

Multiple business registrations at a single postcode: 2018

Business demography explainer covering additional information on the impact of multiple registrations at a single postcode.

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1 . Background

The [Inter-Departmental Business Register \(IDBR\)](#) holds the number of businesses registered for Value Added Tax (VAT) and/or Pay As You Earn (PAYE). Aggregated information on these businesses is published in two of our publications: [Business demography](#) and [UK business: activity, size and location](#).

Multiple registrations impact lower geography analysis in these two publications. Since most of these cases appear on the IDBR for a few months only, they present more difficulty for the Business demography publication, which records the number of businesses trading throughout the reference year. The UK business publication records the number of businesses trading at a specific point in time.

The Business demography publication shows the number of businesses that were actively trading during a year. It also records the number of business births (new business registrations), deaths (businesses that have ceased to trade, identified through deregistration of administrative units) and survival rates. These data are broken down geographically into country, region and local authority district.

2 . Aim

This article gives insight into the issue of multiple registrations at a single postcode. Based on the current methodology of the Business demography and UK business publications, which includes all businesses registered for Value Added Tax (VAT) and/or Pay As You Earn (PAYE), it is not appropriate to exclude all multiple registrations. However, we understand that one of the reasons that the Business demography data are used by local authorities is for planning purposes and these multiple registrations can cause issues. Therefore, we aim to make users aware of some of the reasons for multiple registrations and have produced [a table based purely on postcodes where there are more than 500 businesses births](#) (businesses newly registered for VAT or PAYE).

The analysis is broken down to local authority level, and users can see the effect these multiple registrations have had on the births data. The business survival rates data are calculated as a percentage of the births data. Therefore, these tables can be used to see the effect that multiple registrations have had on survival rates.

3 . Reasons for multiple registrations at a single postcode

In recent years, the number of multiple registrations observed on the Inter-Departmental Business Register (IDBR) at a single postcode have increased. This can cause large fluctuations and it can distort lower geography data analysis. It was always recommended to treat data with caution when it is broken down to the lower geographical level.

There are several reasons why these multiple registrations can occur. For example:

- the increase in the use of management and personal service companies
- the use of formation agents to register a new business with Companies House
- virtual offices
- the presence of the HM Revenue and Customs (HMRC) local offices
- foreign online sellers

4 . Potential impact of multiple registrations on the publications

Business demography

In certain local authorities, this has caused:

- large increases in business births
- large increases in business deaths
- poor one-year survival rates

UK business: activity, size and location

This has caused large year-on-year fluctuations.

5 . Management and personal service companies

There has been an increase in the number of temporary staff, for example, supply teachers, drivers and nurses setting up their own limited companies. In these cases, when the person registers as a limited company they are the only employee and are also the owner or director of the business.

Very often these limited companies, sometimes referred to as personal service companies, are using a management company and are registered at the address of the management company rather than the individual limited company address. These businesses may only exist for a few months, to cover the period of the temporary contract. They register for Pay As You Earn (PAYE) and are picked up on the Inter-Departmental Business Register (IDBR). In extreme cases, several thousand businesses can be registered at a single management company address. These are a true reflection of the number of businesses overall, but the lower-level geography is distorted because they reflect the management company address rather than their own. In some cases, these businesses can be recorded under the activity of the management company rather than their own individual Standard Industrial Classification (SIC).

When new businesses are registered as limited companies by temporary workers and contractors, their survival rates can be shorter. For example, in the initial year the area could show a higher than normal business birth rate, but then the following year there could be an adverse effect on the business death rates that will result in lower business survival rates.

To see the impact of multiple registrations at local authority level, please see [Table 1](#).

6 . Company formation agents

It is becoming common for new businesses to use a formation agent in order to register their business with Companies House. As well as dealing with the incorporation of the business, the formation agent offers a number of services to support the new business. One of the services is to provide a registered office address. In some cases, the formation agent can register thousands of businesses at a single address.

To see the impact of multiple registrations at local authority level, please see [Table 1](#).

7 . Virtual offices

Virtual offices offer a chance for a business to register their office address in a prestigious location. Often these are prime UK city locations. The services offered to businesses vary but can include the use of a registered address, mail forwarding, call answering and use of meeting rooms. Again, the presence of this type of business in a local authority can cause multiple registrations at a single postcode.

To see the impact of multiple registrations at local authority level, please see [Table 1](#).

8 . HM Revenue and Customs local Value Added tax offices

The presence of a local Value Added Tax (VAT) office can impact the data of a local authority in the cases where the businesses registered for VAT carry the address of the VAT office.

For example, businesses holding the VAT office address in Grimsby distort the figures for North East Lincolnshire. The Grimsby VAT office deals with the liable no longer liable (LNLL) type of registrations. These registrations carry the address of the Grimsby VAT office and influence the data for the North East Lincolnshire unitary authority. Analysis was previously published to show [the effect of the Grimsby VAT office on business survival rates in North East Lincolnshire](#). After obtaining further information from HM Revenue and Customs (HMRC), a decision was made to remove the businesses holding the Grimsby VAT office address. In the 2017 publication, all data have been revised back to 2012 to reflect this change.

The VAT office in Aberdeen has had an impact on both the 2017 and 2018 Business demography publications. If an overseas seller does not have a UK business establishment or has not appointed a tax representative, then HMRC may ask for the seller to make their trading records available at the Aberdeen office. If, as a result, the seller has to register for VAT in the UK, then very often the address of the VAT office is used. Owing to an increase in foreign online sellers registering for VAT, there has been an increase in the use of the Aberdeen VAT office address for multiple registrations. To show the impact of these multiple registrations in Aberdeen, we have calculated the data with and without the Aberdeen VAT office address. Please refer to the footnotes on each table. We will monitor the situation and, if possible, exclude these registrations from future publications.

9 . Foreign online sellers

Foreign online sellers selling their goods in the UK now need to register for Value Added Tax (VAT) with HM Revenue and Customs (HMRC). Very often, these VAT registrations use the address of a management company or accountancy firm.

To be included in the publications, a business must have activity in the UK. Therefore, the foreign online sellers should be excluded from the Business demography publication. As these businesses can use the registered address of a UK management company or accountancy firm, they can be hard to identify. Every effort is made to exclude these businesses from the publications.

10 . Appendix

Table 1: Count of births per local authority district of new enterprises at postcodes with 500 or more businesses UK, 2013 to 2018

	2013	2014	2015	2016	2017	2018
Cheshire East	:	:	:	:	2,105	:
Bury	:	:	:	1,000	1,060	:
Manchester	:	:	:	2,065	4,190	2,080
Salford	:	:	:	:	:	1,525
Rossendale	:	:	:	:	605	:
Liverpool	:	:	:	:	1,245	1,765
Doncaster	:	:	690	:	:	:
Bolsover	:	:	1,525	:	:	:
Charnwood	:	:	:	950	:	:
Wellingborough	:	:	:	500	:	:
Birmingham	:	:	680	2,600	655	1,695
Bromsgrove	:	:	:	2,170	3,560	1,335
Central Bedfordshire	:	:	:	3,250	860	840
Luton	:	:	:	2,960	:	:
East Hertfordshire	:	:	:	1,975	2,480	1,345
Camden	:	:	620	1,250	1,585	1,930
City of London	:	:	1,350	1,175	2,570	2,190
Hackney	:	:	725	1,080	1,155	1,325
Islington	685	940	1,970	545	875	1,330
Lambeth	2,580	3,045	:	:	:	:
Newham	:	:	:	835	:	:
Brent	:	:	:	:	:	505
Waltham Forest	:	:	:	:	:	575
Brighton and Hove	:	:	:	:	:	985
Eastleigh	:	:	:	620	890	1,200
Wiltshire	:	:	:	5,195	955	:
Swansea	:	:	:	:	:	585
Rhondda Cynon Taf	:	:	:	:	2,175	1,890

Notes

1. : District was not affected this year. [Back to table](#)

