



Sole Proprietor

- You are responsible for your own Tax and NIC. This means telling HM Revenue & Customs (HMRC) about your income by filling in a Self Assessment tax return.
- You must register as self-employed with HMRC within 3 months to avoid a penalty
- Self employed - Tel - 0845 915 4515/0845 714 3143 to get a Self employment registration form (CWF1) and Unique Tax Reference Number
- Need to do a Personal Tax return – SA 100. Tel - 0845 9000 444
- Sole proprietorship and the legal and tax implications starts as soon as you accept your first job.

Income Tax (2009/2010 & 2010/2011)

- Personal Tax allowance (£6,475)
- Basic Rate 20% - £37,400 (£6,476 - £ 4 3,875)
- Higher Rate 40% - over £ 37,400 (£43,876)
- Additional Higher Rate 50% over £150,000
- 'Class 2' NIC at a flat rate - £2.40/week, 'Class 4' NIC - 8% between £5,715 and £43,875 and 1% over £43,875
- Earnings less than £5,075 entitled to the Small Earnings Exception, on Class 2 NIC – you can apply for Small Earnings Exception certificate using form CF10

Tax on savings income

There are two main Income Tax rates on savings income: 20 % (the basic rate) or 40% (the higher rate). The rate(s) you pay depends on your overall taxable income. Depending on your personal circumstances, some of your savings income may be taxable at the special 10 % starting rate for savings.

VAT registration

- If annual turnover over £67,000 (2009/2010)