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Guide To Filing Your Self-Assessment

What is a Self-Assessment tax return?

If you're a Director and Shareholder of a limited company or operating as a sole trader, you must submit a Self-Assessment tax return to HMRC every tax year.

The tax year runs 6th April - 5th April and your Self-Assessment is due for filing by the following January. Your income tax is also due the following January and if you owe more than £1,000, you'll need to make an advanced payment towards next year's bill. More on that later.

The Self-Assessment reports your total income as an individual, whether from your company or other sources.

All your earnings need to be recorded on the return, together with other items such as benefits and pension payments. We'll review the information, do the calculations and determine how much you owe in income tax to HMRC.

Sole traders are able to deduct allowable business expenses from their earnings when completing their Self-Assessment. Whereas, if you're a Director and Shareholder of a limited company, all allowable business expenses are put through the company and shown in the company's annual accounts. Therefore, the tax return only captures earnings as an individual.

What you need to provide

To gather all the information to complete your return, we'll ask you to fill in a questionnaire.

You also need to submit evidence of the income you've earned. For example, a P60 for salary income, dividend declarations and bank statements for interest received.

If you receive benefits in kind from your employer, they must be declared on a P11D form and treated as taxable income. Benefits in kind include things like gym memberships, company cars and any other benefits that are not taxed via PAYE.

Any state benefits such as child benefit or disability allowance, also need to be reported.

If you have income from a rental property, you can claim back certain expenses including maintenance and mortgage interest. You must keep records of all your property income and expenses, along with supporting evidence. This can be a complex area, but the team will be happy to assist.

As well as income, we need to understand some payments you make. Pensions, student loans and donations to charity can affect your income tax calculations.

All this is covered in the questionnaire we send to you and the team are on hand to help with any queries.

Payment

If you owe more than £1,000 in income tax, in addition to paying the tax you owe for the year, you must make an advanced payment towards next year's tax bill. This is known as 'payment on account'. The advanced payment is split into 2 instalments, one due at the end of January and one at the end of July.

The amount you pay is based on your previous tax bill. It's basically HMRC's way of forecasting how much you'll have to pay in the following year. For those who are submitting a Self-Assessment for the first time, you are still subject to payments on account. This can result in a higher first payment, but splitting future bills will help with budgeting.

When we prepare your return we'll calculate the tax owed for you, including any payments on account, and let you know when the payments are due. If you owe less than £1,000 in income tax, it's just one payment due by the end of January.

If you don't file and pay your Self-Assessment by the deadline on 31st January, you automatically get an £100 late fine and then you'll start incurring interest on the tax you owe. If the return becomes more than 3 months late the penalty will increase.

When to get registered for Self-Assessment

If you've newly incorporated your business, it's best to register for Self-Assessment straight away.

As a Director and Shareholder, you're required to submit a Self-Assessment for every tax year you were appointed for/operated in, even if it was only a couple of months.

Failing to get registered and submit returns could result in HMRC fines.

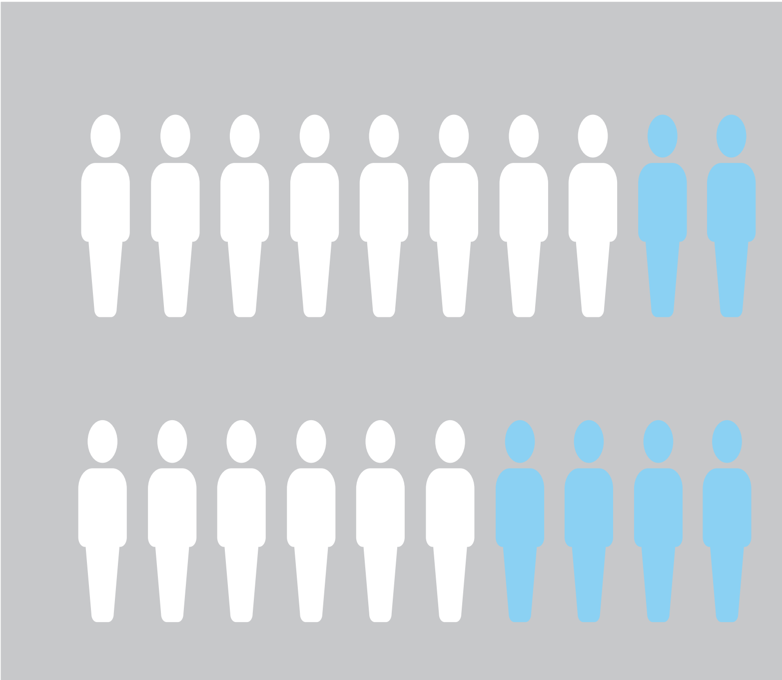
When do you need to provide the information?

We'll ask you to complete a questionnaire and supply the supporting documents a few months after the end of the tax year.

The team then start working on collating all the information to produce the return. We work to submission deadlines, meaning your return will be submitted to HMRC before the January deadline.

If you have Self-Assessment included in your monthly package, we ask you submit all the necessary information to us by the end of August, or there will be further fees to pay.

As with all HMRC fillings, we'll send you a draft version to make sure you're happy with the information on the return before we submit to HMRC.



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