Self-employment (full) notes

Tax year 6 April 2013 to 5 April 2014

Contacts

To download the form and related helpsheets go to: **hmrc.gov.uk/sa103f**

For more information about Self Assessment go to: **hmrc.gov.uk/sa** or **hmrc.gov.uk/sacontactus**

Information

- Go to **hmrc.gov.uk/contactus**
- Phone the SA Helpline on **0300 200 3310**.
- Phone the SA Orderline on **0300 200 3610** for paper copies of the helpsheets and forms.

Contents

Who should use the Self-employment (full) pages?

Use the *Self-employment (full)* pages if:

- your turnover was £79,000 or more (or would have been if you had traded for a full year)
- you have changed your accounting date
- your 'basis period' – that is the self-employed period for which you are taxable – is not the same as your accounting period (Basis periods are explained on page SEFN 17 of these notes and in Helpsheet 222 *How to calculate your taxable profits*.)
- the results of your accounts, made up to a date in the year to 5 April 2014, have been declared on a previous tax return
- you provide services under contracts for professional or other services and these contracts span your accounting date
- you are a practising barrister (advocate in Scotland) and started your practice before 5 April 2013 and you compute profits using the alternative basis
- your business is carried on abroad
- you wish to claim capital allowances for items apart from equipment and machinery
- you wish to record overlap profit or claim 'overlap relief' on change of accounting date or because your business has ceased. (You can find information on overlap periods/profit and overlap relief on page SEFN 18 of these notes and in Helpsheet 222 *How to calculate your taxable profits*.)
- you are a farmer, market gardener or a creator of literary or artistic works and you wish to claim averaging

- you want to make an adjustment to your profits chargeable to Class 4 NICs (for example, because your profits include earnings as an employee)
- you were within the Managing Serious Defaulters (MSD) programme for any part of the year.

If the tax affairs of your business are straightforward and none of the above apply, you can use the *Self-employment (short)* pages instead.

Completing the Self-employment (full) pages

You do not have to draw up formal accounts each year but you must keep sufficient records to support the information you enter on these pages. You must keep your records until at least 31 January 2020, in case we ask to see them.

If you do not have accounts, Helpsheet 222 *How to calculate your taxable profits* will tell you how to work out your taxable profit and explains how that profit is taxed. If you use the cash basis use Helpsheet 222 for information on how to calculate your taxable profits. If you do have accounts, Helpsheet 229 *Information from your accounts* gives practical help on filling in the *Self-employment* pages.

We expect you to provide final figures of your income and expenses so if you include any provisional figures please identify them in box 103, 'Any other information', say why they are provisional and when you expect to provide final figures. If it is impossible to provide any final figures by the filing deadline (31 October 2014 for paper returns and 31 January 2015 for online returns) you should complete boxes 2, 6 if appropriate, 8, 9 and 10, if appropriate provide estimates in boxes 15, 47 or 48, 64 or 65, 73 and 76 or 77, and leave the rest of the pages blank. Say why you are doing this in box 103, 'Any other information'.

The most likely reason would be if your business is new and your first accounting period will not end until close to (say within three months), or after, the filing deadline.

You may need to complete more than one set of *Self-employment* pages if:
- you have more than one business, even if you have one set of accounts covering all your businesses
- you have recently started or ceased in business or you have changed your accounting date and you need more than one set of accounts to arrive at your taxable profit.

If you have one set of accounts for more than one business, start by reflecting those accounts on one set of *Self-employment* pages then deduct the income and disallow the expenses for any business other than your main one. Include those details on separate sets of *Self-employment* pages. Helpsheet 220 *More than one business* will help you.

If you have more than one set of accounts for the basis period for a business, complete separate *Self-employment* pages for each set of accounts for that business and fill in boxes 1 to 65 and 83 to 99 on each. Then fill in boxes 66 to 76 as appropriate on the *Self-employment* pages for the most recent set of accounts to arrive at your taxable profit for 2013–14. You do not need to repeat any information for any accounting period which you provided in last year's tax return.

If you were a construction worker and the person for whom you worked has told you that you were not self-employed for a particular contract, and tax has been deducted from the payments made to you under Pay As You Earn, please contact us.

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Business details

Box 6 *If your business started after 5 April 2013*

You will be taxable on any profits for the period beginning on the date you started working for yourself and ending on 5 April 2014. In the majority of cases you will also need to pay Class 2 National Insurance contributions.

Box 7 *If your business ceased after 5 April 2013 but before 6 April 2014*

If you have stopped working for yourself, you are taxable on any profits for the period beginning on the day after your last accounting period ended (in the year to 5 April 2013) and ending on the date your business ceased. You may be entitled to a tax relief called 'overlap relief' (read the notes for box 69 on page SEFN 18).

You still need to fill in the *Self-employment* page, even though your self-employment has now ceased.

Ceasing self-employment for Class 2 NICs purposes

You must also phone the National Insurance Self-Employed Helpline on **0300 200 3505** to confirm the date you stopped working for yourself. If you no longer need to pay Class 2 National Insurance contributions, they will arrange for your bills to stop.

Box 8 *Date your books or accounts start – the beginning of your accounting period*

Every business must keep books or records by law. It is usual to keep your business records year by year. We suggest you 'make up your books or records' to the same date each year (your accounting date). You can find more information on this on our website. Go to **hmrc.gov.uk/sa/rec-keep-self-emp.htm**

If you have been working for yourself for less than 12 months (you filled in box 6) you will have to choose your accounting date (and you usually keep to that date each year). You can choose any date you like but as the tax year ends on 5 April you may find it easier to use 5 April. The beginning of your accounting period, that is, the period (usually a year) from one accounting date to the next, covered by your books and records, will be the first day of your business or trading year.

Box 9 *Date your books or accounts are made up to or the end of your accounting period*

The date you make your books up to, or your accounting date (that is, the end of your accounting period) will be the last day of your trading or business year. You usually pay tax on the profits of the accounting period ending in the tax year covered by the tax return. The rules are different for the first two or three years of trading, dependent on when your first accounting period ended. Helpsheet 222 *How to calculate your taxable profits* explains this in detail.

If you have been working for yourself for less than 12 months you must choose an accounting date to go in box 9. If you have a date in box 9 later than 5 April 2014 and you have made up your first set of books, use those figures for these pages. We will tax you on the part of your profit that falls into the tax year 6 April 2013 to 5 April 2014.

If you have stopped working for yourself, and the date in box 7 is not the same as the date in box 9, you should complete another set of *Self-employment (full)* pages for the final period of trading.

Box 10 *Cash basis*

Put 'X' in box 10, if you used the cash basis. The cash basis is a simpler way of working out your business profits or losses. You add up all your business income received and take off any allowable expenses paid in your accounting period. You **do not** include money you owe or that is owed to you at your end of year date.

You can use, or may already be using, cash basis if your business income **does not exceed** £79,000 (or £158,000 if you claim Universal Credit).

If you use the cash basis:

- you only record income when it's received
- you only record expenses when they're paid (unless you're using flat rates – see 'Simplified expenses' on page SEFN 8
- payments for equipment, including vans, are allowable expenses
- a maximum of £500 is allowed as an expense for interest paid on cash borrowings
- any losses you make can't be set off against your other income
- you can't use capital allowances (read the note for boxes 49 to 59) for anything except cars

Certain businesses **cannot** use the cash basis.
For more information on the cash basis, go to **hmrc.gov.uk/helpsheet222**

Other information

Box 11 *If your accounting date has changed permanently*

If you have changed accounting date and you want the change to count for tax, put 'X' in box 11. Helpsheet 222 *How to calculate your taxable profits* explains the consequences of changing your accounting date.

Box 12 *If your accounting date has changed more than once since 2008*

If it has, please put 'X' in box 12 and explain in box 103, 'Any other information', why you have made these changes.

Box 13 *If special arrangements apply*

Special arrangements may apply to:

- foster carers and shared lives carers – but we would assume that you will be completing the *Self-employment (short)* pages. Please contact us if you are not sure which *Self-employment* pages to complete. Helpsheet 236 *Qualifying care relief: Foster carers, adult placement carers, kinship carers, staying put carers and parent and child arrangements* has more information
- farmers and market gardeners, and creators of literary or artistic works – you may be able to claim averaging. You may find Helpsheet 224 *Farmers and market gardeners*, Helpsheet 232 *Farm and stock valuation* and Helpsheet 234 *Averaging for creators of literary or artistic works* useful
- barristers (or advocates in Scotland) – who commenced before 5 April 2013 and compute profits using the alternative basis. There is information on this in the guidance notes issued by the Bar Council of England and Wales, the Faculty of Advocates and the Northern Ireland Bar Library. If subsequent profits are calculated using normal accounting rules, you must work out the adjustment to move you onto that basis.

Contacts

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- trades and professions wholly carried on abroad – if the remittance basis applies to you (and you have completed the *Residence, remittance basis etc.* pages) you only have to fill in boxes 1 to 14, 66, 67, 76 and 100. If part of the trade is carried on in the UK then the whole profits are on the arising basis and should be returned in full. The remittance basis will not be available for the overseas portion of the profit, even if you claim remittance basis for other purposes.

Box 14 ***If you provided the information about your 2013–14 profit on last year's tax return***

If you provided information about your 2013–14 profit on last year's tax return you **only** have to complete boxes 1 to 14, 66 to 82 and 100 to 102, and enter zero in box 64 or box 65, on these *Self-employment (full)* pages. For example, if you started your trade on 1 May 2012 and made up your first accounts to 30 April 2013, you may already have provided information for that 12-month accounting period on your 2012–13 tax return.

Value Added Tax (VAT)

If you are registered for VAT you may enter details of your business income and expenses either:
- excluding VAT (that is, with the VAT taken off), or
- including VAT.

If you choose to include the VAT either:
- enter your net VAT payment to us as an expense in box 30, or
- enter any net repayment you received from us in box 16.

If your net payment to us (in box 30), or net repayment from us (in box 16) includes VAT on capital items (for example, machinery, equipment, vehicles), provide details of those items (and the VAT attached to them) in box 103 'Any other information'. Include the VAT that is not recoverable when working out the capital allowances due on these items (boxes 49 to 59).

If you are registered for VAT and we treat you as partly exempt, when working out your profits for tax purposes your business expenses should include any input tax that is not claimable. Entering your net VAT payment to us in box 30 or any net repayment received from us in box 16, will reflect this. However, if you choose to exclude the VAT from your expense figures, make sure that you include any input tax that you have not claimed in box 30.

If you are VAT registered and supply zero-rated goods, your sales figures will not include any VAT.

Changes to VAT registration during your accounting period

If you registered for VAT during your accounting period, your expenses up to that date should include VAT, regardless of whether you record subsequent income or expenses including or excluding VAT. In box 103 'Any other information', enter:
- the date of your registration
- whether you have included VAT in recording income and expenses from that date.

If your VAT registration was cancelled during the accounting period, your expenses from that date will still include VAT. Enter in box 103:
- the date of deregistration
- whether income and expenses before that date include VAT.

VAT Flat Rate Schemes

If you are registered for the VAT Agricultural Flat Rate Scheme include any flat rate additions charged to your customers in your sales figures. If you decide to record your figures:

- excluding VAT, include
  - — in box 16 any balance on your VAT account that is not to be paid over to us (this is the amount of VAT on your income that exceeds the VAT paid on your expenses, plus the payment under the Flat Rate Scheme)
  - — in box 30 any balance on your VAT account that you cannot recover from us
- including VAT, include the net payment to us under the Flat Rate Scheme as an expense in box 30.

VAT Notice 733 *Flat Rate Scheme for small businesses* has more details about other VAT Flat Rate Schemes.

If you have any concerns about the way to treat VAT on these pages, or VAT issues generally, please contact us.

Business income

This section explains how to calculate your business income if you are using normal accounting rules or the cash basis rules to calculate your business income.

Box 15 *Your turnover*

Turnover is the total amount of money earned or received by your business or self-employed work before taking off any expenses.
This includes:

- all payments for services or work your business has provided or goods you have sold – in cash, by card, cheques or any other method (including income from construction work)
- fees, tips and commissions
- any payments 'in kind' – that is, not paid by cheque or cash – for work done or goods sold
- money owed to you for work already done.

If you are using cash basis only include the money you actually received in the tax year.

Box 16 *Any other business income not included in box 15*

Include business income that does not form part of your business turnover, such as:

- rental income from letting part of your business accommodation that has become temporarily surplus
- payments you receive for a right to cross your land (way leaves).

Do not include income in box 16 if you are planning to include it elsewhere on your tax return, for example, rental income included on the *UK property* pages; business bank interest received.

You should enter income from another trade or business on a separate *Self-employment* page.

Business expenses

This section explains how to calculate your business expenses if you are using the traditional accounting rules or the cash basis.

Contacts

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Expenses will vary from business to business. Allowable expenses include the cost of buying stocks, wages, rent, lighting, postage, phone calls and motor costs such as fuel and insurance. They don't include the cost of buying a vehicle or other equipment (unless you use the cash basis, where allowable expenses include payments for equipment and vehicles other than cars), depreciation of equipment, your own salary or the cost of business entertaining. You will be able to find a place for all of your business expenses in the categories covered by boxes 17 to 45.

The following paragraphs give more information on allowable business expenses.

Some expenses are only partly allowable. For example:
- if you use your car for both business and private motoring, you can only claim the business part of the cost
- if you work from home or use a room in your home as an office you can only claim the business percentage of the costs of running your home (heat, light and so on) as a business expense
- if you live on the business premises you must not claim the amount that relates to your private use as a business expense.

If you are using the cash basis, you can only claim up to £500 of any payments of interest and other costs for cash borrowings.

If you include total costs in your business records you will have to work out the private or disallowable proportions. You can deduct those amounts from the total costs and enter the (net) results in boxes 17 to 30, or you can enter the total costs in boxes 17 to 30 and the disallowable amounts in boxes 32 to 45. Use the tables on page SEFN 9 to help you work out the amounts to go in boxes 17 to 45.

Use the table of allowable expenses on pages 6 and 7 of Helpsheet 222 *How to calculate your taxable profit* to help you work out what expenses can and cannot be claimed.

If you lease or hire a car you may not be allowed to claim all of the hire charges/rental payments.

For leases which started before 6 April 2009, if the car cost under £12,000 you can claim all of the rental payments. But if the car cost more than £12,000 you have to disallow a proportion of the rentals. You can find more details about how to work out this restriction at BIM47717 in the Business Income Manual at **hmrc.gov.uk/manualsa-z**

Where the car lease started between 6 April 2009 and 5 April 2013 and the car's CO_2 emissions are not more than 160g/km there is no restriction. For cars leased after 5 April 2013, the CO_2 emissions threshold is 130g/km. For leases that start on or after 6 April 2013, if the CO_2 emissions are more than 130g/km, you can only claim 85% of the rental payments. For leases that started before 6 April 2013 the CO_2 threshold is 160g/km.

In some circumstances you may need to enter a 'negative' expense, such as a loss made on the sale of an asset. You can do this by putting a minus sign next to the amount.

Do not include the cost of any equipment or machinery you use in the business. Instead, claim tax allowances (capital allowances) on these items (read the notes for boxes 49 to 59). But do include their running costs here. If you have included the depreciation or loss in value of any equipment or machinery in boxes 17 to 30, you must enter the same amount in the corresponding disallowable expenses boxes.

Simplified expenses

Simplified expenses is a new way of calculating certain types of allowable business expenses. From 2013–14, you can use flat rate instead of working out actual business expenses.

You can use flat rates for:
- business costs for vehicles and either
- business use of your home, or
- private use of business premises as home.

All other expenses have to be calculated in the usual way.

All sole traders and business partnerships can use simplified expenses, whether they also use the cash basis or not.

For more information go to **hmrc.gov.uk/helpsheet222**

If your annual turnover was below £79,000, you may just enter your total expenses in box 31 (and box 46, if appropriate) rather than giving a more detailed breakdown.

If you have been told that you are within the Managing Serious Defaulters (MSD) programme you should complete all applicable expenses boxes, not just box 30. If you have been told that you are the subject of the additional reporting requirements you must also send the detailed profit and loss account, balance sheet and computations with your tax return. You will need to identify and explain the nature and amount of any figures contained in those accounts that cannot be vouched by physical or electronic records made at the time that the underlying transactions took place, or written confirmation that no such figures are included.

Table of allowable expenses

Box	Allowable expenses
17	Cost of goods bought for resale, cost of raw materials used; direct costs of producing goods sold; adjustments for opening and closing stock and work in progress; commissions payable; discounts given. Taxi and minicab drivers and those in the road haulage industry should include fuel costs here, rather than box 19.
18	The total payments you have made to any person or company for **any** type of construction work. **Important**: If you have paid any person or company to help you with **any** type of construction work, you should phone our Construction Industry Scheme (CIS) Helpline on **0300 200 3210** to check whether you need to register as a contractor in CIS. Within CIS, construction work includes domestic work on private households, electrical or gas installations, painting and decorating and erection of scaffolding. To register as a contractor please phone our New Employer Helpline on **0300 200 3211**.
19	Salaries, wages, bonuses, pensions, benefits for staff or employees; agency fees, subcontract labour costs; employer's NICs and so on.
20	Car and van insurance, repairs, servicing, fuel (if you use the business mileage rate under the simplified expenses rules, all these expenses are included in the flat rate), parking, hire charges, vehicle licence fees, motoring organisation membership; train, bus, air and taxi fares; hotel room costs and meals on overnight business trips.
21	Rent for business premises, business and water rates, light, heat, power, property insurance, security; use of home as office (business proportion. This can be calculated using actual expenditure or flat rates under simplified expenses).
22	Repairs and maintenance of business premises and equipment; renewals of small tools.
23	Phone and fax running costs; postage, stationery, printing and small office equipment costs; computer software.
24	Advertising in newspapers, directories etc. mailshots, free samples, website costs.
25	Interest on bank and other business loans; alternative finance payments.
26	Bank, overdraft and credit card charges; hire purchase interest and leasing payments; alternative finance payments. If using the cash basis, you can only claim up to £500 of any payments of interest and other costs for borrowings.
27	Amounts included in turnover but unpaid and written off because they will not be recovered.
28	Accountant's, solicitor's, surveyor's, architect's and other professional fees; professional indemnity insurance premiums.
29	Depreciation and loss/profit on sale of assets are not allowable expenses – any amount entered here you should also enter in box 44.
30	Trade or professional journals and subscriptions; other sundry business running expenses not included elsewhere; net VAT payments.

Table of disallowable expenses

Box	Disallowable expenses
32	Cost of goods or materials bought for private use; depreciation of equipment.
33	Payments made for non-business work.
34	Own wages and drawings, pension payments or NICs; payments made for non-business work.
35	Non-business motoring costs (private use proportions); fines; costs of buying vehicles; lease rental expenses for cars with CO_2 emissions over 130g/km if purchased after 5 April 2013 (160g/km if purchased between 6 April 2009 and 5 April 2013) (15% of the amount paid); travel costs between home and business; other meals.
36	Costs of any non-business part, or use, of premises; costs of buying business premises.
37	Repairs of non-business parts of premises or equipment; costs of improving or altering premises and equipment.
38	Non-business or private use proportion of expenses; new phone, fax, computer hardware or other equipment costs.
39	Entertaining clients, suppliers and customers; hospitality at events.
40	Repayment of the loans or overdrafts, or finance arrangements; a proportion of interest and other charges where borrowing not used solely for the business.
41	Repayment of the loans or overdrafts, or finance arrangements; a proportion of interest and other charges where borrowing not used solely for the business.
42	Debts not included in turnover; debts relating to fixed assets; general bad debts.
43	Legal costs of buying property and large items of equipment; costs of settling tax disputes and fines for breaking the law.
44	Depreciation of equipment, cars and so on, losses on sales of assets (minus any profits on sales).
45	Payments to clubs, charities, political parties and so on, non-business part of any expenses; cost of ordinary clothing.

Tax allowances for vehicles and equipment (capital allowances)

You can claim tax allowances, called capital allowances, for the costs of purchasing, and improvements to, vehicles and equipment – such as vans, tools, computers, business furniture, cars (even if the items were purchased under hire purchase). The costs of such items are not allowable as an expense in working out your taxable profits.

The type of capital allowance that you can claim depends on the assets you have and other circumstances. The notes below give details about the conditions for claiming these allowances.

You must not claim capital allowances for:

- the costs of things that it is your trade to buy and sell because these can be claimed as business expenses
- the interest and other fees that you may be charged for purchasing items under hire purchase. These charges should be separated out from the cost of the item and included in box 25.

You cannot claim capital allowances if you are using the cash basis. The only **exception** are cars. If you have previously claimed capital allowances for a car used in your business, you can continue to claim the allowance in boxes 49 to 59. Include any business part of the running costs as an allowable business expense in box 20. You cannot use flat rates.

If you have never claimed capital allowances for the car, you can choose to use the flat rate, **or** claim capital allowances.

The notes below only apply if you have a 'standard' 12-month accounting period and summarise the allowances available. If your accounting period is longer or shorter than a year, or began before 6 April 2013, or if you want to know more about capital allowances, please refer to Helpsheet 252 *Capital allowances and balancing charges*, or contact us or your tax adviser. The notes and examples will help you to work out these allowances and the figures to include in boxes 49 to 59. Helpsheet 252 has more advice and examples.

Business and private use

Where you use an item of equipment for both business and private purposes, you should reduce the allowances that you claim by the amount of your private use. To do this, calculate the capital allowances due for each item which has any private use separately using a 'single asset pool' and reduce the allowances you claim by the private use proportion (see Example 1 on page SEFN 11, and Example 2 on page SEFN 13).

Box 49 *Annual Investment Allowance*

You can claim a capital allowance called an Annual Investment Allowance (AIA) up to an annual amount if you bought equipment (but not cars) during the year. The annual amount was increased from £25,000 to £250,000 for a temporary period of 2 years from 1 January 2013.

If your accounting period is different or longer or shorter than 12 months, or you have a different year end, then please read Helpsheet 252 *Capital allowances and balancing charges*.

Where you use an item of equipment for both business and private purposes, you must reduce the AIA claimed by the private use proportion.

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Example 1

Gordon buys some tools for £5,000 and a van costing £10,000. As the total cost is less than Gordon's maximum AIA entitlement for the year, he might have been able to claim the full amount as AIA. However, although the tools are used only for the business, the van is used 60% for business and 40% for private motoring.

Because the van is used for private purposes, Gordon must restrict the amount of AIA that he claims on the van to reflect his private use. This means that the AIA he can claim for the van is £6,000 (£10,000 less 40% private use).

His total AIA claim is £11,000 (£5,000 for the tools plus £6,000 for the van).

Enter the total amount of AIA claimed in box 49.

Box 50 *Capital allowances at 18% on equipment, including cars with lower CO_2 emissions*

Where you have spent more than the maximum amount of your AIA for a year on equipment, or (on or after 6 April 2013) you have purchased a car with CO_2 emissions of 130g/km or less, add all expenditure together to make a 'main pool' of costs. For cars purchased on or after 6 April 2009 and before 6 April 2013, the CO_2 emission threshold was 160g/km. There is no change to the capital allowances treatment of cars purchased before 6 April 2013).

Deduct:

- any Annual Investment Allowance (AIA) up to your maximum entitlement (see Example 1 above) (excluding any expenditure on cars) that you are including in box 49 (less any amount of AIA you choose to use against expenditure qualifying for 8% WDA (excluding cars))
- any equipment that qualifies for 8% or 100% allowances
- any items which need to go into a 'single asset pool' (for example, any asset used partly for non-business purposes).

Add this value to any main pool, unrelieved expenditure carried forward from the previous year, less the value of any disposals that you have made during the year.

You can then claim an allowance, also known as a writing down allowance (WDA), of 18% of the remaining pool value (unless the expenditure is 'special rate' expenditure – read the note for box 51). The WDA is deducted from the value of the pool and the reduced value is carried to the next year. For cars bought before 6 April 2009, read the notes for box 52 and Helpsheet 252.

The main pool continues as long as the business continues. If all of the expenditure is written off, the balance carried forward is nil.

Small pools allowance

If the balance of the main pool after claiming AIA, together with any balance carried forward from any previous year, less any amount you got from disposing of equipment you no longer use, is £1,000 or less, you may claim that whole amount as a 'small pools allowance' instead of the 18% writing down allowance. You should enter the amount of any such small pools allowance in box 50. The balance of the pool to carry forward will be nil.

Box 51 ***Capital allowances at 8% on equipment, including cars with higher CO_2 emissions***

Expenditure on certain items of equipment such as:

- cars with CO_2 emissions of more than 130g/km bought on or after 6 April 2013. For cars purchased on or after 6 April 2009 and before 6 April 2013 the CO_2 emission threshold was 160g/km. There is no change to the treatment of cars purchased before 6 April 2013
- integral features of a building or structure (for example, electrical systems such as lighting systems, hot or cold water systems, lifts, escalators and moving walkways)
- thermal insulation that you may have added to an existing building, and
- long-life assets (equipment with a planned life of over 25 years)

all qualify for writing down allowances at 8% a year. You may use your AIA wholly or partly against this expenditure (excluding cars), in preference to expenditure that qualifies at the 18% rate. Any balance of expenditure on these items after the AIA has been taken off will be included in the 'special rate pool' and will qualify for allowances at 8%.

Small pools allowance

If the balance of the special rate pool after claiming the AIA, together with any balance carried forward from any previous period, less any amount you got from disposing of equipment is £1,000 or less, you may claim the whole or part of the amount as a 'small pools allowance', instead of the 8% allowance. You should include the amount of any such allowance in box 51. The balance of the pool carried forward is nil.

Fixtures

Most fixtures in business premises can qualify for plant and machinery allowances, including the AIA and writing down allowances (WDA) at either 18% or 8% a year, depending on the nature of the asset.

From April 2012, if you purchase or sell a property which contains qualifying fixtures (such as kitchen fittings, electrical, heating systems, air conditioning or lifts) you must agree the part of the purchase price to be attributed to those fixtures with the other party to the sale. Normally, you should fix your mutual agreement by means of a joint election (called a 'section 198' or 'section 199' election), which you must notify to HMRC within 2 years of the date of transfer. This written election sets out the agreed value of the fixtures and gives enough information to identify buyer and seller, the fixtures and the property transferred. As a seller, the amount you can bring in to any pool as your disposal value will be the same amount as the amount the buyer can bring in as his acquisition value for capital allowances purpose. It is likely to be very much easier to agree the part of the purchase price to be attributed to the fixtures as part of the actual sale/purchase negotiations, when both sides have maximum negotiating power. If, exceptionally, the buyer and seller are unable to reach an agreement, then either party can refer the matter to the First tier Tribunal, within 2 years, to secure an independent determination. **If one of the specified ways of determining the value of the fixtures in business property has not been used, then the purchaser will be unable to claim allowances on this expenditure**. If you are thinking of buying or selling or leasing a second-hand business property containing fixtures, for which capital allowances may be available, you may wish to contact your tax adviser.

Contacts

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For more information about Self Assessment go to:
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hmrc.gov.uk/sacontactus

Box 52 *Restricted capital allowances for cars costing more than £12,000 – if bought before 6 April 2009*

If you bought a car costing more than £12,000 before 6 April 2009 you cannot claim more than £3,000 in any one year for it. The 18% writing down allowance has to be restricted to a maximum of £3,000, which is further reduced if there is any private use. Put each car costing more than £12,000 in a separate 'single asset pool' and do a separate calculation for each one for as long as you own it, or until 6 April 2014.

Private use

If you have a car which you use for business and for private use, the cost or value of it has to go into a separate single asset pool. Calculate the appropriate allowances due (but not AIA) depending on when the car was bought, the cost and (if the car was bought on or after 6 April 2009) the CO_2 emissions.
You must then reduce the allowances to the business use proportion.

You can find more information about capital allowances for cars and worked examples in Helpsheet 252 *Capital allowances and balancing charges*.

Example 2

In January 2009 Joe bought a car for £30,000. Because the car cost more than £12,000, it went in to a single asset pool. Joe claimed capital allowances up to a maximum £3,000 for each year (2009-10, 2010-11, 2011-12 & 2012-13). Between 6 April 2013 and 5 April 2014, Joe uses the car 60% for business and 40% for private motoring, so he must restrict the amount of writing down allowance (WDA) he claims to reflect his private use.

2013–14	**Car pool**	**Allowance**
Unrelieved balance carried forward from previous year (£30,000 - £12,000)	£18,000	
Writing down allowance (£18,000 x 18% (£3,240) *restricted* to £3,000)	(£3,000)	£3,000 x (60%) = £1,800
Value carried forward	£15,000	

Because Joe uses the car 40% for private purposes the £3,000 is restricted to the 60% business use proportion, £1,800, which is entered in box 52.

Cars bought on or after 6 April 2009

For cars bought on or after 6 April 2009 the allowances you can claim depend on the car's carbon dioxide (CO_2) emissions. Cars purchased on or after 6 April 2013 with CO_2 emissions:

- over 130g/km should be put into the special rate pool and will qualify for writing down allowances at 8% (for cars purchased before 6 April 2013 the CO_2 emissions threshold was 160g/km)
- of 130g/km or less should go into the main pool and will qualify for writing down allowances at 18% (for cars purchased before 6 April 2013 the CO_2 emissions threshold was 160g/km)
- of 95g/km or less qualify for a 100% first year allowance provided they are bought new/unused (for cars purchased before 1 April 2013 the CO_2 emissions threshold was 110g/km). The cost of second-hand cars below the threshold goes into the main pool.

If you use your car both for business and private use, remember to include the car in a single asset pool and restrict the allowance claimed to reflect this.

Short life assets

The short life asset (SLA) rules allow you to write off the cost of an asset over its life in your business. This is done by putting the expenditure in a single asset pool and having a balancing adjustment when the asset is disposed of or scrapped. Some assets are excluded from SLA treatment (for example cars, assets used partly for non-business use and 'special rate items').

If you decide to use this treatment you must inform us in writing no later than the first anniversary of 31 January following the end of the tax year in which you acquired the item. For example, if you bought a computer in the accounting period ended 31 July 2013, you must make the election by 31 January 2016. You cannot withdraw an election once it has been made.

Expenditure on an SLA goes into a single asset pool. No other expenditure goes in that pool. If the asset has not been sold or scrapped by the cut-off time in the rules the expenditure in the SLA pool is transferred to the main pool.

For expenditure incurred before 6 April 2011 there was a four-year cut-off. The four-year cut-off is the fourth anniversary of the end of the chargeable period in which the qualifying expenditure on the asset was incurred.

For expenditure incurred on or after 6 April 2011 there is an eight-year cut-off. The eight-year cut-off is the eighth anniversary of the end of the chargeable period in which the asset was incurred.

Box 53 *Agricultural or industrial buildings allowance*

Agricultural and industrial buildings allowances have been phased out. You can no longer claim them.

Box 54 *Business Premises Renovation Allowance (BPRA) (Assisted Areas only)*

The BPRA scheme took effect from 11 April 2007 and is due to run until April 2017. You can claim 100% BPRA for the capital costs of converting or renovating or repairs to unused business premises to bring them back into business use. You are entitled to claim a 100% allowance against the costs incurred, subject to the following rules.

To qualify for BPRA, the premises must:
- have been unused for at least one year before the works began
- have last been used for a business purpose
- be in an Assisted Area, that is, an area which is considered to be disadvantaged and eligible for regional aid. The whole of Northern Ireland qualifies as an Assisted Area and to see whether an area in England, Wales or Scotland qualifies go to **stats1.bis.gov.uk/regional-aa/aa2007.asp**
- be in use, or ready and available for use, for business or commercial purposes after the works are complete (but not for farming, fisheries, aquaculture, the manufacture of substitute milk products or synthetic fibres, shipbuilding, steel or coal industries; or where the person undertaking the renovation is involved in any of these areas).

You cannot claim BPRA:
- if the renovation expenditure has been incurred on any residential property, or
- on the costs of acquiring the land or building, extending the building, or developing land next to the business premises and
- from April 2013, to the extent that the expenditure that can qualify for relief under the scheme exceeds a cap of €20 million per project.

Contacts

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For more information about Self Assessment go to:
hmrc.gov.uk/sa or
hmrc.gov.uk/sacontactus

You can find more information about BPRA and the conditions you must satisfy to claim the allowance in the Capital Allowances Manual (CA45000 onwards). Go to **hmrc.gov.uk/manualsa-z**

Box 55 *100% and other enhanced capital allowances*

You can claim 100% capital allowances for:

- designated energy-saving or water-efficient equipment used in your business (even if you have otherwise used up your Annual Investment Allowance), go to **eca.gov.uk** for more information
- a new unused car purchased on or after 1 April 2013 with CO_2 emissions of not more than 95g/km (for cars purchased before 1 April 2013, the CO_2 emissions threshold was 110g/km)
- equipment for refuelling vehicles with natural gas, biogas or hydrogen fuel
- new unused zero-emission goods vehicles.

Box 56 *Allowances on sale or cessation of business use (where you have disposed of assets for less than their tax value)*

If you sell an item, no longer use it in the business, or your business has ended, deduct the sale proceeds of any items you sell, or the market value of items that you keep for other purposes or give away, from the balance of expenditure in the appropriate pool. For single asset pools (including those for cars) and other pools, if the proceeds or value is less than the pool value or cost of the item, you should enter the difference (called a balancing allowance) in box 56. You can only claim a balancing allowance in respect of your main rate or special rate full when you permanently discontinue your business.

Box 58 *Balancing charge on sale or cessation of business use (only where Business Premises Renovation Allowance has been claimed)*

To avoid a potential balancing charge on a disposal, premises on which BPRA has been claimed must be held for at least seven years from the date the premises were first used or were suitable for letting. However, if within that period:

- the premises are sold or a long lease is granted for a capital sum, or
- the premises cease to be used for business activities, or
- the premises are demolished or destroyed, or
- the person who incurred the renovation costs dies

and the proceeds from that disposal referable to the renovation costs exceed any balance of unrelieved expenditure, a balancing charge will arise.

The amount of that charge will be the relevant proceeds from the disposal event, less any residue of unrelieved expenditure (or the proceeds if that residue is nil). You must enter this amount in box 58.

Box 59 *Balancing charge on sales of other assets or on the cessation of business use (where you have disposed of assets for more than their tax value)*

When you dispose of (for example, sell) an item that you have claimed capital allowances on, deduct the sale proceeds (up to the cost of the item) from the pool value brought forward. Similarly, if you no longer use an item for business purposes, deduct its current market value (up to the original cost) from the pool value. If the sale proceeds or the value of the item is more than the pool value or cost, the difference (a 'balancing charge') is taxable. Enter the total of any balancing charges (apart from BPRA ones) in box 59.

Example 4

Thomas Telford is an engineer. He started working for himself on 6 April 2013 and decides to draw up his accounts to 5 April each year.

When he started he bought specialist machinery for £90,000 and a test rig for £180,000. Then on 1 December 2013 he bought a van to use in the business for £36,000. The equipment and van together make a 'main pool' of cost or value. In 2013-14 the expenditure qualifies for AIA and any expenditure over the maximum amount for AIA will qualify for an 18% writing down allowance.

The following is Thomas' capital allowance calculation.

	Main pool	Allowance
Year ended 5 April 2014		
Specialist machinery	£90,000	
Test rig	£180,000	
Van cost	£36,000	
Total expenditure	£306,000	
Minus		
Annual Investment Allowance *box 49*	(£250,000)	£250,000
Balance of pool	£56,000	
WDA (£56,000 x18%)		£10,080
Total capital allowances		**£260,080**
Value of main pool to carry forward to 2014-15 (£56,000 minus £10,080)	£45,920	

Calculating your taxable profit or loss

Box 60 *Goods and services for your own use*

If you take goods or stock out of the business, put the normal sale price in box 60. If you use the cash basis only include the disallowable amount (usually the cost).

If you put the full cost of expenses in boxes 17 to 30, you will need to include any disallowable amounts in box 60.

Box 62 *Income, receipts and other profits included in business income or expenses but not taxable as business profits*

If you included any amounts in your turnover in box 15 that you know are not taxable, please enter them here.

Contacts

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Working Sheet for box 64 or box 65

Start with your net profit figure *box 47* or net loss figure *box 48*		A	£
Add Items that increase your profit (or reduce your loss) Disallowable expenses *box 46*		B	£
Balancing charges on sale or cessation of business use *boxes 58* and *59*		C	£
Goods and services for your own use *box 60*		D	£
Total		E	£
Minus Items that reduce your profit (or increase your loss) Total capital allowances *box 57*	£		
+			
Non-taxable income or receipts *box 62*	£ =	F	£
Net business profit *box E minus box F - if the result is positive copy to box 64*			£
Or net business loss *box E minus box F - if the result is negative copy to box 65*			£

Boxes 66 and 67 *Basis period*

You pay tax for 2013–14 according to the profits of your basis period. Once your business has been running for a couple of years, and your accounting period is established, your basis period is your accounting period.

If your business began in the year ending 5 April 2014
Your basis period begins on the date you started in business and ends on 5 April 2014.

If your business began in the year ending 5 April 2013 and

- you have an accounting date in the year to 5 April 2014 and
  - — it is more than 12 months after the date your business began, your basis period is the 12 months to that accounting date.
  - — it is less than 12 months after the date you started in business, your basis period is the 12 months beginning on the date you started.
- you do not have an accounting period ending in the year to 5 April 2014, your basis period is the year 6 April 2013 to 5 April 2014.

If your business ended in the year to 5 April 2014
Your basis period begins on the day following your last accounting date, or on the date your business began in 2013–14, and ends on the day your business ended. Helpsheet 222 *How to calculate your taxable profits* explains basis periods in detail and has examples.

Enter the first day of your basis period in box 66, and the last day in box 67. If you have more than one set of accounts for your basis period, complete separate *Self-employment* pages for each set of accounts, but only fill in boxes 66 to 76 once on the *Self-employment* pages for the most recent set of accounts.

Box 68 *If your basis period is not the same as your accounting period*

To work out your profit or loss for the basis period you may have to add together and/or divide the results of your accounting periods. Enter in box 68 the amount of the adjustment needed to the profit or loss in box 64 or box 65.

Overlap profits

When basis periods overlap (for example, in the first 2 years of business or following a change in accounting date), you should keep a record of both the overlap profit and the overlap period. The overlap profit is carried forward each year until you are able to claim overlap relief.

Box 69 *Overlap relief used this year*

You may be allowed overlap relief if you:
- sold or closed down your business, and your basis period this year does not begin on 6 April
- changed your accounting date resulting in a change of basis period, and your basis period this year is more than 12 months long.

Helpsheet 222 *How to calculate your taxable profits* shows you how to work out the overlap relief to go in box 69 or you can ask your tax adviser or contact us.

Box 70 *Overlap profit carried forward*

The amount to enter in box 70 will be the overlap profit carried forward from previous years, plus any new overlap profits this year (read the note for box 68) minus any overlap relief used this year (in box 69).

Box 71 *Adjustment for change of accounting practice*

If you are a barrister (advocate in Scotland) and previously used the alternative basis to work out your profits and now use normal accounting rules, you (or more probably your tax adviser) will have worked out the necessary adjustment to bring you onto normal accounting rules. Include in box 71 the instalment taxable in the year to 5 April 2014.

Box 72 *Averaging adjustment (only for farmers, market gardeners and creators of literary or artistic works)*

Enter in box 72 the amount by which your profit is changed by your averaging claim. If the claim reduces your taxable profit this year enter a minus sign in the box provided. Helpsheet 224 *Farmers and market gardeners* and Helpsheet 234 *Averaging for creators of literary or artistic works* give more details.

Box 73 *Adjusted profit for 2013–14*

Use the Working Sheet overleaf to work out your adjusted profit. If this is a negative figure (you have made a loss) enter ‘0’ in box 73 and put the loss in box 77.

Contacts

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Working Sheet for taxable profits or adjusted loss

Start with your net business profit *box 64* or net business loss *box 65 (enter a loss as a negative figure)*			£
Add Positive adjustment for basis period *box 68*			£
Total		A	£
Minus Negative adjustment for basis period *box 68*	£		
Overlap relief used this year *box 69*	£	B	£
Total *box A minus box B*		C	£

If the amount in box C is positive (a profit)

Add Adjustment for change of accounting practice *box 71*	D	£
Add Positive averaging adjustment *box 72*	E	£
Or Minus Negative averaging adjustment *box 72*	F	£
Adjusted profit - *copy to box 73* *(box C + box D + box E) or (box C + box D minus box F)*	G	£
Minus Losses brought forward (box 74) - up to the amount in *box G*	H	£
Total *box G minus box H*	I	£
Add Any other business income *box 75*	J	£
Total taxable profits - copy to *box 76* *box I + box J*		£

If the amount in box C is negative (a loss) or zero

Copy the amount in box C (the adjusted loss) to box 77 but enter it as a positive figure (do not include the minus sign in box 77).

If you have entered an amount in box 71 and/or positive averaging adjustment in box 72, enter the sum of the amounts in boxes 71 and 72 in box 73, as well as entering the adjusted loss in box 77.

Box 75 *Any other business income not included in boxes 15, 16 or 60*

Include in box 75 any other business income, such as non arm's length reverse premiums (payments you received as an inducement to lease a business property) regardless of whether you have made a profit or a loss.

Box 76 and box 77

Use the Working Sheet on page SEFN 19 to work out your total taxable profit (box 76) or adjusted loss (box 77).

Losses

There are rules about how losses are set off and time limits for loss claims. Some claims must be made by 31 January 2015. We do not usually accept late claims. You may want to ask for professional advice or to ask us for Helpsheet 227 *Losses*, which has more information and a Working Sheet to summarise the use of your losses. It will also help you to fill in boxes 78 to 80.

If you use cash basis you must not make a claim for losses against income or capital gains. Your loss must be used against profit of the trade in a later year, or profits of earlier years if the business has ceased. Helpsheet 222 *How to calculate your taxable profits* provides information on terminal loss relief (relief for losses of final 12 months of trade).

From 2013-14 there is a limit on the amount of Income Tax relief that an individual may claim for deduction from their total income in a tax year. The limit in each tax year is the greater of £50,000 or 25 percent of the individual's adjusted total income. If you are, or think you may be, impacted by the limit please read Helpsheet 204 *Limit on Income Tax Reliefs*.

If you have already made a claim for your 2013–14 loss you should still include the loss in the relevant box on your tax return.

If your claim is against income, profits or gains of an earlier year, or if you are repeating a claim you have already made, you should provide details in box 103 'Any other information'.

CIS deductions and tax taken off

Box 81 *Deductions on payment and deduction statements from contractors*

If you are a subcontractor in the construction industry enter the total deductions made by your contractors from payments you received in the year 6 April 2013 to 5 April 2014. The deductions are shown on the payment and deduction statements that your contractors should have given to you. **Do not** send these with your tax return. Even if you have already claimed a repayment of your CIS deductions, you should include the total deductions during the year in box 81. (Enter in box 1 of the 'Finishing your tax return' section of your tax return, the amount of repayment received or set off against other tax due.)

If you make an entry in box 81, do not forget to include in box 15 your gross receipts from all contractors (that is, the full amount of the payments you received before taking off the CIS deductions).

Box 82 *Other tax taken off trading income*

If any other tax (that is, not CIS deductions or deductions under either of the Tax Savings Schemes for Share Fishermen) has been taken off your trading income, enter it in box 82. If tax under PAYE has been taken off any amount included in your turnover in box 15 please contact us.

> **Contacts**
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Balance sheet

If your accounts include a balance sheet, transfer figures into boxes 83 to 99. You may have to decide which are the most appropriate boxes in our balance sheet for your figures.

Depending on your business circumstances, elements in the balance sheet may appear as assets or liabilities. For example, if there are funds in the business bank account it is an asset, but if the account is overdrawn it is a liability. This can apply to capital account balances and the net profit or loss. Where a balance on the capital account is overdrawn, or your business made a loss, enter a minus sign in the box provided (to the right of the £ sign). If your liabilities are greater than your assets, enter the net business liability amount in box 94 with a minus sign.

Box 96 should be the same as box 47 (if the business made a profit) or box 48 (if it made a loss). And box 94 should be the same as box 99.

Class 4 National Insurance contributions (NICs)

Box 100 *If you are exempt from paying Class 4 NICs*

You do not have to pay Class 4 NICs if:

- on 6 April 2013 you were
  - at or over State Pension age at the beginning of the year of assessment (including if you reach State Pension age on 6 April), or
  - under 16, or
- during 2013–14 you were not resident in the UK for tax purposes (if you are not sure please contact us or your tax adviser).

To find out your State Pension age go to **gov.uk/calculate-state-pension** If you are a trustee or a diver or diving instructor you may also not have to pay; please contact us if you think this applies.

If you are exempt, please put an 'X' in box 100. Do not fill in box 101 or box 102.

Box 101 *If you have been given a 2013–14 Class 4 NICs deferment certificate*

If you are employed as well as self-employed, the National Insurance Contributions and Employer Office (NIC&EO) may agree to defer some of your Class 4 NICs until your overall contributions can be determined. If they agree to your application for deferment they will send you a deferral certificate (form CA2703 *Granted deferment of liability for Class 2 and Class 4 National Insurance contributions)*. Only put 'X' in box 101 if NIC&EO has already given a deferment certificate to you. If you want to apply for Class 4 NICs deferment, please contact us.

Box 102 *Adjustment to profits chargeable to Class 4 NICs*

There are adjustments that reduce the amount of Class 4 NICs payable such as cash basis adjustments, change in accounting adjustments, certain losses from earlier years and earnings as an employee which are included in your profits.

If you made an entry in box 71 (Adjustment for change of accounting practice) the same figure is taken off your profits for Class 4 NICs purposes; include that adjustment in box 102.

If your profit in box 64 includes employment earnings, enter those earnings in box 102. You can pay Class 1 NICs on employment earnings.

If you have any brought forward trading losses of this business, that have not yet been set against profits chargeable to Class 4 NICs, you may include them in box 102. (Losses are allowable for Class 4 NICs in the same way as they are for tax.)

If you have another business, Helpsheet 220 *More than one business* gives details of how to calculate any Class 4 NICs adjustment to enter in box 102.

If you have incurred interest for the purposes of this business but did not take it off to arrive at your taxable profit, include it in box 102; it can reduce your Class 4 profit. (Include any such interest for 2012–13 and earlier years if it has not already been set against Class 4 profits.)