RED BIRD TUTORING

GUIDE TO SELF-EMPLOYMENT

INTRODUCTION

Welcome to our guide to self-employment, designed to assist you when setting up. When you tutor for Red Bird, you are self-employed. You are responsible for your own tax and National Insurance, and therefore that necessitates some dealing with the Inland Revenue! You must register as self-employed within three months of commencing your self-employment.

WHO TO CONTACT

In the first instance you can telephone the Inland Revenue Helpline for the newly self-employed, on **0845 915 4515** and register by phone, or alternatively you can register on line at **www.hmrc.gov.uk**. You will generally find the people on the end of the phone very helpful and the website is useful. Thereafter you are sent a letter from the area that will be looking after you, detailing contact numbers.

You can request a guide called 'Working for Yourself – the Guide' and there are various booklets to assist you, depending on your individual needs.

INVOICES

You are responsible for invoicing for your work. When doing an invoice, please can you include the following information:

1. Your name and address – who it is from
2. The business name and address – who it is to
3. Invoice number
4. Date
5. Information about what you are charging for, e.g. "Tutoring session"

E.g.

Date	Sessions	Rate	Total
15.08.2019	Secondary Maths x 2	£36.00	£72.00
17.08.2019	Secondary Maths x 3	£36.00	£108.00
			£180.00

Invoices should be saved as 'your name month year' (e.g. 'Sue Michaels August 20') and sent by the last day of each month. You will be paid by 10th of the month.

GENERAL POINTERS FOR TAX

Bank Account – it is best to have your payments from Red Bird Tutoring paid into a sole account. You can transfer all the money into your joint or family account, but it will show where the money comes from initially.

You can be employed in one job and self-employed in another – in these situations you will normally have to pay tax and National Insurance contributions as if you are an employee – for further advice see leaflet IR56.

Keep full and accurate records from the start. This will make it easier to work out your tax return!

NATIONAL INSURANCE

You pay Class 2 National Insurance contributions at a flat rate per week. However, if your earnings are below a certain level you might not need to pay - see 'Exceptions to paying Class 2 National Insurance contributions' below. This is one of the benefits in being self-employed.

TAX RETURN

Each April the Inland Revenue sends you a Self Assessment tax return, you can complete the paper based version and return that, or alternatively opt to complete it on-line – you will need to register first though.

WHAT NEXT?

You won't pay any tax at all until you have worked to the end of the tax year – April 5th. You then complete your tax return and the tax office will tell you how much you owe.

After your first year, the Inland Revenue ask you to start paying most of your income tax and some of your Class 4 NIC in advance – these are called 'payments on account'. The amount you pay is based on your previous year's profits, and are due on the 31 January and 31 July. So, for example, from starting in July 2005 until 5th April 2006 you would pay the tax due for that year in July 2006 and January 2007. You then make payments on account for the 06-07 tax year in January 2007 and July 2007, with any outstanding balance or credit being paid in January 2008.

The balance (or credit) due is paid in the January – 9 months after the financial year has ended. This means that you have to make sure you have money for tax set aside, and you have to wait until months after the tax year has ended. You also need to allow for a change of income (hopefully you will be tutoring lots more and earning more money!)

There is a course called the 'Self-Assessment for the Self-Employed', which is arranged through your tax office and is carried out locally, which is really useful. It takes you through completion of your tax return and explains some of the jargon.