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Online self-assessment

How to complete your self-assessment tax return online.

For self-employed people, company directors and those receiving other sources of income, it's the time of the year to send your self-assessment tax return.

Self-assessment is the process used by HMRC to collect tax from individuals who may own a business or receive income outside of formal employment.

A tax return is a form which accounts for all income an individual received during the tax year, which runs from 6 April to 5 April. This can be completed on paper or online.

While the fundamentals of self-assessment remain unchanged, more and more people are becoming self-employed.

Figures from the Office for National Statistics reveal the number of workers registered as self-employed at the end of August 2017 reached 4.86 million – up 70,000 on the same time in 2016.

As self-employment is proving popular, many who have left employment will be coming into self-assessment for the very first time.

This article will go through the process of self-assessment and the steps to complete your tax return on time.

Registering

In order to send a tax return you first need to register for self-assessment with HMRC. The deadline to register for the 2016/17 tax year was 5 October 2017.

You only need to do this once, so if you have registered in the past you don't need to re-register each year.

You may need to complete a self-assessment tax return if you:

- are self-employed
- earned £2,500 or more in untaxed income (such as from rental property)



- earned £10,000 or more from savings or investments
- received profits from assets subject to capital gains tax
- were a company director
- received dividends of £10,000 or more
- received child benefit and you or your partner earns £50,000 or more.

As a self-employed person you need to register for self-assessment as a sole trader. You can do this online through the HMRC website.

Once you've registered with HMRC, you will receive a letter within 10 days containing your 10-digit unique taxpayer reference (UTR) and an activation code to set up your online account.

If you're not self-employed and need to register for self-assessment, you must complete form SA1.

If you're in a partnership then you need to register as a partner. You need to register both yourself and the business as a partnership if you are a 'nominated partner'.

Filing your tax return

Once registered, the next step with HMRC is to complete the tax return form and submit it.

There are two ways to complete your self-assessment tax return – downloading, printing and filling in SA100 paper form or filling it in online through the HMRC website.

The deadline for paper forms was 31 October 2017 but you have until 31 January 2018 to send your tax return online.

You'll need your UTR, user ID and password to sign in to your online account.



Online self-assessment

SA100 is the main tax return form for self-employed people. This is used to record any income, capital gains and pensions and tax reliefs collected during the financial year.

There are various commercial software tools available that can submit parts of the tax return or you can use HMRC's free software. Visit the HMRC website to see the services which are compatible.

Financial records

You should have your financial records to hand when completing your self-assessment tax return.

If you're registered as self-employed, you need to keep the following records:

- all your business expenses
- records of any sales or income
- PAYE records (if applicable)
- VAT records (if registered)
- records of your personal income.

If employed or a company director for a limited company, you may also need:

- P45, P60 and P1 1D forms
- certificates from a Taxed Award Scheme
- information about any redundancy or termination payments
- information about income and benefits from your job.

Types of income

If you're earning other types of income, such as from a rental property or savings, then you need to fill in more sections known as 'supplementary pages'.

These sections relate to the following types of income:

- employees or company directors – **SA102**
- business partnerships – **SA104S** or **SA104F**
- property income – **SA105**
- foreign income or gains – **SA106**
- capital gains – **SA108**
- non-UK or dual residents – **SA109**.

Paying tax

Once you've filed your tax return you will receive a bill from HMRC on how much tax you owe for the tax year, which in this case is for 2016/17.

This will then need to be paid to HMRC by midnight on 31 January 2018.

The tax bill may take up to 72 hours to be accessible after you've filed your return.

It can be found in the 'view your calculation' section of your online account.

The bill includes the tax you owe for the previous tax year and, if this is more than £1,000, it may include an additional payment towards next year's bill.

This is known as 'payments on account' with each payment being half your tax bill. Payments are due by midnight on 31 January and 31 July.

Payments can be made either by phone, online or by cheque through the post.

Credit card or direct debit payments will arrive the same or next day, while sending by post can take up to three working days.

Deadlines

There are four deadlines to keep in mind when completing your self-assessment tax return and paying tax to HMRC. These are:

Self-assessment task	Deadline
Registering	5 October
Submitting paper tax return	31 October (midnight)
Submitting online tax return	31 January (midnight)
Paying tax	31 January (midnight)

Penalties

If you miss the self-assessment deadline, you could face a penalty charge.

If your return is up to three months late you'll receive a penalty of £100, and this could go up further if you leave it even longer.

You can appeal against a penalty but this can only happen if there's a 'reasonable excuse'.

The following circumstances may provide grounds for an appeal:

- if a partner or close relative has passed away prior to the deadline
- serious illness
- an emergency hospital stay
- unexpected delays in the post
- an IT failure (hardware or software) when preparing your tax return
- external causes (fire, flood or theft) which prevented you from completing a return
- issues with HMRC services.

We can help you with self-assessment.