

How much money to set aside

When you start self-employment, you do not get your first tax bill for a while, so you need to think about how much money to set aside now.

The table below can help you to do this. It shows you how much money you might need to set aside to meet your Income Tax and Class 4 National Insurance contributions (NICs) bill. It doesn't take into consideration any Payments on Account you may separately have to make.

You will need to pay Class 2 National Insurance contributions separately – £2.65 per week for the tax year ending on 5 April 2013.

The information below uses estimated weekly/monthly profit figures and is based on a self-employed individual, who has no other income which should be taxed and who is entitled to a basic Personal Allowance. Profit is your income less expenses. It is assumed that you will make your accounts up to 5 April each year.

The exact amount of Income Tax and/or Class 4 National Insurance contributions due and payable can only be worked out once you have completed your Self Assessment tax return.

Table to help you work out the approximate Income Tax/Class 4 NICs to set aside each week/month

Estimated weekly profit (£ per week)	Approximate amount to set aside (£ per week)	Estimated monthly profit (£ per month)	Approximate amount to set aside (£ per month)
100	0	450	0
150	1	500	0
200	14	600	0
250	28	800	40
300	43	1,000	98
350	58	1,250	171
400	72	1,500	243
500	101	2,000	388
600	130	2,500	533
700	159	3,000	678
840	203	3,656	884

You can find more information about this at the useful websites listed below:

Understanding your Self Assessment statement, go to www.hmrc.gov.uk/sa/understand-statement.htm

Problems paying HMRC, go to www.hmrc.gov.uk/payinghmrc/problems/cantpay.htm