



A Guide to Self Assessment

What is Self Assessment?

If you work for an employer, the income tax that you owe is usually deducted from your wages, and your employer pays it to HMRC on your behalf.

However, if you are self-employed or earn money that you have not already paid tax on, you will need to complete a Self Assessment tax return so that HMRC know how much tax you need to pay.

In this guide we will cover who is required to complete a Self Assessment, registering for Self Assessment, and provide you with vital information which you will need to know for completing your Self Assessment, such as the information HMRC will need from you and the tax return deadlines currently in place.



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Who must complete a Self Assessment tax return?



Sole traders

If you're self-employed (such as a freelancer, or you run a business which is not a limited company), then you are known as a sole trader and you are required to submit Self Assessment tax returns.



Partners in a business partnership

If you operate your business as a partnership with a partner (or partners), then each partner must submit their own Self Assessment. Each person is responsible for submitting their own Self Assessment return to demonstrate what income they have earned from the business.



Directors of a limited company

If you are the director of a limited company you must submit a Self Assessment return for yourself, as well as the limited company submitting a corporation tax return for the business' accounts.



Annual income of £100,000 plus

If your annual income is £100,000 or more (whether you are an employee or retired pension), you must submit a return.



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Investment income of £10,000 or more

If your investments or savings earn you £10,000 or more before tax every year, you must declare the income on a Self Assessment return.



Other times you may need to complete a Self Assessment

From money that you earn from renting out property, in tips and commission, or from overseas. If you are not sure, you can use the [GOV.UK online checker](#).



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Registering for Self Assessment

In order to complete a Self Assessment tax return, you must first register to do so with HMRC. If you do not register by 5th October in the second tax year of your business running, you could be fined, so getting it done early is always a good idea.

You can register online, but make sure you leave yourself plenty of time to complete the process, as HMRC will need to send you a Unique Taxpayer Reference (UTR) number through the post, enabling you to set up your digital tax account and complete your Self Assessment.

Unless your tax affairs are very straight forward, it is almost always better to take advice from a professional.

Your own dedicated accountant can help by taking care of all dealings with HMRC and filing any returns that are required.



Completing your Self Assessment tax return

Prior to completing your Self Assessment it's best to be aware of the tax deadlines and the information HMRC require.

Tax return deadlines

HMRC are very strict about when you must submit information, otherwise you may be fined. So it's important to make a note of these important dates.

31st

OCTOBER

This is the deadline to file a paper return rather than an online one. For example, to file a Self Assessment return for the tax year ending 5th April 2019, you must send your paper form to HMRC by 31st October 2019.

30th

DECEMBER

If you already have some income which is taxed through PAYE (such as through an employer), and want any Self Assessment tax due for the year ending 5th April 2019 to be collected the same way, you must submit your return by 30th December 2019. However, you can only use this payment method if your Self Assessment bill is less than £3,000.

31st

JANUARY

This is the deadline to submit an online tax return and to pay the balance of Self Assessment income tax that you owe. For example, if you have income you need to declare for the tax year ending 5th April 2019, the deadline by which you must submit an online return and pay any money due for this is 31st January 2020.



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The information HMRC requires

It's important to keep accurate records because the information you provide to HMRC is what they will use to calculate your tax bill.

There is no set format for this, but the recommended minimum is to keep a record of all:

- ✓ sales
- ✓ expenses
- ✓ purchases

This is useful for making sure you pay the right amount of tax (and avoid any nasty fines) as well as monitoring how effectively your business is performing.

We provide a [bookkeeping service](#) for our clients, and also use our own bookkeeping software, [Pandle](#).

If you are submitting your tax return yourself, there are tax relief schemes that you might not be aware of, or expenses which can be used to reduce the amount of tax that you are required to pay. If in doubt, it is always worth asking a professional.



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Looking for more advice on Self Assessment?

If you have questions about your Self Assessment, call 020 3355 4047 or ask one of our accountants (for free).

ASK AN
ACCOUNTANT



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