



# How to do a self-employed tax return

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# About Simply Business

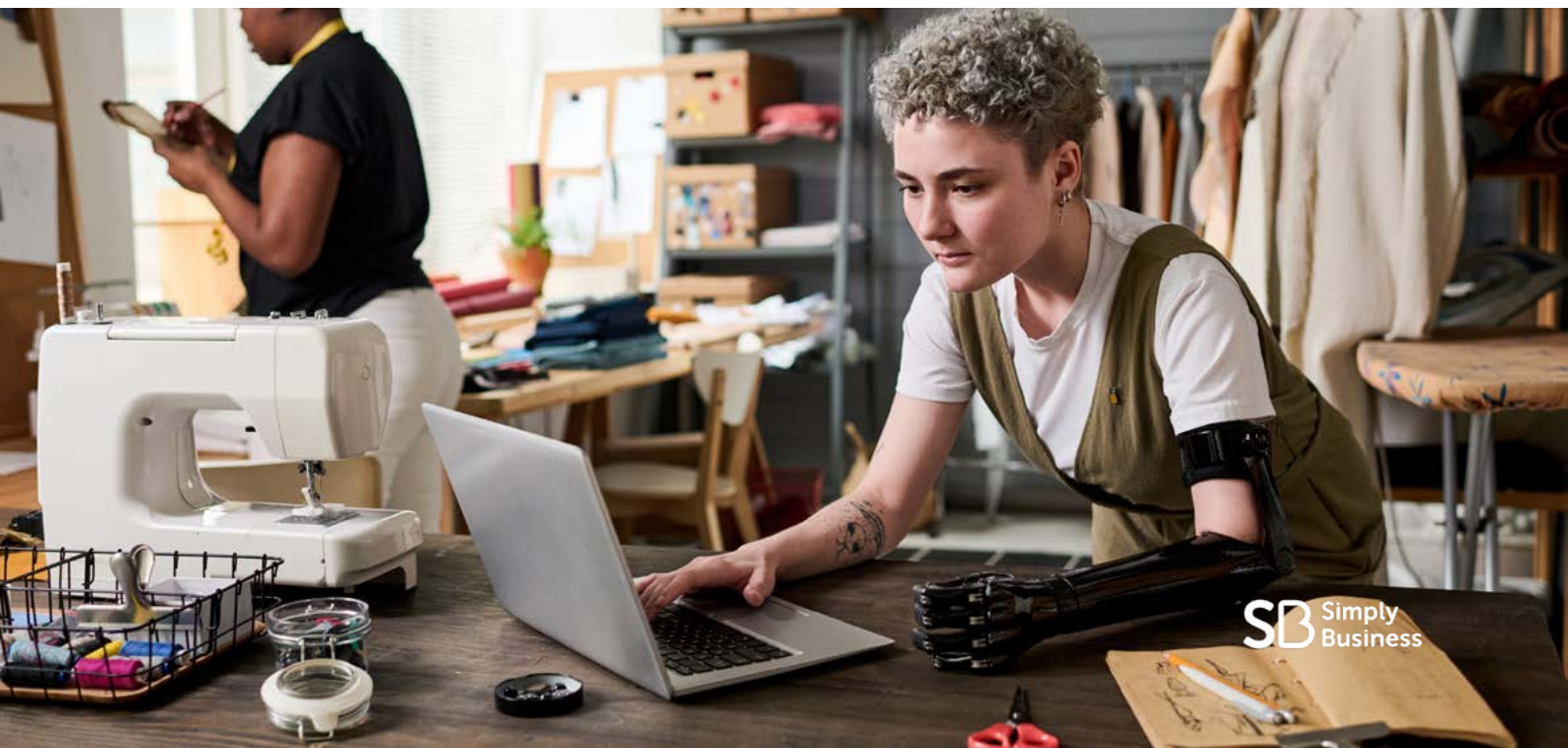
We're one of the UK's largest business insurance providers. Since we started life in 2005, we've helped three million small businesses and self-employed people find the protection that's right for them, from builders to bakers and personal trainers (we cover landlords, too).

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# Wondering how to do a self-employed tax return?

The self-employed usually need to do a Self Assessment tax return and pay their tax bill each year. Wondering how to do yours? Follow our guide on how to do a self-employed tax return.



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# First, note the Self Assessment deadline

You have to submit your tax return by **31 January** whether you're a sole trader, in a business partnership, or run a limited company.

The [Self Assessment deadline](#) is earlier if you're filing a paper return, on **31 October**.

You file a return for the previous tax year. So for tax year **2021-2022** the deadline for filing your return online and paying your bill is **31 January 2023**.

The Self Assessment process can seem complicated at first, so here we break down the tax return step-by-step, including how to:

- register for Self Assessment
- file a tax return
- pay your bill

# What is Self Assessment?

Self Assessment is the tax return process for self-employed people.

[Whereas HMRC collects income tax](#) from employees directly through the PAYE system, the self-employed need to work out their income and expenses and then pay their bill each January.

You might even need to complete a Self Assessment return if you're not self-employed. For example, if you earn money from renting out a property, read our [guide to Self Assessment for landlords](#).

You'll also need to complete a tax return if you have significant income from savings, investments and dividends – read about [paying tax on dividends](#).

## Partnerships and sole trader Self Assessment

For [sole traders](#) and people in a [general business partnership](#), you'll declare your business earnings and allowable expenses on your Self Assessment, as your business isn't a separate legal entity.

Read more about how to [register and file your sole trader tax return below](#).

## Paying tax as a limited company

When [becoming a freelancer](#) for example, you might choose to [set up a limited company](#) instead of being a sole trader.

**Limited companies** and **limited liability partnerships** are separate to you personally, and [taxed through a Company Tax Return](#). But you'll still usually have to send a personal tax return, including your salary and dividends received through the company.

# Do I need to fill in a Self Assessment tax return?

HMRC says that you need to send a tax return and pay your bill through Self Assessment if in the last tax year you were:

- a self-employed sole trader earning more than £1,000
- a partner in a business partnership

You're classed as self-employed if you run your business yourself and are responsible for its success or failure.

HMRC also says you might need to send a return if you have untaxed income from:

- renting out a property ([read more about Self Assessment for landlords](#))
- tips and commission (for example, if you've [started a window cleaning business](#) and a customer tips you for a job well done)
- savings, investments and dividends
- foreign income

[HMRC has a tool you can use](#) to check whether you need to file a Self Assessment tax return.

# How to do a tax return: step-by-step

Thought about the criteria above and know that you need to file a tax return? Follow these steps below.

## Register for Self Assessment

You have to [register with HMRC for Self Assessment](#) by **5 October in your business's second tax year**. HMRC might fine you if you don't register by this deadline.

To [register for Self Assessment](#) visit the gov.uk registration page and submit your details.

You'll need to [register here if you're a business partner](#), as the process is slightly different.

Registering for Self Assessment should also give you a Government Gateway user ID, which you can then use to [set up your personal tax account](#). When you log in you can manage different elements of your taxes online.

Once you're registered for Self Assessment you're then able to file your tax return online or on paper – but HMRC will eventually phase out paper tax returns under [Making Tax Digital](#).

## Gather your tax return information

For self-employed Self Assessment, the key information is likely to be your income and expenditure details, so you should have all your invoices and receipts to hand.

There are costs you can deduct from your [turnover](#) to work out your total taxable profit. You can claim for things like **office, travel, marketing** and [business insurance costs](#), as long as they're used solely for your business. [Read more about which allowable business expenses you can claim.](#)



**It's important to keep good records throughout the year.** Not only does this make filling in your return easier, HMRC may check your return after you've filed and ask to see your records. You're required to keep your records for five years after the 31 January deadline.

[Read more about keeping accurate business records.](#)

**You're likely to need details of:**

- employment income (if you're also employed)
- dividends
- partnership income
- interest
- rental income
- foreign income
- pensions contributions
- Gift Aid
- pension income
- payment on account
- redundancy lump payment or unemployment benefit
- P11D
- capital gains

If you need to ask third parties (like banks and building societies) for information, make sure you leave enough time for them to give it to you.

You'll also need your unique taxpayer reference number (UTR).

You get this when you register for Self Assessment – [find out more about your UTR number here.](#)

If you need help with your records and filing, you might want to consider hiring an accountant – also keep in mind that [you can use accounting software to help you keep your records](#) and check out our [bookkeeping tips](#).

# Fill in your self-employed tax return

If you're filing a paper return, you'll need to [complete form SA100](#) and the [self-employed supplement form SA103](#).

But filing online gives you three more months to submit. HMRC says it's "quick, easy and secure" – its system reacts to your details as you enter them and gives you reminders on where to find information if you get stuck.

[You'll need to register if you haven't filed online but want to from now on.](#)

HMRC will send you the activation code in the post, which can take up to 10 days, so leave plenty of time to sign up (HMRC recommends 20 days).

If you're filing online and you've gathered all the information you need, here's what to do when you've logged in:

## 1. Check your personal details

HMRC should be kept up to date with any changes to your address or your name, for example. You can check and update them during the Self Assessment process.

## 2. Fill in the sections that apply to you

HMRC's system reacts to your details as you enter them. This means that as you fill in the form, it may remove sections that aren't relevant to you.

### 3. Report on what you've earned

This is where you enter your [turnover](#) before expenses, so have your sales invoices to hand. Remember that you might also need to enter other income elsewhere, like property income or gains on investments.

### 4. Add your tax-deductible expenses

Use your expense receipts when filling in this section. [Our guide to what you can claim as self-employed tax deductible expenses](#) has more details.

### 5. Double check your return

If you need to, you can save everything you've entered and come back to your tax return, which is useful if you want to check your numbers. But if you notice a mistake, it's possible to [change your tax return after filing](#).

### 6. Pay your tax bill

When you submit your tax return, you should get a confirmation message and a reference number. HMRC will calculate the tax you owe, as well as the National Insurance contributions you need to pay.



# How to pay self-employed tax

The deadline for paying your tax return is the same day as the deadline for filing – 31 January.

If you file your tax return late, you'll get a £100 penalty (if it's up to three months late – it's more if it's later). That being said, the way that HMRC applies penalties is [changing to a points-based system from 2022](#).

The fastest ways to pay your tax bill are:

- online or telephone banking
- CHAPS
- debit or corporate credit card online ([you can't pay using a personal credit card](#))
- at your bank or building society

You can also pay by Bacs, cheque or Direct Debit, but these take longer.

Remember that most self-employed people usually need to make a payment on account too, which can catch newly self-employed people out – make sure you have enough set aside.

[Read more about payment on account.](#)

## Help if you're struggling to pay Self Assessment tax

HMRC's Time to Pay service is available if you can't pay your tax bill by the 31 January deadline.

This is for those struggling financially – so if you can pay your tax bill, you should, not least because through Time to Pay you'll pay interest on what you owe. This makes your bill more expensive.

You'll need to complete your tax return first, so don't leave it until the last minute. If you miss the deadline for either filing your return or paying your bill, HMRC may give you a fine.

You can call the HMRC Self Assessment payment helpline on 0300 200 3822 to discuss a Time to Pay plan. We also have a [guide to HMRC's Time to Pay service](#).

# HMRC tax return guidance

There's lots of [Self Assessment guidance on the gov.uk website](#) and you can also call the Self Assessment helpline on 0300 200 3310.

But in previous years HMRC's phone lines have crashed so make sure you leave enough time to get in touch with them if you need to.

[HMRC also warns the self-employed to watch out for tax scams](#) during Self Assessment. [Here's how to check whether HMRC contact is genuine](#).



## Related articles

[What is National Insurance? A guide to self-employed rates and thresholds](#)

[A guide to paying PAYE for small businesses](#)

[What is tax relief? A guide to small business tax relief](#)

[What type of business insurance do I need?](#)

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