

Self Employed

Going Self Employed: An Overview

- Think of a name – either a name “John Smith” or have a trade name “John Smith trading as “JS Fixit”.
- Contact the local tax office and register for self-assessment. The Inland Revenue will issue a 10 digit reference number, keep this in a safe place, and quote on all tax documents. Alternatively ring the Newly Self-Employed Helpline.

Newly Self Employed 0845 915 4515 Mon-Sun 8.00am-8.00pm

- Contact the national insurance office and register for class 2 stamp. This has to be within 3 months of starting, otherwise there is a £100 fine. This can also be done through the Newly Self Employed Helpline or via the CWF1 form.

[CFW1 Form](#)

- Payments can be quarterly by bill, or monthly by Direct Debit. The cost is £2.40 per week (2010/11).
- Open a bank account for banking income, and paying expenses incurred whilst trading. Keep work and private money as separate as possible.
- Keep all receipts, even if in doubt.
- Make a note of ANY mileage done for work, and keep a diary or schedule of these journeys.
- If there are 2 or more people starting the business together, this is a partnership. The partners must decide if this is an equal split of work and profits i.e. 50:50 or if not, then what split it should be.
- Decide on an invoice system. Either a duplicate book, which all stationers will sell (never use this as a note book!) or an invoice system based on printed invoices. Invoices must have certain details on them including: -
 - Business name and address
 - Date
 - Amount invoiced
 - Details of work done
 - Name and address of the person/Company for whom the work was done
 - In individual invoice number (i.e. either 1,2,3,4, or CODE1, CODE2, CODE3 etc, where the code refers to the client in some way)

- Keep all paperwork in a file for each period of trading.
- Trade up to the end of March for the first year, and then yearly from thereafter.
- If the business turnover will exceed the annual threshold of £72,000 for 2011/12 then it must apply for a VAT1 form to register for VAT. This also applies to a rolling monthly turnover of £6000.