



# Self assessment

**S·I·P·H·E·R**  
ACCOUNTING & TAX

## Registering for Self Assessment

To register for Self Assessment, you need to visit the gov.uk registration page and submit your details. If your business is run as a limited company you still need to register with HMRC as a Director.

Once you're registered you're then able to file your tax return. You do this by filling out the Self Assessment tax return form either online or on paper. However, the government's Making Tax Digital initiative may mean small businesses can no longer file paper tax returns in future.

## Tax return deadlines

At the moment, the deadline for submitting your tax return is October for paper tax returns and January for online tax returns. For the 2022/23 tax year, which ended in April 2023, the deadline for paper tax returns is 31 October 2023 and the deadline for online tax returns is 31 January 2024.

After submitting your tax return, you need to pay the tax you owe. The deadline is usually the same as the final date for online Self Assessment tax returns, so the deadline for paying your 2022/23 tax is 31 January 2024.

If you're worried about being able to pay the tax you owe, please contact us immediately and we can guide you in the right direction. There are fines for late payment, so it's a good idea to prepare for your tax bill as best you can.

## Who must send a tax return

The tax year is from 6 April to 5 April the following year. You'll need to send a tax return if, in the last tax year:

- your income from self-employment was more than £1,000
- you got more than £2,500 from renting out property
- you got more than £2,500 in other untaxed income, for example from tips or commission
- your income from savings or investments was £10,000 or more before tax - this includes money from bare trusts or interest in possession trusts
- your income from dividends from shares was £10,000 or more before tax - tell HMRC if it was over your dividends allowance
- you made profits from selling things like shares, a second home or other chargeable assets and need to pay Capital Gains Tax
- you were a company director - unless it was for a non-profit organisation (such as a charity) and you did not get any pay or benefits, like a company car
- your income (or your partner's) was over £50,000 and one of you claimed Child Benefit
- you had income from abroad that you needed to pay tax on
- you lived abroad and had a UK income
- your taxable income was over £100,000
- you were a trustee of a trust or registered pension scheme
- you had a P800 from HMRC saying you did not pay enough tax last year - and you did not

- pay what you owe through your tax code or with a voluntary payment
- your State Pension was more than your Personal Allowance and was your only source of income - unless you started getting your pension on or after 6 April 2016

You also need to send a tax return if you:

- need to prove you're self-employed, for example to claim Tax-Free Childcare or claim Maternity Allowance
- want to make voluntary Class 2 National Insurance payments to help you qualify for benefits
- Certain other people may need to send a return (for example religious ministers or Lloyd's underwriters) - you can check whether you need to. You will not usually need to send a return if your only income is from your wages or pension.

### Income Tax rates and bands

The table shows the tax rates you pay in each band if you have a standard Personal Allowance of £11,850.

Income tax bands are different if you live in Scotland.

Band	Taxable income	Tax rate
Personal Allowance	Up to £12,570	0%
Basic rate	£12,570 to £50,270	20%
Higher rate	£50,270 to £137,710	40%
Additional rate	over £137,710	45%

### Allowable expenses for small businesses?

When you're self-employed, there are a number of costs you can claim back against your Self Assessment tax bill, so long as they're allowable expenses. These are the main ones small businesses can claim:

- office costs such as stationery or phone bills
- travel costs such as fuel, parking, and train or bus fares
- clothing expenses such as uniforms
- staff costs such as salaries or subcontractor costs
- things you buy to sell on such as stock or raw materials
- financial costs such as insurance or bank charges
- costs of your business premises such as heating, lighting, and business rates
- advertising and marketing such as website costs

It's important to note that if you work from home you can still claim business premises costs, but only a percentage. You can claim back for things like:

- heating
- electricity
- Council Tax
- mortgage interest or rent
- internet and telephone use

## Payment on Account

Payment on Account is a tax payment made twice a year by self-employed people in order to spread the cost of the year's tax. It is calculated by looking at your previous year's tax bill, and is due in two instalments.

The Payment on Account can be thought of as a way of paying off some of your tax bill in advance. The first instalment is due on 31 January (the same day as your 'balancing payment', which clears your tax bill for the previous tax year), and the second is due on 31 July. It is intended to help you spread your payments out during the year – and, of course, to help provide the Exchequer with a financial boost in the middle of the year.

Each of the two instalments of the Payment on Account will normally be 50 per cent of your previous tax bill. So, if you paid £10,000 in the tax year for which you are filing your return, you will make the first Payment on Account of £5,000 on 31 January, and another payment of £5,000 on 31 July. This will include Class 4 National Insurance Contributions where applicable, but not student loan repayments or Capital Gains Tax.

There are some circumstances in which a Payment on Account will not be due. If your tax bill for the previous year was less than £1,000 after PAYE or other deductions at source, no Payment on Account is necessary. Similarly, no Payment on Account will be due if, in the previous tax year, 80 per cent or more of your tax was deducted at source.

## Reducing your Payment on Account

Self-employed peoples' income can fluctuate from year to year. If you think that your income for the next tax year will be lower than in the previous tax year, you can apply to have your Payment on Account reduced.

Contact Sipher Accounting & Tax and we can assist you further.

Website: [sipheraccounting.com](http://sipheraccounting.com)

Phone: 0203-490-5470

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