £1300, Alan needs a home boarding licence unless his local authority tells him otherwise.

DOG HOME BOARDING: DO I NEED A LICENCE?

SUMMARY

It is more likely than not that once you add up all your self-employed earnings and your casual earnings, you will need a home boarding licence. The trading income allowance is not based on profit – it is based on total earnings from all types of casual earning and self-employed income.



Ultimately, right now **it is up to your Local Authority**. Do not take advice from others on social media or through online hosting platforms, as if you trade without home boarding licence and your local authority deemed that you should have one, the fine cannot be waived due to what others have told you. It is your responsibility to check if you need a home boarding licence in your borough, and it is easy to check.

When you have carefully considered your earnings and are clear on what you earn, contact the licence department in your local authority and ask them to confirm that you have correctly assessed their requirements. **MAKE SURE THAT YOU HAVE THEIR DECISION IN WRITING**, as this will help if the personnel in the licence office change and the new staff have a different view on the requirements for home boarding licences.

Additionally, **you may struggle to obtain or claim from your business insurance** if you are offering home boarding without a licence, and even if you can obtain it, you may not be able to claim without a licence number if something goes wrong. This is the main reason why it is crucial to get the decision from your council in writing, and from a named person rather than an anonymous centralised department.

The rules are not easy to navigate, but it is easy to check with your local council, so ask their advice and follow their instructions. Working with animals is both wonderful, and rewarding, so it is worth starting out on the right path when considering offering a Dog Home Boarding service in England. Good luck!

Further Information

For further details, and to purchase the document templates mentioned in this Help Sheet please go to www.support4petbusiness.co.uk.

Sources

Article written by www.support4petbusiness.co.uk

<https://www.gov.uk/guidance/tax-free-allowances-on-property-and-trading-income>

<https://www.litrg.org.uk/latest-news/news/211202-are-you-using-trading-allowance-correctly>

https://www.theaccountancy.co.uk/self_employed/can-i-use-the-trading-allowance-57305.html

<https://www.gov.uk/government/publications/animal-activities-licensing-guidance-for-local-authorities/home-boarding-for-dogs-licensing-statutory-guidance-for-local-authorities>