HM Revenue & Customs

Self-employment (full) notes

Tax year 6 April 2012 to 5 April 2013

Contacts

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

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

Contents

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

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

- your turnover was £77,000 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 2013, 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)
- your business is carried on abroad
- you wish to claim Agricultural or Industrial Buildings Allowance, or other capital allowances for items apart from equipment and machinery
- you wish to record an overlap period/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 Deliberate Defaulters (MDD) 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, so we get a full and fair picture of your business. You must keep your records until at least 31 January 2019, 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 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 102, '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 2013 for paper returns and 31 January 2014 for online returns) you should complete boxes 2, 6 if appropriate, 8 and 9, provide estimates in boxes 14, 46 or 47, 63 or 64, 72 and 75 or 76, and leave the rest of the pages blank. Say why you are doing this in box 102, '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 64 and 82 to 98 on each. Then fill in boxes 65 to 75 as appropriate on the *Self-employment* pages for the most recent set of accounts to arrive at your taxable profit for 2012–13. 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.

Contacts

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Business details

Box 6 *If your business started after 5 April 2012*

You will be taxable on any profits for the period beginning on the date you started working for yourself and ending on 5 April 2013. 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 2012 but before 6 April 2013*

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 2012) and ending on the date your business ceased. You may be entitled to a tax relief called 'overlap relief' (see the notes for box 68).

Ceasing self-employment for Class 2 NICs purposes

You must also phone the Self-employment Contact Centre on **0845 915 4655** 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 2013 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 2012 to 5 April 2013.

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.

Other information

Box 10 *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 10. Helpsheet 222 *How to calculate your taxable profits* explains the consequences of changing your accounting date.

Box 11 *If your accounting date has changed more than once since 2007*

If it has, please put 'X' in box 11 and explain in box 102, 'Any other information', why you have made these changes.

Box 12 *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. Helpsheet 224 *Farmers and market gardeners,* Helpsheet 232 *Farm and stock valuation* and Helpsheet 234 *Averaging for creators of literary or artistic works* may be useful
- barristers (or advocates in Scotland) – in the first seven years of your practice you can work out your profits on a cash or fee notes delivered basis. Subsequent profits must be calculated in accordance with GAAP (also known as the 'true and fair basis') and you must work out the adjustment to move you onto that basis. There is more information in the guidance notes issued by the Bar Council of England and Wales, the Faculty of Advocates and the Northern Ireland Bar Library
- 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 13, 65, 66, 75 and 99. Also enter the total taxable profits in box 74
- those who provide services under contracts and if those contracts span the accounting date – 'Urgent Issues Task Force Abstract 40 (UITF 40)' was issued by the Accounting Standards Board and you may have had to calculate your turnover differently, resulting in an adjustment to go in box 70. Helpsheet 238 *Revenue recognition in service contracts – UITF 40* has more information.

Box 13 *If you provided the information about your 2012–13 profit on last year's tax return*

If you provided information about your 2012–13 profit on last year's tax return you only have to complete boxes 1 to 13, 65 to 81 and 99 to 102, and enter zero in box 63 or box 64, on these *Self-employment (full)* pages. For example, if you started your trade on 1 May 2011 and made up your first accounts to 30 April 2012, you may already have provided information for that 12-month accounting period on your 2011–12 tax return.

Contacts

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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 29, or
- enter any net repayment you received from us in box 15.

If your net payment to us (in box 29), or net repayment from us (in box 15), includes VAT on capital items (for example, machinery, equipment, vehicles), provide details of those items (and the VAT attached to them) in box 102 'Any other information'. Include the VAT that is not recoverable when working out the capital allowances due on these items (boxes 48 to 58).

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 29 or any net repayment received from us in box 15, 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 29.

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 102 '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 102:

- 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 15 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 29 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 29.

VAT Notice 733 *Flat Rate Scheme for small businesses* has more details about other VAT Flat Rate Schemes and is available from **hmrc.gov.uk**

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

Business income

Box 14 *Your turnover – the takings, fees, sales or money earned by your business*

Your total business takings for the accounting period may be referred to as your turnover. Turnover is all the money earned by your business and includes:

- cash or cheques
- fees, tips and commissions
- the value of any payments 'in kind' – that is, not payment by cheque or cash – for work done or goods sold.

It is the money due to you up to your year-end or accounting date, whether or not you have actually been paid. If yours is a purely cash business and you do not issue invoices, your takings will be your turnover. It does not include Business Start-up Allowance; that goes in box 74.

If you receive income from contracts (which span your accounting date) for professional or other services see Helpsheet 238 *Revenue recognition in service contracts – UITF 40*. See also the note for box 70.

Box 15 *Any other business income not included in box 14*

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 15, 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

Expenses will vary from business to business but you will be able to find a place for yours in the categories covered by boxes 16 to 44.

Some expenses are not allowable for tax purposes, for example, entertaining clients, even if such entertainment directly led to new business.

Some expenses are only partly allowable. For example, you may use a car for both business and personal (private) motoring; only the business costs are allowable.

If you work from home or use a room in your home as an office you can only charge the business percentage of the costs of running your home (heat and light etc.) against tax.

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 16 to 29, or you can enter the total costs in boxes 16 to 29 and the disallowable amounts in boxes 31 to 44. Use the tables on page SEFN 8 to help you work out the amounts to go in boxes 16 to 44.

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

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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
hmrc.gov.uk/manuals/bimmanual/BIM47717.htm

Where the car lease started on or after 6 April 2009 and the car's CO_2 emissions are not more than 160g/km there is no restriction. If the CO_2 emissions are more than 160g/km, you can only claim 85% of the rental payments.

In some circumstances you may need to enter a 'negative' expense, such as a profit 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 (see the notes for boxes 48 to 58). But do include their running costs here. If you have included the depreciation or loss in value of any equipment or machinery in boxes 16 to 29, you must enter the same amount in the corresponding disallowable expenses boxes.

If your annual turnover was below £77,000, you may just enter your total expenses in box 30 (and box 45 if appropriate) rather than giving a more detailed breakdown.

If you have been told that you are within the Managing Deliberate Defaulters (MDD) 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
16	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.
17	Total payments made to subcontractors in the construction industry (before taking off any deductions). If you take on subcontractors in the construction industry (including work in a domestic environment, such as painting and decorating), then you probably need to register as a contractor in the Construction Industry Scheme (CIS). Please phone our New Employer Helpline on **0845 60 70 143** or, to find out more about CIS, phone our CIS Helpline on **0845 366 7899**.
18	Salaries, wages, bonuses, pensions, benefits for staff or employees; agency fees, subcontract labour costs; employer's NICs and so on.
19	Car and van insurance, repairs, servicing, fuel, parking, hire charges, vehicle licence fees, motoring organisation membership; train, bus, air and taxi fares; hotel room costs and meals on overnight business trips.
20	Rent for business premises, business and water rates, light, heat, power, property insurance, security; use of home as office (business proportion only).
21	Repairs and maintenance of business premises and equipment; renewals of small tools and items of equipment.
22	Phone and fax running costs; postage, stationery, printing and small office equipment costs; computer software.
23	Advertising in newspapers, directories etc. mailshots, free samples, website costs.
24	Interest on bank and other business loans; alternative finance payments.
25	Bank, overdraft and credit card charges; hire purchase interest and leasing payments; alternative finance payments.
26	Amounts included in turnover but unpaid and written off because they will not be recovered.
27	Accountant's, solicitor's, surveyor's, architect's and other professional fees; professional indemnity insurance premiums.
28	Depreciation and loss/profit on sale of assets are not allowable expenses – any amount entered here you should also enter in box 43.
29	Trade or professional journals and subscriptions; other sundry business running expenses not included elsewhere; net VAT payments.

Table of disallowable expenses

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

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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) and certain industrial and agricultural buildings that you use in your business. 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 24.

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 2012, 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 48 to 58. 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 and Example 2 on page SEFN 10).

Box 48 *Annual Investment Allowance*

You can claim a capital allowance called an Annual Investment Allowance (AIA), if you bought equipment (but not cars) during the year up to a set annual amount. For expenditure incurred on or after 6 April 2012 the maximum amount was £25,000. However, the Government has announced that legislation will be introduced in Finance Bill 2013 to increase the maximum amount of the AIA from £25,000 to £250,000 for a temporary two-year period from 1 January 2103.

There are transitional rules to work out the maximum amount of AIA for the period 6 April 2012 to 5 April 2013 as follows:

Your maximum AIA for the period is calculated in two parts:

(a) The AIA entitlement, based on the previous £25,000 annual cap for the portion of a year falling before 1 January 2013; and

(b) The AIA entitlement, based on the new £250,000 cap for the portion of a year falling on or after 1 January 2013.

Example 1

For the chargeable period from 6 April 2012 to 5 April 2013 you calculate your maximum AIA entitlement based on:

(a) The proportion of a year from 6 April 2012 to 31 December 2012, that is, 9/12 x £25,000 = £18,750; and

(b) The proportion of a year from 1 January 2013 to 5 April 2013, that is, 3/12 x £250,000 = £62,500.

The maximum AIA for this transitional period would therefore be the total of (a) + (b) = £18,750 + £62,500 = £81,250. However, in relation to period (a) no more than a maximum of £25,000 (which was the maximum AIA claimable for the period before the increase to £250,000) of expenditure can be claimed as AIA.

If your accounting period is different or longer or shorter than 12 months, or you have 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.

Example 2

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).

Box 49 *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 2010) you have purchased a car with CO_2 emissions of 160g/km or less, add all expenditure together to make a 'main pool' of costs. 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 48
- 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 – see the note for box 50). For cars bought before 6 April 2009 see the notes for box 51 and Helpsheet 252.

For example, if you have spent £45,000 on general equipment in May 2012 and have claimed £25,000 of this as an AIA, the balance of £20,000 qualifies for a 18% WDA of £3,600, which should be entered in box 49. The amount remaining in the pool (in this example, £16,400) should be carried forward to the following year – see Example 5 on page SEFN 16 of these notes.

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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% allowance. You should enter the amount of any such small pools allowance in box 49. The balance of the pool to carry forward will be nil.

Box 50 *Capital allowances at 8% on equipment, including cars with higher CO_2 emissions*

Certain items of equipment such as:
- cars with CO_2 emissions of more than 160g/km bought on or after 6 April 2009
- 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 £25,000 AIA wholly or partly against this expenditure (excluding cars), in preference to expenditure that qualifies at the 18% rate. Any balance of expenditure 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 50. 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 a First Tier Tribunal, within two 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, than 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, in respect of which capital allowances may be available, you may wish to contact your tax adviser.

Box 51 *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 3

In January 2009 Joe bought a car for £24,000. The car is used 60% for business and 40% for private motoring. The car cannot go into the main pool and does not qualify for AIA. Because the car cost more than £12,000 Joe can only claim capital allowances up to £3,000 each year (not 18% of its value because that would be more than £3,000).

2012–13	**Car pool**	**Allowance**
Unrelieved balance carried forward from previous year	£18,000	
Writing down allowance (£18,000 x 18% (£3,240) *restricted* to £3,000)	(£3,000)	£1,800 (60%)
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, or £1,800, which is entered in box 51.

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 with CO_2 emissions:

- over 160g/km should be put into the special rate pool and will qualify for writing down allowances at 8%
- of 160g/km or less should go into the main pool and will qualify for writing down allowances at 18%
- of 110g/km or less qualify for a 100% first year allowance.

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.

Contacts

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

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

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 2012, you must make the election by 31 January 2015. 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 52 *Agricultural or industrial buildings allowance*

Agricultural and industrial buildings allowances have been phased out. The amount you can claim in 2012–13 is nil.

The allowance of 4% was gradually phased out by giving only part of the allowance each year. The allowance given was calculated in the normal way, but then only a fraction of it was allowed. These are the fractions you could claim:

- 2008–09 3/4 of the 4%
- 2009–10 1/2 of the 4%
- 2010–11 1/4 of the 4%
- 2011–12 nil
- 2012–13 nil.

Where your accounting period is shorter than 12 months, the claim should be time apportioned accordingly, and if your accounting period is not the tax year, the allowance you claim should be apportioned. The rate you are actually able to claim is determined by how much of your chargeable period, normally the period for which you draw up accounts, falls within each tax year. This is illustrated in the example below.

Example 4

You spent £10,000 on a cowshed in 1990. The allowances were initially due at £400 a year. You stop trading and draw up accounts for nine months from 6 April 2011 to 31 December 2011. You can claim agricultural buildings allowance in this account of nil.

If your accounting period was 1 January 2011 to 31 December 2011, you could claim (£10,000 x (4% x 1/4) x 3/12 = £25) + Nil a total of £25.

For more information on agricultural buildings allowance (ABA) see Helpsheet 224 *Farmers and market gardeners* and the agricultural buildings allowance section of the Capital Allowances Manual available at **hmrc.gov.uk/manuals/camanual/ca40000.htm**

Box 53 *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 **www.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 2012, to the extent that the expenditure that can qualify for relief under the scheme exceeds a cap of €20 million per project.

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/manuals/camanual/index.htm**

Box 54 *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 **www.eca.gov.uk** for more information
- a new car with low CO_2 emissions of not more than 110g/km
- equipment for refuelling vehicles with natural gas, biogas or hydrogen fuel
- new unused zero-emission goods vehicles – go to **hmrc.gov.uk/budget2010/bn05.htm** for more information.

Box 55 *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 55. You can only claim a balancing allowance in respect of your main rate or special rate full when you permanently discontinue your business.

Contacts

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For further information about Self Assessment go to:
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Box 57 *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 57.

Box 58 *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 58.

Example 5

Thomas Telford is an engineer. He started working for himself on 6 April 2012 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 £18,000. Then on 1 December 2012 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 2012-13 the expenditure qualifies for AIA and any expenditure over that amount for a 18% writing down allowance. For 2012-13 the annual allowance will be 18% on the remaining pool brought forward.

Thomas decides to close the business on 30 September 2014. He sells the equipment and van for £90,000. This is Thomas' capital allowance calculation:

	Main pool	Allowance
Year ended 5 April 2013		
Specialist machinery	£90,000	
Test rig	£18,000	
Van cost	£36,000	
Total expenditure	£144,000	
Minus		
Annual Investment Allowance *box 48*	(£25,000)	£25,000
Balance of pool	£119,000	
Minus		
18% writing down allowance (£119,000 x 18%) *box 49*	(£21,420)	£21,420
Total capital allowances		**£46,420**
Value to carry forward to 2013-14	£97,580	
Year ended 5 April 2014		
Value brought forward	£97,580	
Minus		
18% writing down allowance (£97,580 x 18%) *box 49*	(£17,565)	£17,565
Total capital allowances		**£17,565**
Value to carry forward to 2014-15	£80,015	
Period ended 30 September 2014		
Value brought forward	£80,015	
Minus		
Disposal proceeds	(£90,000)	
Balancing charge *box 58 on 2014-15 tax return*	£9,985	

Calculating your taxable profit or loss

Box 59 *Goods and services for your own use*

If you, or your family or friends, take manufactured goods or stock ready for sale out of your business, not in the course of your trade, you must include in box 59 the normal sale price (and not the cost to you) of what was taken out or provided, unless you have already included such value in your turnover in box 14. You should not include in box 59 stock taken out at the time of purchase and include it in box 31.

Contacts

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Box 61 *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 14 that you know are not taxable, please deduct them here.

Working Sheet for boxes 63 or 64

Start with your net profit figure *box 46* or net loss figure *box 47*		A	£
Add			
Items that increase your profit (or reduce your loss) Disallowable expenses *box 45*		B	£
Balancing charges on sale or cessation of business use *boxes 57* and *58*		C	£
Goods and services for your own use *box 59*		D	£
Total		E	£
Minus			
Items that reduce your profit (or increase your loss) Total capital allowances *box 56*	£		
	+		
Non-taxable income or receipts *box 61*	£ =	F	£
Net business profit *box E minus box F - if the result is positive copy to box 63*			£
Or net business loss *box E minus box F - if the result is negative copy to box 64*			£

Boxes 65 and 66 *Basis period*

You pay tax for 2012–13 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 2013
Your basis period begins on the date you started in business and ends on 5 April 2013.

If your business began in the year ending 5 April 2012 and
- you have an accounting date in the year to 5 April 2013 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 2013, your basis period is the year 6 April 2012 to 5 April 2013.

If your business ended in the year to 5 April 2013
Your basis period begins on the day following your last accounting date 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 65, and the last day in box 66.

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 65 to 75 once on the *Self-employment* pages for the most recent set of accounts.

Box 67 *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 67 the amount of the adjustment needed to the profit or loss in box 63 or box 64.

Overlap profits

When basis periods overlap (for example, in the first two 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 68 *Overlap relief used this year*

You may be entitled to 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 68 or you can ask your tax adviser or contact us.

Box 69 *Overlap profit carried forward*

The amount to enter in box 69 will be the overlap profit carried forward from previous years, plus any new overlap profits this year (see the note for box 67) minus any overlap relief used this year (in box 68).

Box 70 *Adjustment for change of accounting practice*

If you are a barrister (advocate in Scotland) and previously used the 'cash' or 'conventional' basis to work out your profits, you (or more probably your tax adviser) will have worked out the necessary adjustment to bring you onto 'generally accepted accounting practice' (GAAP) (also known as 'true and fair basis'). Include in box 70 the instalment taxable in the year to 5 April 2013.
If you were in business before the start of the accounting period which covers 22 June 2005, and you receive income from contracts for professional or other services and which span your accounting date, you will have had to change the way you work out your turnover in your accounts. You (or more probably your tax adviser) will have worked out the necessary adjustment which arises on a change from the old to the new method. Include in box 70 the instalment taxable in the year to 5 April 2013 (see Helpsheet 238 *Revenue recognition in service contracts – UITF 40*).

Box 71 *Averaging adjustment (only for farmers, market gardeners and creators of literary or artistic works)*

Enter in box 71 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.

Contacts

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Box 72 *Adjusted profit for 2012–13*

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 72 and put the loss in box 76.

Working Sheet for taxable profits or adjusted loss

Start with your net business profit *box 63* or net business loss *box 64 (enter a loss as a negative figure)*			£
Add Positive adjustment for basis period *box 67*			£
Total		A	£
Minus Negative adjustment for basis period *box 67*	£		
Overlap relief used this year *box 68*	£	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 70*	D	£
Add Positive averaging adjustment *box 71*	E	£
Or Minus Negative averaging adjustment *box 71*	F	£
Adjusted profit - *copy to box 72* *(box C + box D + box E) or (box C + box D minus box F)*	G	£
Minus Losses brought forward (box 73) - up to the amount in *box G*	H	£
Total *box G minus box H*	I	£
Add Any other business income *box 74*	J	£
Total taxable profits - copy to *box 75* *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 76 but enter it as a positive figure (do not include the minus sign in box 76).

If you have entered an amount in box 70 and/or positive averaging adjustment in box 71, enter the sum of the amounts in boxes 70 and 71 in box 72, as well as entering the adjusted loss in box 76.

Box 74 *Any other business income not included in boxes 14, 15 or 59*

Include in box 74 any Business Start-up Allowance (also known as Enterprise Allowance) or any other business income, such as 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 75 and box 76

Use the Working Sheet on page SEFN 18 to work out your total taxable profit (box 75) or adjusted loss (box 76).

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 77 to 79.

If you have already made a claim for your 2012–13 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 102 ‘Any other information’, on page SEF 6.

CIS deductions and tax taken off

Box 80 *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 2012 to 5 April 2013. 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 80. (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 80, do not forget to include in box 14 your gross receipts from all contractors (that is, the full amount of the payments you received before taking off the CIS deductions).

Box 81 *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 81. If tax under PAYE has been taken off any amount included in your turnover in box 14, please contact us.

Balance sheet

If your accounts include a balance sheet, transfer figures into boxes 82 to 98. 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

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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 93 with a minus sign.

Box 95 should be the same as box 46 (if the business made a profit) or box 47 (if it made a loss). And box 93 should be the same as box 98.

Class 4 National Insurance contributions (NICs)

Box 99 *If you are exempt from paying Class 4 NICs*

You do not have to pay Class 4 NICs if:

- on 6 April 2012 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 2012–13 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 **www.gov.uk** 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 99. Do not fill in box 100 or box 101.

Box 100 *If you have been given a 2012–13 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 100 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 101 *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 70 (Adjustment for change of accounting practice) the same figure is taken off your profits for Class 4 NICs purposes; include that adjustment in box 101.

If your profit in box 63 includes employment earnings, enter those earnings in box 101. 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 101. (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 101.

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 101; it can reduce your Class 4 profit. (Include any such interest for 2011–12 and earlier years if it has not already been set against Class 4 profits.)

Information

- Go to **hmrc.gov.uk/contactus**
- Phone the SA Helpline on **0845 9000 444**.
- Phone the SA Orderline on **0845 9000 404** for paper copies of the helpsheets and forms.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any rights of appeal. Any subsequent amendments to these notes can be found at **hmrc.gov.uk**