



National Association of Care & Support Workers

Driving change for Care Professionals.

Self-Employed Guide

Being self-employed gives you full control over your business, but it also comes with responsibilities. Here's a checklist of the essential things you need to do when starting out.

1. Registering as Self-Employed with HMRC

When you become self-employed, you **must** register with HMRC. This ensures that you pay the correct amount of tax and National Insurance contributions (NICs).

When Do I Need to Register?

HMRC recommends registering as soon as you decide to become self-employed. However, you **must** register by **5th October** in the **second tax year** of your business. A tax year runs from **6th April** to **5th April** the following year.

How Do I Register?

You can register online by visiting the official HMRC site:

Register for HMRC online services

2. Tax and National Insurance (NICs)

Tax

As a self-employed individual, you need to calculate and pay your own tax. You must file a **Self-Assessment Tax Return** every year. In some cases, hiring an accountant may be beneficial to help with accounting and tax calculations.

You can file your Self-Assessment online here:

File your Self-Assessment tax return online

If you need assistance with your Self-Assessment, visit this page for support:

Self-Assessment tax returns: How to get help

National Insurance (NICs)

In addition to tax, you will need to pay **National Insurance**. The amount you pay depends on your annual income:

- **Class 2 NICs:** If your earnings exceed £6,725 (2023/24), you'll need to pay Class 2 NICs, which are £3.45 per week (2023/24 rate).
- **Class 4 NICs:** You will also pay Class 4 NICs on your profits. For 2023/24:
 - 9% on profits between £12,570 and £50,270
 - 2% on profits above £50,270

For the most up-to-date rates, refer to this page:

Rates and allowances: National Insurance contributions

3. VAT – Do You Need to Register?

You must register for VAT if your **annual turnover** exceeds the **VAT registration threshold** of **£85,000**. This threshold is updated annually, so make sure to check the latest figures.

- You can register voluntarily for VAT even if your turnover is below the threshold. This can be beneficial for reclaiming VAT on eligible business expenses.

To learn more and register for VAT:

[VAT Registration and Thresholds](#)

[How to register for VAT](#)

[Reclaim VAT](#)

4. Insurance

While having insurance is not always mandatory, some types of insurance may be required based on the nature of your business.

Employer's Liability Insurance

If you hire employees, you **must** have **employer's liability insurance** with coverage of at least **£5 million**. Operating without this could lead to a fine of up to **£2,500 per day**. Ensure the insurance certificate is accessible to employees.

Types of Insurance:

- **Employer's Liability Insurance:** Covers compensation if an employee is injured at work.
- **Public Liability Insurance:** Covers claims made by third parties for injury or property damage.
- **Business Vehicle Insurance:** Like personal car insurance, but covers vehicles used for business purposes.

5. Business Bank Account

Although it is **not a legal requirement** to have a separate business bank account, it's highly recommended. It makes managing your finances easier, keeps personal and business finances distinct, and may be required by some banks for business use.

- A dedicated business account makes your business appear more professional and can help with invoicing and tax filings.
- Some banks may prohibit using a personal account for business purposes, so check with your bank.

To open a business bank account, visit your chosen bank's website for details on the application process.

6. Keeping Records

Maintaining **accurate and up-to-date records** is vital. You should store all invoices, receipts, bank statements, and any other relevant documents securely. This makes managing your business easier and ensures you meet legal obligations.

By following these steps, you can set up your self-employed business and ensure you comply with UK legislation and tax requirements.

This guide reflects the most up-to-date regulations as of January 2025. Always check the latest information on official UK government websites for any changes.