



This advice applies to **England**.

Self-employment: checklist

Self-employment survey

Are you self-employed or have you been told at work that you're self-employed?

If so, please tell us about your experience. More and more people are becoming self-employed, and we want to understand how this working status is affecting people's lives.

- Why become self-employed
- What kind of business
- Training
- How to trade
- Finance
- Book-keeping and accounting
- Income tax
- Value Added Tax
- Premises
- Business rates
- Health and safety
- Insurance
- Pensions
- Immigration status
- Employing other people
- National insurance contributions
- Benefits and Tax Credits
- Trading names and licences
- Who can give further advice

Why become self-employed

There is encouragement from the government for people to become self-employed and at first it seems attractive, especially if you have recently become unemployed or redundant. Although one of the main attractions of becoming self-employed is no longer having to work for somebody else there are several disadvantages you should consider. These include not being certain of having a regular income, having to arrange your own sick pay and pension and probably having to work long hours.

What kind of business

If you are considering self-employment and do not already have an idea of what you want to do, you could consider something which uses your experience or skills or something which you have previously done as a hobby. As well as the organisations listed in this information (see under heading [Who can give further advice](#)) you may be able to get ideas by looking at books and leaflets in the local library or job centre.

Training

Training in either practical or management skills may be necessary. Training is available from a variety of sources such as courses run by the organisations listed in this information (see under heading [Who can give further advice](#)), evening classes at local colleges, books.

See [Government employment schemes](#).

How to trade

If you are considering self-employment, you will need to discuss with one of the organisations listed under heading [Who can give further advice](#) the different ways of trading and which would be most appropriate for your business. The business could take one of three legal forms:-

- a sole trader. This is the simplest way of starting a business
- a partnership. This is similar to a sole trader except that two or more people run the business
- a limited company. This gives the business a completely separate identity from the people who run the business. It is more complicated to set up.

In addition to one of the above legal forms, self-employment can also involve one of the following trading practices:-

- a co-operative. This is a business which is collectively owned and controlled by the people who work in it. At least two people must be involved
- a franchise. A franchise is an agreement which allows the person buying the franchise the right to run a branch of a business that someone else has set up.

Finance

As a self-employed person, you will need enough money to live on as well as money to start up the business and keep it going. You may be able to get money from the following sources:-

- family or friends

- grants from charities or trusts
- loans from banks and building societies.

Book-keeping and accounting

It is extremely important that accurate and detailed records of the business are kept. You may be able to keep your own books or employ a bookkeeper or accountant, but if you are trading as a limited company you will need the help of an accountant.

Income tax

As a self-employed person, you will be responsible for paying income tax on your earnings and will usually need the help of an accountant. There are special tax reliefs and allowances which self-employed people can claim. If you are newly self-employed, you must register with HM Revenue and Customs (HMRC). You can do this online at <https://online.hmrc.gov.uk>.

You can get more information about income tax for self-employed people from the HMRC website at www.hmrc.gov.uk or by calling the HMRC Newly Self-Employed Helpline on 0300 200 3504.

You can also use an HMRC e-learning site, which covers tax, national insurance, Self Assessment and other related issues when you start a business. Go to www.hmrc.gov.uk.

Value Added Tax

Value Added Tax (VAT) is a tax on goods and services which is paid to HM Revenue and Customs. Whether or not a self-employed person has to pay, and in some cases has the right to choose to pay, VAT depends on the type of business and how much the business sells.

You can get more information about VAT from the website of HM Revenue and Customs at: www.hmrc.gov.uk.

Premises

You could consider trading in the following ways:-

- from home. This has the advantage of low costs but you will need to make sure that the tenancy agreement, mortgage agreement or title deeds of the property do not place any restrictions on business use. You may also need to get local authority planning permission
- from premises you have bought or rented. You should consider how much space you need as well as heating, lighting and ventilation requirements. You need to make sure the property has been approved for business use. Planning permission may also be necessary. If you are considering buying or renting premises you should see a solicitor
- from a market stall. The local authority will have details of where and when these are available and how much local markets charge
- at craft fairs. The local authority will be able to give details of where and when these are held.

Business rates

Business rates have to be paid to the local authority on most business premises. These include shops, offices, warehouses and factories. In some cases, for example, in a property which contains a shop and a flat, or if you work from home, you may have to pay both business rates and council tax. Some types of business premises are exempt from rates, for example, agricultural land. For more information about business rates in England, see the GOV.UK website at www.gov.uk.

For more information about business rates in Wales, see the Welsh Government website www.wales.gov.uk.

For more information about business rates in Northern Ireland, see the website of the Land and Property Services at: www.lpsni.gov.uk.

For more about business rates in Scotland, see [Scottish Government guide on non-domestic rates](#).

For more information in England, Wales and Scotland about council tax, see [Council tax](#).

Health and safety

As a self-employed person you have a duty to make sure that your business premises and working environment meet health and safety requirements. Further information about health and safety requirements is available from the local health and safety executive or environmental health department of the local authority. In Scotland, local authority refers to the District and Islands Council.

Insurance

Depending on the business and how you trade, you will be required by law to take out certain types of insurance. Other types of insurance are not compulsory but it is important to consider which ones are appropriate. The types of insurance you may need are:-

- employer's liability insurance. If you employ other people you must have this insurance. It provides cover for claims made by employees who are injured or become ill as a result of their employment
- vehicles insurance. Vehicles used for business purposes must be insured even if already insured for private use
- public liability insurance. This provides cover against claims by members of the public who have been injured or had property damaged as a result of carelessness at work by you or your employees
- premises insurance. Insurance will be necessary for the premises you work from, even if you work from home and there is already a policy. This is because the insurance will usually only cover residential use
- contents, stock and materials insurance. This insurance will be necessary to cover the replacement costs of stock, materials and the contents of the premises even if work is being done from home and there is already a home contents insurance policy
- health and accident insurance. These will pay a regular income or lump sum if you are unable to work because of an accident or sickness.

Pensions

As a self-employed person you will get state retirement pension if you have met the contribution conditions.

For more information about Retirement Pension, see [Benefits for older people](#).

You could also consider getting a private personal pension.

Immigration status

Setting up in business may affect your immigration status and you should therefore consult an experienced adviser before doing so. To search for details of your nearest CAB, including those that can give advice by email, click on [nearest CAB](#).

Employing other people

If you employ other people you will be responsible for paying wages, tax and national insurance contributions where relevant. You will have to meet the requirements of employment law and health and safety regulations.

For more information on the responsibilities of employers, see [Basic rights at work](#).

National insurance contributions

As a self-employed person you may have to pay national insurance contributions for yourself and any employees. Whether you have to pay contributions for yourself, and if so what type, depends on how much you earn. Whether contributions have to be paid for any employees depends on what they earn. The payment of contributions will affect the benefits a person can claim in the future.

You can find more information about national insurance contributions for self-employed people on the HM Revenue and Customs (HMRC) website at www.hmrc.gov.uk. HMRC also provides a National Insurance Self-employed Helpline for telephone enquiries on 0300 200 3505.

For more information about national insurance contributions, see [National insurance - contributions and benefits](#).

Benefits and Tax Credits

As a self-employed person you may be able to claim benefits or tax credits, depending on your income and other circumstances.

To check what benefits or tax credits may be available, see [Benefits and tax credits for people in work](#).

If you are self-employed you should consult an experienced adviser, for example, a Citizens Advice Bureau, for help in working out how much benefit or tax credit you are entitled to. To search for details of your nearest CAB, including those that can give advice by email, click on [nearest CAB](#).

Trading names and licences

You need to consider whether you wish to use a trading name for the business. If so, there are restrictions on the names businesses can use. You may also need to get a licence depending on the type of business. For organisations that can advise on trading names and licences see under heading [Who can give further advice](#).

Who can give further advice

Banks

The services offered by banks vary greatly and so do the fees they charge. Some banks have special teams who handle business accounts. They may also have useful information for start-up businesses. It's a good idea to shop around for business banking services, for example, by using a financial comparison website.

The British Bankers Association has a website that can help you find the business account that suits you. For more information, go to: www.bba.org.uk.

Chambers of Commerce

A Chamber of Commerce is a local network of businesses. It can provide information, advice and training to businesses in your area. Most give free advice to members, but charge for services to non-members. Some Chambers of Commerce serve particular ethnic minorities.

GOV.UK

GOV.UK has information on setting up and running a business on its website at www.gov.uk.

Business.wales.gov.uk (Wales only)

The Welsh Government's business.wales.gov.uk service helps and supports people who want to start, maintain or expand a business in Wales.

Tel: 0300 060 3000

Website: <http://business.wales.gov.uk>

Business Gateway (Scotland only)

Business Gateway is a service provided by Scottish Enterprise. It provides practical help, advice and support for new and growing businesses in Scotland.

Tel: 0845 609 6611

Website: www.bgateway.com

Nibusinessinfo.co.uk (Northern Ireland only)

Nibusinessinfo.co.uk is a free business advice and support service for businesses in Northern Ireland.

Tel: 0800 181 4422

Website: www.nibusinessinfo.co.uk

Invest NI (Northern Ireland only)

Bedford Square

Bedford Street

Belfast

BT2 7ES

Tel: 028 9023 9090

Fax: 028 9043 6536

E-mail: info@investni.com

Website: www.investni.com

Invest NI is an economic development agency. It offers a range of services to client companies, including financial assistance to eligible companies with a focus on export potential.

Local enterprise agencies (England, Wales and Northern Ireland only)

Local enterprise agencies give free general advice and support to small businesses. Training courses are also available, which are often free. Details of local enterprise agencies are available from the National Federation of Enterprise Agencies - see below.

Northern Ireland

Enterprise Northern Ireland

Workspace

Draperstown

County Derry

Tel: 028 7962 8113

Fax: 028 7962 8973

Email: info@workspace.org.uk

Website: www.workspace.org.uk

National Federation of Enterprise Agencies (England and Wales only)

12 Stephenson Court

Fraser Road

Priory Business Park

Bedford

MK44 3WH

Tel: 01234 831 623

Fax: 01234 831 625

E-mail: enquiries@nfea.com

Website (general): www.nfea.com

NFEA is a network of local enterprise agencies in England and Wales. Its general website has details of how to find your nearest local enterprise agency.

Scottish Enterprise

Scottish Enterprise is a network of regional offices and the national Scottish Enterprise organisation. The network helpline and website give details of regional offices and assistance offered.

Atrium Court

50 Waterloo Street

Glasgow

G2 6HQ

Helpline: 0845 607 8787 (from within Scotland)

Helpline: 0141 228 2000 (from anywhere in the UK)

Helpline e-mail: network.helpline@scotent.co.uk or enquiries@scotent.co.uk

Website: www.scottish-enterprise.com

Firstport (Scotland only)

Firstport offers free support to people who want to set up a business which will have direct social or environmental benefits. It also administers the Scottish Government's Enterprise Fund.

Cornerstone House

2 Melville Street

Edinburgh

EH3 7NS

Tel: 0131 220 0511 or 0845 478 6336

Email: info@firstport.org.uk

Website: www.firstport.org.uk

Local authority economic development units

Some local councils have set up units which give advice and help to businesses in their area. Some have bilingual advisers and are intended particularly to help ethnic minority small businesses. They tend to be mainly in inner-city areas. The advisers are employed by the council and will usually have a business background or related skill, such as banking or accountancy.

National Federation of Small Businesses

England and Wales

Sir Frank Whittle Way

Blackpool Business Park

Blackpool

Lancs.
FY4 2FE
Tel: 01253 336 000
Fax: 01253 348 046
Website: www.fsb.org.uk

Scotland

74 Berkeley Street
Glasgow
G3 7DS
Tel: 0141 221 0775
Fax: 0141 221 5954
E-mail: scotland.policy@fsb.org.uk
Website: www.fsb.org.uk

Northern Ireland

Cathedral Chambers
143 Royal Avenue
Belfast
BT1 1FH

The National Federation of Small Businesses is a pressure group which promotes the interests of all self-employed people. There are a number of regional offices and many local branches. There is a subscription fee.

The Federation publishes a free magazine and runs a legal fees and advisory scheme, which provides 24 hour legal advice, and various insurance schemes.

British Franchise Association

85f Milton Park
Abingdon
OX14 4RY

Tel: 01235 820470
E-mail: Contact form available at www.thebfa.org
Website: www.thebfa.org

The British Franchise Association (BFA) is the trade association for franchising companies. It was set up to promote franchising and establish standards. To join, franchising companies have to show that their franchise works and they have to agree to abide by a code of ethics designed to protect franchisees.

The BFA produces an information pack (£29 including postage and packing) for prospective franchisees which includes a list of checks to be made before buying a franchise.

The Prince's Trust

England

Prince's Trust
9 Eldon Street
London
EC2M 7LS

Tel: 020 7543 1234
Freephone helpline: 0800 842 842
Minicom: 020 7543 1374
Fax: 020 7543 1200
Email: webinfops@princes-trust.org.uk
Website: www.princes-trust.org.uk

Wales

Prince's Trust Cymru
16 Ocean Way
Galdames Place
Cardiff
CF24 5PE

Tel: 029 2043 1500
Freephone helpline: 0800 842 842
Fax: 029 2043 7001
Email: webinfowa@princes-trust.org.uk
Website: www.princes-trust.org.uk

Scotland

Prince's Trust Scotland
6th Floor
Portland House
17 Renfield Street
Glasgow
G2 5AH

Tel: 0141 204 4409
Freephone helpline: 0800 842 842
Fax: 0141 221 8221
Email: webinfosc@princes-trust.org.uk
Website: www.princes-trust.org.uk

Northern Ireland

Prince's Trust Northern Ireland
Unit 8a Weavers Court
Belfast
BT12 5GH

Tel: 028 9089 5000
Freephone helpline: 0800 842 842
Fax: 028 9089 5038

Email: webinfol@princes-trust.org.uk

Website: www.princes-trust.org.uk

The Prince's Trust helps young unemployed people aged 18-30 to set up their own businesses. The Trust can give loans, on-going business advice and help with marketing. The Trust is particularly interested in helping people from ethnic minorities, disabled people and ex-offenders.

PRIME Business Club

PRIME is a national charity dedicated to helping older people (over 50) start and run their own businesses. PRIME stands for the Prince's Initiative for Mature Enterprise. If you are thinking of becoming self-employed, it will provide you with a free start-up pack and provide information about local organisations that can help. It can be contacted via its website at www.primebusinessclub.com.

LiveWIRE

England and Wales

Livewire
Hawthorn House
Forth Banks
Newcastle-upon-Tyne
NE1 5JG
Tel: 0191 261 5584
Fax: 0191 261 1910
Website: www.shell-livewire.org

Scotland

Shell LiveWIRE UK
Design Works
William Street
Felling
Gateshead
NE10 0JP
Tel: 0845 757 3252 (Lo-call) or 0191 423 6229

E-mail: enquiries@shell-livewire.org
Website: www.shell-livewire.org
Facebook: www.facebook.com/ShellLiveWIREUK
YouTube: www.youtube.com/ShellLivewireUK

Northern Ireland

Gerry Ford
Shell LiveWIRE Northern Ireland
Belfast

BT3 9EU
Tel: 028 9055 3802
E-mail: gerry.ford@shell-livewire.ie

Livewire is a national scheme sponsored by Shell, to help young people aged 16-30 to set up in business. Young people with projects can discuss their ideas with local advisers and financial awards may be given. There is usually a closing date for the scheme each year. Each entrant to the scheme will be paired to an adviser who will help them on an individual basis to plan and develop their business idea.

Co-operatives UK

Holyoake House
Hanover Street
Manchester
N60 OAS
Tel: 0161 246 2900
Fax: 0161 831 7684
E-mail: info@cooperatives-uk.coop
Website: www.cooperatives-uk.coop

Co-operatives UK is the central organisation for co-operative enterprises in the UK. It is member owned and led, and works to represent the interests of its member co-operatives. It provides a wide range of support services to its members.

NORIBIC Business Innovation Centre (Northern Ireland only)

Northland Building
NWIFHE
Strand Road
Derry
BT48 7AL
Tel: 028 7126 4242
Fax: 028 7137 2294
E-mail: info@noribic.com
Website: www.noribic.com

The NORIBIC Business Innovation Centre provides help for

new businesses throughout N. Ireland in evaluating projects, preparing business plans for small businesses, finding premises, arranging finance, grants and subsidies, and finding new business ideas. It can also give advice on new technology.

Brecon Business Centre (Wales only)

61 Brecon Business Centre
Market Approach
Brecon
Powys

LD3 7DA
Tel: 01874 610 054
Fax: 01874 610 794

Brecon Business Centre is responsible for the economic and social development of mid-Wales. It provides advice and support to small businesses, including advice about setting up in business, preparing a business plan, advising on whether the business idea is viable and can help investigate sources of money, find suitable premises and set up financial control systems, for example, book-keeping. It runs training courses, and provides advice locally through a number of Business Centres.

Rural Development Council (Northern Ireland only)

17 Loy Street
Cookstown
County Tyrone
BT80 8PZ
Tel: 028 8676 6980
Fax: 028 8676 9922
E-mail: info@rdc.org.uk
Website: www.rdc.org.uk

Acas (Advisory, Conciliation and Arbitration Service) (England, Wales and Scotland only)

If you are an employer, you can get free advice on employment matters from the Acas website at www.acas.org.uk and on its telephone helpline, 0845 747 4747. Acas also provides training courses on employment topics that may be useful for small businesses. The Acas Equality Direct helpline, on 0845 600 3444, provides a confidential advice service on discrimination and equalities issues.

Skills Development Scotland (Scotland only)

Skills Development Scotland
Monteith House
11 George Square
Glasgow
G2 1DY
Advice for individuals: 0800 917 8000 (Monday to Sunday from 9.00am to 5.30pm)
Employer helpline: 0800 783 6000 (Monday to Friday from 9.00am to 5.00pm)
Tel: 0141 285 6000 (head office)
Email: SayHello@sds.co.uk
Website: www.skillsdevelopmentscotland.co.uk and www.myworldofwork.co.uk

Skills Development Scotland for business is a service that provides businesses, learning providers and individuals with appropriate training, skills and funding advice.

Disabled Entrepreneurs Network (England and Scotland only)

Website: www.disabled-entrepreneurs.net

The Disabled Entrepreneurs Network is a regional networking service for disabled people. It provides advice and support for disabled people who run their own business or who want to set up in business.

Your feedback helps us make our digital services better. **[Give us feedback](#)**