

# CHECKLIST FOR BECOMING SELF EMPLOYED



## **Register with HM Revenue and Customs**

It's important to let HMRC know that you're self-employed as soon as possible - even if you already fill in a Self-Assessment tax return each year. If you don't tell them, you may have to pay a penalty.

You can let HMRC know about your self-employment by registering online for business taxes. You'll be asked for information about yourself and your business. HMRC will set up tax records for you using the information you provide, for example records for:

- Self-Assessment
- National Insurance
- PAYE if you have people working for you

A Self-Assessment online account automatically will be set up for you at the same time, unless you say that you don't want one.

## **Bookkeeping & Accounting**

It is extremely important that you keep accurate and detailed records of your business. You may be able to keep your own books or employ a bookkeeper or accountant. If you are trading as a limited company you will need the help of an accountant.

## **Value Added Tax**

Value Added Tax (VAT) is a tax on goods and services which is paid to HM Revenue and Customs. Whether or not a self-employed person has to pay VAT depends on the type of business and how much the business sells. The current registration limit is £85,000 and the deregistration limit is £83,000. You have the right to register for VAT voluntarily if you are below the threshold if it would be to your advantage to do so.

## **Business Rates**

Business rates have to be paid to the local authority on most business premises. These include shops, offices, warehouses and factories. In some cases, for example, in a property which contains a shop and a flat, or if you work from home, you may have to pay both business rates and council tax. Some types of business premises are exempt from rates, for example, agricultural land. For more information about business rates in England, see the GOV.UK website.

## **Insurance**

Depending on the business and how you trade, you may be required by law to take out certain types of insurance. Other types of insurance are not compulsory but it is important to consider which ones are appropriate. The types of insurance you may need are:- employers liability insurance, vehicle insurance, public liability insurance, premises insurance, contents, stock and materials insurance and health insurance.