Self Employed Self Assessment - Quick Guide

This is our quick guide to self assessment for the self employed.

What is Self-Assessment?

If you are self-employed you will pay the same rate of income tax as employed people but you will also need to consider VAT, expenses and National Insurance. Your self-assessment tax return is how payment of your taxes is decided upon.

How do I complete my tax-return?

The tax-return forms and guidance are available online through the UK Gov website and also on our website in the tax center.. You can download the forms, complete them and send them by post, or you can complete the form online. There are different deadlines for postal submissions and late submissions will receive a penalty fine.

When is it due?

Date notice-to-file is issued	Deadline for postal/paper return	Deadline for postal/paper return when HMRC will calculate tax	Deadline for online return
On or before July 31st	31st October	31st October	31st January
August 1st-31st	3 months from date of notice	31st October	31st January

September 1st - October 31st	3 months from date of notice	2 months from date of notice	31st January
After October 31st	3 months from date of notice	2 months from date of notice	3 months from date of notice

Penalties

There are a variety of different penalties that are chargeable by HMRC if you fail to comply with regulations:

- Late submission of tax return or other paperwork
- Late payment of tax
- Failure to update HMRC about changes that affect your tax liability
- Erroneous tax return, paperwork or payments that underestimates or misrepresents your tax liability.

If you fail to submit your tax return by the appropriate date you will receive an immediate fine, even if you do not owe any tax.

If you miss the deadline for your tax return but manage to submit it less than three months late you will receive a £100 fine.

If you are over three months late submitting your tax return then you will be charged an additional £10 per day for up to 90 days adding up to a possible £900.

If you submit your tax return more than six months late you will be charged an additional 5% of your tax bill or £300 (whichever is highest)
You will charged another 5% or £300 at twelve months.

So to put it simply, if your tax liability is £10.000 and you are more than twelve months late filing your tax return you will be charged a massive £1,600 without including interest.

Now, if you are over twelve months late filing your tax return, then you are also going to be late paying your tax bill and of course there are penalty fees for that too:

If you are 30 days late paying your tax bill then you will be charged a penalty fee of 5% of your due tax.

At six months late you will be charged another 5% of your outstanding tax bill and another 5% at twelve months.

So if we go back to our £10,000 tax bill example and for arguments sake say you are over twelve months late filing your tax return and paying your tax bill. After this period you will have been charged over £3,000 in penalty charges. Ouch.

How should I prepare for my tax return?

In order to pay your correct amount of tax, you will need a record of your income and expenses. We have prepared this neat little Personal Tax Organiser to help you.

[Download the FREE Tax Organiser for 2017-18 [pdf]]

You can also find a PDF of our Personal Tax Organiser on our website, on the Tax Center page.

What expenses can I include?

You will incur running costs whilst running your business, you can deduct some of these from your total income to work out your taxable profit. Claimable expenses include:

- Office costs
- Travel costs
- Uniform or clothing
- Staff costs
- Stock or raw materials
- Advertising or marketing
- Financial costs
- Business premises costs

You may also be able to claim capital allowances when you buy equipment, machinery and business vehicles to use for work.

If you work from home, you will be able to claim for a proportion of some costs in expenses such as:

- Internet
- Phone bill
- Council Tax
- Heating
- Electricity
- Rent or mortgage

The more expenses you claim legally, the less your taxable profit will work out as, meaning your tax bill will be smaller.