

Herefordshire Community Network

Support for Ukraine – information for guests

Working for yourself



You may decide that you have the professional skills and knowledge that mean you would like to set up your own business and work for yourself. If you decide to do this, in the UK you will be classed as being 'self-employed' or a 'sole trader' - even if you have not yet told HM Revenue and Customs (HMRC). If you decide to start trading on a self-employed basis, it is very important that you register with HMRC and follow their online advice. It is recommended that you speak to an accountant who will help you with a basic understanding of what records you will need to keep and what and when you will need to report to HMRC.

In addition, you might like to speak to someone in the Economic Development Team of the local authority for advice. There are lots of useful web links to explore.

<https://www.herefordshire.gov.uk/business-1/business-advice-support>

Herefordshire Community Network

Support for Ukraine – information for guests

Running a business

You're probably self-employed if you:

- run your business for yourself and take responsibility for its success or failure
- have several customers at the same time
- can decide how, where and when you do your work
- can hire other people at your own expense to help you or to do the work for you
- provide the main items of equipment to do your work
- are responsible for finishing any unsatisfactory work in your own time
- charge an agreed fixed price for your work
- sell goods or services to make a profit

The tax year in the UK runs from 6th April to 5th April and any tax owing is usually paid in arrears. You'll need to register by **5 October** following the end of the tax year (5 April) that you started working for yourself or earned more than £1,000.

For example:

You are paid £2,000 during the tax year that ends on 5 April 2023. The deadline to let HMRC know you are working for yourself is 5 October 2023. Any tax due for that year would need to be paid in the following year – in this case during 2024.

£1,000 Trading Income Allowance

The trading income allowance lets UK individuals earn up to £1,000 tax-free every tax year without letting HMRC know about their income.

It simplifies the tax system for individuals because it means they:

- Don't need to tell HMRC about this income;
- Avoid the need to register as self-employed with HMRC and fill out a tax return;



Herefordshire Community Network

Support for Ukraine – information for guests

- Can earn it tax-free and in some cases, alongside their personal allowance.

It is great for individuals who want to test an idea out before they set up a business or have an opportunity to do a small amount of work outside of your main employment. However, once you exceed this amount you will be liable for tax on any amount over £1000 and you must declare it.

Your responsibilities if you decide to become 'Self-Employed'.

The first thing you will need to do is [apply for a National Insurance number](#) if you've moved to the UK and want to set up a business. You will need this to register with HMRC, so do this first.

You'll need to:

- keep [business records](#) and [records of expenses](#)
- send a [Self Assessment tax return](#) every year
- pay [Income Tax](#) on your profits and [Class 2 and Class 4 National Insurance](#) - use [HMRC's calculator](#) to help you budget for this

VAT

You must [register for VAT](#) if your turnover is over £90,000. You can register voluntarily if it suits your business, for example if you sell to other VAT-registered businesses and want to reclaim the VAT.

Working in the construction industry

Register with HMRC for the [Construction Industry Scheme](#) (CIS) if you're working in the construction industry as a subcontractor or contractor.

How to Register as Self-Employed in the UK?

Registering is simple enough to do yourself online via a .GOV tax account.

[Set up as self-employed \(a 'sole trader'\): step by step - GOV.UK \(www.gov.uk\)](#)

Herefordshire Community Network

Support for Ukraine – information for guests

Useful Information for Registration

Before you start filling in the form online, here's some of the information you'll need to have ready:

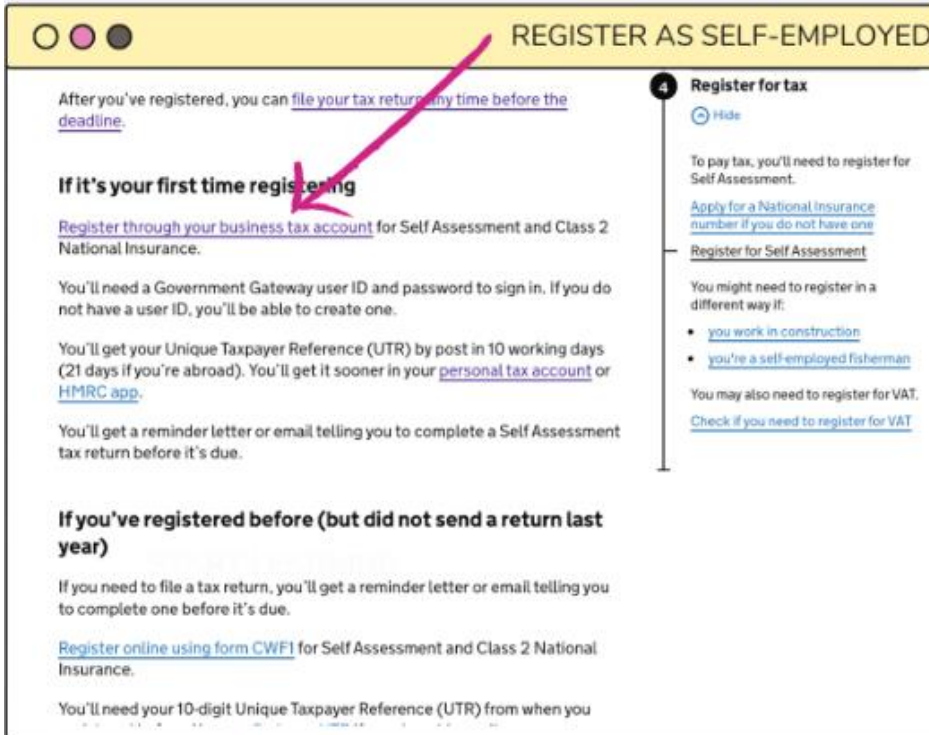
- Name
- Date of Birth
- UK Address
- National Insurance Number
- Telephone number
- Email address
- Business start date
- A brief description of what you do
- Driving licence
- Passport
- Payslips or P60

1: Visit the HMRC Website

Head over to the HMRC website [here](#) ([Check how to register for Self Assessment - GOV.UK](#) (www.gov.uk)) and choose the option to register through your business tax account

Herefordshire Community Network

Support for Ukraine – information for guests



REGISTER AS SELF-EMPLOYED

After you've registered, you can [file your tax return any time before the deadline.](#)

If it's your first time registering

[Register through your business tax account](#) for Self Assessment and Class 2 National Insurance.

You'll need a Government Gateway user ID and password to sign in. If you do not have a user ID, you'll be able to create one.

You'll get your Unique Taxpayer Reference (UTR) by post in 10 working days (21 days if you're abroad). You'll get it sooner in your [personal tax account](#) or [HMRC app](#).

You'll get a reminder letter or email telling you to complete a Self Assessment tax return before it's due.

If you've registered before (but did not send a return last year)

If you need to file a tax return, you'll get a reminder letter or email telling you to complete one before it's due.

[Register online using form CWF1](#) for Self Assessment and Class 2 National Insurance.

You'll need your 10-digit Unique Taxpayer Reference (UTR) from when you

4 Register for tax

[Hide](#)

To pay tax, you'll need to register for Self Assessment.

[Apply for a National Insurance number if you do not have one](#)

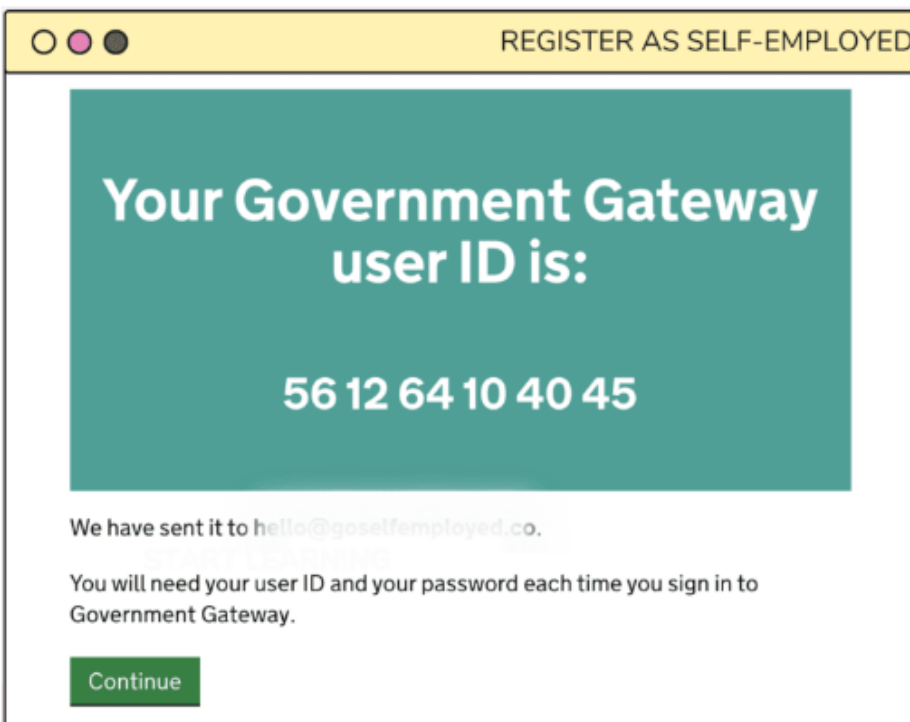
[Register for Self Assessment](#)

You might need to register in a different way if:

- [you work in construction](#)
- [you're a self-employed fisherman](#)

You may also need to register for VAT. [Check if you need to register for VAT](#)

2: Set Up a Government Gateway Account



REGISTER AS SELF-EMPLOYED

Your Government Gateway user ID is:

56 12 64 10 40 45

We have sent it to hello@goselfemployed.co.

You will need your user ID and your password each time you sign in to Government Gateway.

[Continue](#)

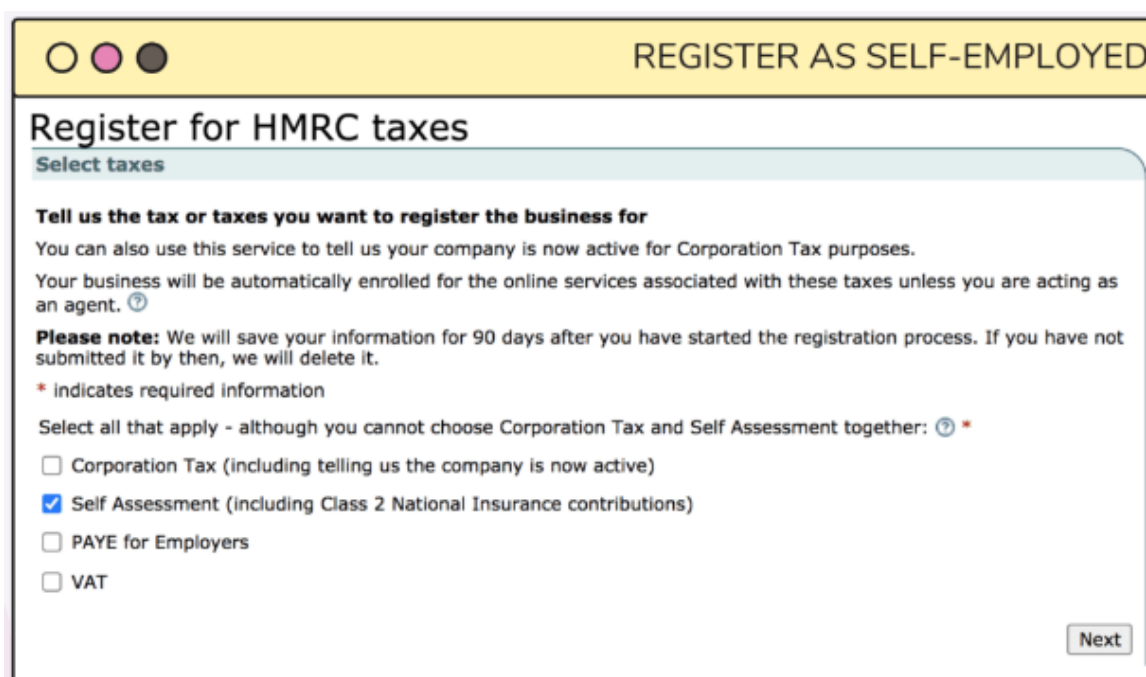
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Support for Ukraine – information for guests

Set up a government gateway account – this is where you'll manage your self-employment taxes and find important forms like your tax overview. HMRC will automatically generate a 12-digit number that you'll use as your login.

3: Enrol for Self Assessment

Complete the HMRC form to register for HMRC taxes. You'll need to share your personal information, details about the work you will do once you are set up as self-employed and make a declaration that everything you have entered is true.



The screenshot shows a web form titled "REGISTER AS SELF-EMPLOYED" with a sub-heading "Register for HMRC taxes". The form is titled "Select taxes" and asks the user to "Tell us the tax or taxes you want to register the business for". It includes a "Please note" section and a list of checkboxes for tax types: Corporation Tax, Self Assessment (checked), PAYE for Employers, and VAT. A "Next" button is visible at the bottom right.

REGISTER AS SELF-EMPLOYED

Register for HMRC taxes

Select taxes

Tell us the tax or taxes you want to register the business for

You can also use this service to tell us your company is now active for Corporation Tax purposes.

Your business will be automatically enrolled for the online services associated with these taxes unless you are acting as an agent. ?

Please note: We will save your information for 90 days after you have started the registration process. If you have not submitted it by then, we will delete it.

* indicates required information

Select all that apply - although you cannot choose Corporation Tax and Self Assessment together: ? *

- Corporation Tax (including telling us the company is now active)
- Self Assessment (including Class 2 National Insurance contributions)
- PAYE for Employers
- VAT

Next

4: Get your UTR number

HMRC will review your application once you submit it. Within the next 10 days, they'll send you a UTR number to be posted to you (can take up to 10 days). You may be able to find it sooner on the HMRC app or inside your online tax account.

It's a 10-digit ID number that you'll need to keep safe in the event you need to prove you are a sole trader, speak with HMRC and manage your self-employed taxes.

5: Use Your Activation Code

Herefordshire Community Network

Support for Ukraine – information for guests

Finally, you'll also be sent an activation code for your government gateway account as part of the verification process. It can take up to 28 days for this to be sent but make sure you enter it as soon as you receive it because it will expire and you won't be able to access important features like filing your tax return.

Information correct as of 4.11.2024