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Quick Tips for Self-Employed Individuals

Formularize a Business Idea

A good business idea is a key factor between the success and failure of a self-employed individual. Try starting with a business plan and a basic financial forecast to give you direction.

Register for Self-Assessment

As a self-employed individual, you are required to register with HMRC for Self-Assessment. Once registered, you will need to complete and submit a Self-Assessment to HMRC. You will also need to create an online Gov account in order to complete and submit your tax return. You can view the Self-employed resource hub here in order to understand in detail the kind of responsibilities you will have as a self-employed individual.

Keep Records

You should keep records of your business income and expenses, as HMRC can investigate your records at any point for 6 years. Therefore, keeping your records, like invoices, receipts, and bank statements, in good order is highly recommended to avoid any issues from HMRC.

Register for key Compliance such as VAT and Payroll, if applicable

If at any point you decide to hire employees you need to be prepared. Key things to look into are employer insurance and registering for Payroll. If your turnover goes above a certain limit you also need to register for VAT and submit VAT returns.

Utilize all Tax Reliefs and Credits

As a self-employed individual, you have the facility of using various Reliefs and Allowances, such as Marriage Allowance or various tax sheltering schemes such as EIS/SEIS/SITR/VCT. Having a good accountant in London at your disposal could prove worthwhile in reducing your tax as much as possible.

Make sure you are Protected

Self-employment means you and your business are one entity. Therefore, any liabilities that arise for the business are considered as liabilities for you personally as well. Having good protection insurance in place can make sure the risk is minimized.

Also, certain industries require you to have certain licenses and insurances, be sure to research and get the relevant insurances to be covered.