



HM Revenue
& Customs

Are you thinking of working for yourself?

We'll show you
how to get things moving
where to get help
how to register your business

Well done

You have already tackled the two hardest parts of starting out on your own: getting an idea and making the decision to actually do it. Now it's time to think about the paperwork. That's where we come in, and we think you'll be surprised at how simple it can be.

First things first

Get registered

Everyone starting out on their own needs to register with HM Revenue & Customs. It's quick, it's painless and it can definitely save you time and money. You must do this as soon as you start or within the first three months, even if you already use a Self Assessment tax return. There are penalties for not registering, so fill in the form at the back of this leaflet and send it to us right away. There's the Helpline for the Newly Self-Employed if you have any problems. And if you're unemployed at the moment, don't forget to tell the Jobcentre.

Helpline for the Newly Self-Employed
08459 15 45 15

If you're not sure whether you qualify as self-employed, leaflet IR56 *Employed or self-employed?* explains the difference, or use the Helpline.

Leaflet IR56
Employed or self-employed?
www.hmrc.gov.uk/pdfs/ir56.pdf

As soon as you register, we'll send you *The Guide*, a book designed specifically for the newly self-employed that tackles all the major issues like tax, National Insurance and record keeping.

Register now

Fill in the form at the back of this leaflet and send it to us right away.

Q&A

How do I pay my tax?

You fill in a Self Assessment tax return each year. There are sections on income and expenses, plus you can claim allowances and reliefs. We use this information to work out how much tax and National Insurance you need to pay. The online version is quick and secure, and it shows you the figures straight away. You can find out more about Self Assessment in The Guide, on our website, or you can call the Helpline.

Relevant website
www.hmrc.gov.uk/sa

Self Assessment Helpline
0845 9000 444

What about VAT?

You don't have to register for VAT until your taxable turnover reaches **£60,000**, but there's plenty of advice available when it does. For more information, see The Guide, visit our website or call the National Advice Service.

Relevant website
www.hmrc.gov.uk

National Advice Service
0845 010 9000

How does National Insurance work?

There are two types of National Insurance for self-employed people - **Class 2**, which is a fixed weekly amount, and **Class 4**, which is a percentage of your taxable profits. We collect Class 2 by monthly direct debit or quarterly bill - there's a form attached to this leaflet for you to fill in. You include Class 4 on your tax return. There's more about National Insurance in The Guide, on the website, or you can call the Self-Employment Contact Centre.

Relevant website
www.hmrc.gov.uk/nic

Self-Employment Contact Centre
08459 15 46 55

A few questions taken from The Guide that you might already be asking yourself.

What if I work in the construction industry?

To help contractors and subcontractors pay the right amount of tax and National Insurance, we have set up the Construction Industry Scheme. Subcontractors automatically have a certain amount of tax deducted from their pay, which then goes towards their final tax bill at the end of the year. See The Guide or visit the website for more information.

Relevant website
www.hmrc.gov.uk/cis

What records must I keep?

It's all about making things easier for yourself. The law says you must keep appropriate records – also, you would find it difficult to fill in your Self Assessment tax return without them. Bank statements, receipts and cash transaction records are all vital for working out your profits for the year – and we use this information to calculate your tax and National Insurance. There's more about records in The Guide but, for now, make sure you keep everything for at least five years.

Do I get tax credits?

Self-employed people can claim tax credits, depending on their income level and circumstances. Plus, there are some additional tax reliefs specifically designed for new businesses. See The Guide for more information or visit the website to see if you qualify.

Relevant website
www.hmrc.gov.uk/taxcredits

**Register now and get the ball rolling
on your self-employed career**
Fill in this form and send it to us right away.

Useful contacts

Newly Self-Employed

www.hmrc.gov.uk/startingup

Helpline for the Newly Self-Employed

08459 15 45 15

Self Assessment

www.hmrc.gov.uk/sa

Self Assessment Helpline

0845 9000 444

National Insurance

www.hmrc.gov.uk/nic

Self-Employment Contact Centre

08459 15 46 55

**These notes are for guidance only
and reflect the position at the time
of writing. They do not affect any
right of appeal.**

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Application to pay Class 2 contributions by Direct Debit

Please fill in the **whole form** and return to

National Insurance Contributions Office
Self Employment Services
Application Processing Centre
Longbenton
Newcastle upon Tyne
NE98 1ZZ

<p>1 National Insurance number</p> <p>Letters Numbers Letter</p> <p><input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/></p>	<p>6 Date of birth</p> <p><input type="text"/> <input type="text"/></p>
<p>2 Date self-employment started</p> <p><input type="text"/> <input type="text"/></p>	<p>7 Address</p> <p><input type="text"/></p> <p><input type="text"/></p> <p><input type="text"/></p> <p><input type="text"/></p> <p>Postcode</p> <p><input type="text"/></p>
<p>3 Would you like us to collect contributions due from the start of your self-employment with the first Direct Debit payment? Yes <input type="checkbox"/> No <input type="checkbox"/></p>	
<p>4 Surname and first two initials</p> <p><input type="text"/> <input type="text"/> <input type="text"/></p>	<p>8 Daytime telephone number (including the STD code)</p> <p>STD code <input type="text"/> Telephone number <input type="text"/></p>
<p>5 Title (ie, Mr, Mrs, Miss, Ms)</p> <p><input type="text"/></p>	

Name(s) of account holder(s)

Bank/Building Society account number

Branch Sort Code

Name and full postal address of your Bank or Building Society

To: The Manager	Bank/Building Society
Address	
Postcode	

Instruction to your Bank or Building Society to pay by Direct Debit

Originator's Identification Number

Reference Number (National Insurance number)

Instruction to your Bank or Building Society.

Please pay the Inland Revenue National Insurance Contributions Office Direct Debits from the account detailed in this instruction subject to the safeguards assured by The Direct Debit Guarantee. I understand that this Instruction may remain with the National Insurance Contributions Office and, if so, details will be passed electronically to my Bank/Building Society.

Signature(s)
Date

About Direct Debit

How to apply to pay by Direct Debit

Fill in the application form overleaf and send it to

National Insurance Contributions Office
Self Employment Services
Application Processing Centre
Longbenton
Newcastle upon Tyne
NE98 1ZZ.

We regret that the facility to pay by Direct Debit is not available to share fishermen. Our leaflet CA11 "National Insurance for share fishermen" gives more information.

How will payments be made?

The application form asks you if you wish to pay by Direct Debit from the start of your self-employment. In most cases this means that all contributions due from the start of your self-employment will be collected with the first payment from your Bank or Building Society.

If you do not wish to pay by Direct Debit from the start of your self-employment or we cannot arrange this, your Direct Debit will be started from a current date. We will then send you a separate bill for any contributions due from the start of your self-employment to the date your Direct Debit begins.

Although we act at once to set up your Direct Debit, it may take some weeks before the first National Insurance contributions are collected from your account. We will write to tell you when the first payment will be made. Please ensure that you have enough funds in your account to meet your first payment.

After that payments:

- will be made automatically for as long as you wish

and

- will normally be deducted from your account on the second Friday of each month

These payments will cover National Insurance contributions for either four or five weeks, depending on the number of Sundays in the preceding tax month. The tax month ends on the 5th of each month.

A regular check of your Bank/Building Society statements will reassure you that payments have been made correctly.

Direct Debit Application

The Direct Debit Guarantee



This guarantee is offered by all Banks and Building Societies that take part in the Direct Debit Scheme. The efficiency and security of the Scheme is monitored and protected by your own Bank or Building Society.

If the amounts to be paid or the payment dates change, the National Insurance Contributions Office will notify you 10 working days in advance of your account being debited or as otherwise agreed.

If an error is made by the National Insurance Contributions Office or your Bank or Building Society, you are guaranteed a full and immediate refund from your branch of the amount paid.

You can cancel a Direct Debit at any time by writing to your Bank or Building Society. Please also send a copy of your letter to us.

Becoming self-employed and registering for National Insurance contributions and/or tax

You must tell us when you start working for yourself – that is when you become self-employed.

The easiest way is to call the Self-Employed Registration Helpline on

08459 15 45 15

Check this form first for the details you must give to the operator.

You can also

- fill in this form and post it to

**National Insurance Contributions Office
Self-Employment Services
Application Processing Centre
Longbenton
Newcastle upon Tyne
NE98 1ZZ, or**

- take it to any local enquiry centre

Please tick the box if you would like us to send you a copy of 'Starting up in business' guide after you have registered. Or you can find it on the website at www.hmrc.gov.uk/startingup

If you are going to do all your work for one person or firm, you may be an employee. Our leaflet **IR56** *Employed or self-employed*, will tell you more about this. You can get a copy from

- any local enquiry centre
- the Self Assessment Orderline on **0845 9000 404**.

If you delay telling us you are self-employed for three months or more you may have to pay a penalty of £100. If you know you are registering late, please tell us the reason for the delay on a separate piece of paper.

(Please complete this form in CAPITALS)

Yourself

Mr, Mrs, Ms, Miss
or other title

First names

<input type="text"/>	<input type="text"/>
----------------------	----------------------

Surname

Your date of birth (for example 09/08/1972)

Day	Month	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

Your National Insurance number

Letters	Numbers	Numbers	Numbers	Letter
<input type="text"/>				

Address

Postcode

Your home phone/mobile number

Your home e-mail address

Please tell us your most recent tax reference number – if previously employed it will be the employer reference shown on your PAYE end of year form P60 or P45 or if previously self-employed it will be the ten digit reference (under UTR) in the top left hand corner on page 1 of your Tax Return.

If you are employed as well as working for yourself

If you have any paid employment in addition to being self employed please enter your employer's name and address details below.

Employer

Address

Postcode

Your business

When did you start working for yourself?

Day	Month	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

What sort of self employed work do you do?

If you intend working as a subcontractor in the Construction Industry you must have joined the Construction Industry Scheme to get paid. To find out how to get one contact any enquiry centre immediately.

Your business continued

Please tick box if you are a Share Fisherman (see leaflet CA11 for further information).

Please tick if you are on the New Deal 25+ scheme.

What is your business name and address?

Name
Address
Postcode

Your business telephone number

Your business e-mail address

What is your position in the business? For example, sole trader, partner.

Do you have any business partners? u tick as appropriate

Yes No

If you have business partners they also must register as individuals for National Insurance contributions.

Business partner's full name

Business partner's National Insurance number

<small>Letters</small>	<small>Numbers</small>	<small>Numbers</small>	<small>Numbers</small>	<small>Letter</small>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Business partner's address

Address
Postcode

If you have more than one partner please write their names, addresses and NI numbers on a separate piece of paper and send it to us with this form.

If you are, or will be, doing all your work for one person or firm, please enter their name and address.

Full name
Address
Postcode

How to pay your Class 2 NICs

For tax year 2004-05 self-employed National Insurance contributions are £2.05 per week.

To arrange payment of your National Insurance contributions just fill in the Direct Debit mandate attached.

If you are unable to pay by Direct Debit we will arrange to send you a bill every 13 weeks. These will be issued in January, April, July and October.

If you expect your income from the business to be below £4,215 for the tax year 6 April 2004 to 5 April 2005 you may not have to pay National Insurance contributions. If you would like more information on the Small Earnings Exception (SEE) tick this box.

Employing someone else

If you are thinking of taking someone on, or already employ someone else, please phone the New Employer's Helpline on **0845 607 0143**. Or tick the box and we will send you more information.

VAT

Please read the note about VAT in the attached leaflet. If you would like a VAT registration application form tick this box.

Signed

Date

<small>Day</small>	<small>Month</small>	<small>Year</small>
<input type="text"/>	<input type="text"/>	<input type="text"/>