Self-employment (full) notes

Tax year 6 April 2008 to 5 April 2009

HM Revenue & Customs

Contacts

Please phone:
- the number printed on page TR 1 of your Return
- the Helpline on **0845 9000 444**
- the Orderline on **0845 9000 404** for Help Sheets

or go to **www.hmrc.gov.uk**

Contents

Who should use the *Self-employment (full)* pages?

Use the *Self-employment (full)* pages if:
- your turnover was £67,000 or more (or would have been if you had traded for a full year)
- you have changed your accounting date
- the results of your accounts, made up to a date in the year to 5 April 2009, have been declared on a previous Tax Return
- you no longer prepare your accounts on the 'cash basis', but have changed to generally accepted accounting practice (GAAP) (also known as the 'true and fair basis')
- you provide services under contracts for professional or other services and these contracts span your accounting date
- you are a practising barrister (advocate in Scotland)
- your business is carried on abroad
- you wish to claim Agricultural or Industrial Buildings Allowance, or other capital allowances for items apart from equipment and machinery
- your basis period – that is the self-employed period for which you are taxable – is not the same as your accounting period
- you wish to claim 'overlap relief'
- you are a farmer, market gardener or a creator of literary or artistic works and you wish to claim averaging
- you want to make an adjustment to your profits chargeable to Class 4 NICs (for example, because your profits include earnings as an employee).

If the tax affairs of your business are straightforward and none of the above apply, you can use the *Self-employment (short)* pages instead.

Completing the *Self-employment (full)* pages

You do not have to draw up formal accounts each year but you must keep sufficient records to support the information you enter on these pages, so we get a full and fair picture of your business. You must keep your records until at least 31 January 2015, in case we ask to see them. If you do not have accounts, Help Sheet 222 *How to calculate your taxable profits* will tell you how to work out your taxable profit and explains how that profit is taxed. If you do have accounts, Help Sheet 229 *Information from your accounts* gives practical help on filling in the *Self-employment* pages.

We expect you to provide final figures of your income and expenses so if you include any provisional figures please identify them in the 'Any other information' box, box 102, say why they are provisional and when you expect to provide final figures. If it is impossible to provide final figures by the filing deadline (31 October 2009 for paper Returns and 31 January 2010 for online Returns) you should provide an estimate of your taxable profit in box 75, or loss in box 76, and leave the rest of the pages blank. Say why you are doing this in the 'Any other information' box, box 102. The most likely reason would be if your business is new and your first accounting period will not end until close to (say within three months), or after, the filing deadline.

You may need to complete more than one set of *Self-employment* pages if:

- you have more than one business, even if you have one set of accounts covering all your businesses
- you have recently started or ceased in business or you have changed your accounting date and you need more than one set of accounts to arrive at your taxable profit.

If you were a construction worker and the person for whom you worked has told you that you were not self-employed for a particular contract and tax, under Pay As You Earn, has been deducted from the payments made to you, please contact us.

If you have one set of accounts for more than one business, start by reflecting those accounts on one set of *Self-employment* pages then deduct the income and disallow the expenses for any business other than your main one. Include those details on separate sets of *Self-employment* pages. Help Sheet 220 *More than one business* will help you.

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Business details

Box 6 *If your business started after 5 April 2008*

You will be taxable on any profits for the period beginning on the date you started working for yourself and ending on 5 April 2009.

Box 7 *If your business ceased after 5 April 2008 but before 6 April 2009*

If you have stopped working for yourself, you are taxable on any profits for the period beginning on the day after your last accounting period ended (in the year to 5 April 2008) and ending on the date your business ceased. You may be entitled to a tax relief called 'overlap relief' (see the notes for box 68), depending on the length of time you have worked for yourself.

Box 8 *Date your books or accounts start – the beginning of your accounting period*

Every business must keep books or records – by law. It is usual to keep your business records year by year. We suggest you 'make up your books or records' to the same date each year (your accounting date). If you have been working for yourself for less than 12 months (you filled in box 6) you will have to choose your accounting date (and you usually keep to that date each year). You can choose any date you like but as the tax year ends on 5 April you may find it easier to use 5 April. The beginning of your accounting period, that is, the period (usually a year) from one accounting date to the next, covered by your books and records, will be the first day of your business or trading year.

Box 9 *Date your books or accounts are made up to or the end of your accounting period*

The date you make your books up to, or your accounting date (that is, the end of your accounting period) will be the last day of your trading or business year. You usually pay tax on the profits of the accounting period ending in the tax year covered by the Tax Return. The rules are different for the first two or three years of trading, dependent on when your first accounting period ended. Help Sheet 222 *How to calculate your taxable profits* explains this in detail.

If you have been working for yourself for less than 12 months you must choose an accounting date to go in box 9. If you have a date in box 9 later than 5 April 2009 and you have made up your first set of books, use those figures for these pages. We will tax you on the part of your profit that falls into the tax year 6 April 2008 to 5 April 2009.

If you have stopped working for yourself, and the date in box 7 is not the same as the date in box 9, you should complete another set of *Self-employment (full)* pages for the final period of trading.

Other information

Box 10 *If your accounting date has changed permanently*

If you have changed accounting date and you want the change to count for tax, put 'X' in box 10. Help Sheet 222 *How to calculate your taxable profits* explains the consequences of changing your accounting date.

Box 11 *If your accounting date has changed more than once since 2003*

If it has, please put 'X' in box 11 and explain in the 'Any other information' box, box 102, why you have made these changes.

Box 12 *If special arrangements apply*

Special arrangements may apply to:

- foster carers and adult carers – but we would assume you will be completing the *Self-employment (short)* pages. Please contact us if you are not sure which *Self-employment* pages to complete. Help Sheet 236 *Foster and adult placement carers* has more information
- farmers and market gardeners, and creators of literary or artistic works – you may be able to claim averaging. Help Sheet 224 *Farmers and market gardeners*, Help Sheet 232 *Farm and stock valuation* and Help Sheet 234 *Averaging for creators of literary or artistic works* may be useful
- barristers (or advocates in Scotland) – in the first seven years of your practice you can work out your profits on a cash or fee notes delivered basis. Subsequent profits must be calculated in accordance with GAAP (also known as the 'true and fair basis') and you must work out the adjustment to move you onto that basis. There is more information in the guidance notes issued by the Bar Council of England and Wales, the Faculty of Advocates and the Northern Ireland Bar Library
- trades and professions wholly carried on abroad – if the remittance basis applies to you (and you have completed the *Residence, remittance basis etc.* pages) you only have to fill in boxes 1 to 13, 65, 66, 75 and 99
- those who provide services under contracts and if those contracts span the accounting date – 'Urgent Issues Task Force Abstract 40 (UITF 40)' was issued by the Accounting Standards Board and you may have had to calculate your turnover differently, resulting in an adjustment to go in box 70. Help Sheet 238 *Revenue Recognition in Service Contracts – UITF 40* has more information.

Box 13 *If you provided the information about your 2008-09 profit on last year's Tax Return*

If you provided information about your 2008-09 profit on last year's Tax Return you only have to complete boxes 1 to 13, 65 to 81 and 99 to 102 on these *Self-employment (full)* pages.

Value Added Tax (VAT)

If you are registered for VAT you may enter details of your business income and expenses either:
- excluding VAT (that is, with the VAT taken off), or
- including VAT.

If you choose to include the VAT either:
- enter your net VAT payment to us as an expense in box 29, or
- enter any net repayment you received from us in box 15.

If your net payment to us (in box 29), or net repayment from us (in box 15), includes VAT on capital items (for example, machinery, equipment, vehicles), provide details of those items (and the VAT attached to them) in the 'Any other information' box, box 102. Include the VAT that is not recoverable when working out the capital allowances due on these items (boxes 48 to 58).

If you are registered for VAT and we treat you as partly exempt, when working out your profits for tax purposes your business expenses should include any input tax that is not claimable. Entering your net VAT payment to us in box 29 or any net repayment received from us in box 15, will reflect this. However, if you choose to exclude the VAT from your expense figures, make sure any input tax that you have not claimed is included in box 29.

If you are VAT registered and supply zero rated goods, your sales figures will not include any VAT.

Changes to VAT registration during your accounting period

If you registered for VAT during your accounting period, your expenses up to that date should include VAT, regardless of whether you record subsequent income or expenses including or excluding VAT. In the 'Any other information' box, box 102, enter:
- the date of your registration
- whether you have included VAT in recording income and expenses from that date.

If your VAT registration was cancelled during the accounting period, your expenses from that date will still include VAT. Enter in box 102:
- the date of deregistration
- whether income and expenses before that date include VAT.

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VAT Flat Rate Schemes

If you are registered for the VAT Agricultural Flat Rate Scheme include any flat rate additions charged to your customers in your sales figures. If you decide to record your figures:

- excluding VAT, include
  - in box 15 any balance on your VAT account that is not to be paid over to us (this is the amount of VAT on your income that exceeds the VAT paid on your expenses, plus the payment under the Flat Rate Scheme)
  - in box 29 any balance on your VAT account that you cannot recover from us
- including VAT, include the net payment to us under the Flat Rate Scheme as an expense in box 29.

VAT Notice 733 *Flat rate scheme for small businesses* has further details about other VAT Flat Rate Schemes and is available from **www.hmrc.gov.uk**

If you have any concerns about the way to treat VAT on these pages, or VAT issues generally, please contact us.

Business income

Box 14 ***Your turnover – the takings, fees, sales or money earned by your business***

Your total business takings for the accounting period may be referred to as your turnover. Turnover is all the money earned by your business and includes:

- cash or cheques
- fees, tips and commissions
- the value of any payments 'in kind' – that is, not payment by cheque or cash – for work done or goods sold.

It is the money due to you up to your year-end or accounting date, whether or not you have actually been paid. If yours is a purely cash business and you do not issue invoices, your takings will be your turnover. It does not include Business Start-up Allowance; that goes in box 74.

If you receive income from contracts (which span your accounting date) for professional or other services see Help Sheet 238 *Revenue Recognition in Service Contracts – UITF 40*. See also the note for box 70.

Box 15 ***Any other business income not included in box 14***

Include business income that does not form part of your business turnover, such as:

- rental income (not included on the UK property page)
- taxable New Deal payments
- payments you receive for a right to cross your land (wayleaves).

Do not include income in box 15, for example, business bank interest received, if you are planning to include it elsewhere on your Tax Return.

Business expenses

Expenses will vary from business to business but you will be able to find a place for yours in the categories covered by boxes 16 to 44.

Some expenses are not allowable for tax purposes, for example, entertaining clients, even if such entertainment directly led to new business.

Some expenses are only partly allowable. For example, you may use a car for both business and personal (private) motoring; only the business costs are allowable.

If you work from home or use a room in your home as an office you can only charge the business percentage of the costs of running your home (heat and light etc) against tax.

If you include total costs in your business records you will have to work out the private or disallowable proportions. You can deduct those amounts from the total costs and enter the (net) results in boxes 16 to 29, or you can enter the total costs in boxes 16 to 29 and the disallowable amounts in boxes 31 to 44. Use the tables on pages SEFN 8 and SEFN 9 to help you work out the amounts to go in boxes 16 to 44.

Do not include the cost of any equipment or machinery you use in the business. Instead, claim tax allowances (capital allowances) on these items (see the notes for boxes 48 to 58). But do include their running costs here. If you have included the depreciation or loss in value of any equipment or machinery in boxes 16 to 29, you must enter the same amount in the corresponding disallowable expenses boxes.

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Table of allowable expenses

Box	Allowable expenses
16	Cost of goods bought for re-sale, cost of raw materials used; direct costs of producing goods sold; adjustments for opening and closing stock and work in progress; commissions payable; discounts given. Taxi and minicab drivers and those in the road haulage industry should include fuel costs here, rather than box 19.
17	Total payments made to subcontractors in the construction industry (before taking off any deductions). (If you need to register as a contractor within the Construction Industry Scheme (CIS), please phone our New Employer Helpline on **0845 60 70 143**.)
18	Salaries, wages, bonuses, pensions, benefits for staff or employees; agency fees, subcontract labour costs; employer's NICs etc.
19	Car and van insurance, repairs, servicing, fuel, parking, hire charges, vehicle licence fees, motoring organisation membership; train, bus, air and taxi fares; hotel room costs and meals on overnight business trips.
20	Rent for business premises, business and water rates, light, heat, power, property insurance, security; use of home as office (business proportion only).
21	Repairs and maintenance of business premises and equipment; renewals of small tools and items of equipment.
22	Phone and fax running costs; postage, stationery, printing and small office equipment costs; computer software.
23	Advertising in newspapers, directories etc mailshots, free samples, website costs.
24	Interest on bank and other business loans; alternative finance payments.
25	Bank, overdraft and credit card charges; hire purchase interest and leasing payments; alternative finance payments.
26	Amounts included in turnover but unpaid and written off because they will not be recovered.
27	Accountant's, solicitor's, surveyor's, architect's and other professional fees; professional indemnity insurance premiums.
28	Depreciation and loss/profit on sale of assets are not allowable expenses – any amount entered here should also be entered in box 43.
29	Trade or professional journals and subscriptions; other sundry business running expenses not included elsewhere; net VAT payments.

Table of disallowable expenses

Box	Disallowable expenses
31	Cost of goods or materials bought for private use; depreciation of equipment.
32	Payments made for non-business work.
33	Own wages and drawings, pension payments or NIC contributions; payments made for non-business work.
34	Non-business motoring costs (private use proportions); fines; costs of buying vehicles; travel costs between home and business; other meals.
35	Costs of any non-business part of premises; costs of buying business premises.
36	Repairs of non-business parts of premises or equipment; costs of improving or altering premises and equipment.
37	Non-business or private use proportion of expenses; new phone, fax, computer hardware or other equipment costs.
38	Entertaining clients, suppliers and customers; hospitality at events.
39	Repayment of the loans or overdrafts, or finance arrangements.
40	Repayment of the loans or overdrafts, or finance arrangements.
41	Debts not included in turnover; debts relating to fixed assets; general bad debts.
42	Legal costs of buying property and large items of equipment; costs of settling tax disputes and fines for breaking the law.
43	Depreciation of equipment, cars etc; losses on sales of assets (minus any profits on sales).
44	Payments to clubs, charities, political parties etc; non-business part of any expenses; cost of ordinary clothing.

Tax allowances for vehicles and equipment (capital allowances)

You can claim tax allowances, called capital allowances, for the costs of, and improvements to vehicles and equipment - such as vans, tools, computers, business furniture, cars (even if the item was purchased under hire purchase) - which are not allowable as an expense in working out your taxable profits. You can claim the cost of such items even if the item was purchased under hire purchase. The type of capital allowance (Annual Investment Allowance, allowances at 10% or 20%, agricultural or industrial buildings allowances and so on) that you can claim depends on the assets you have and other circumstances. The notes below give details about the conditions for claiming these allowances. Capital allowances must not be claimed for:

- the costs of things that it is your trade to buy and sell because these can be claimed as business expenses
- the interest and other fees that you may be charged for purchasing items under hire purchase. These charges should be separated out from the cost of the item and included in box 24.

The following advice applies only if you have a ‘standard’ accounting period of 6 April 2008 to 5 April 2009. If you have a different period, please refer to Help Sheet 222 *How to calculate your taxable profits*, or contact us or your tax adviser.

The notes below, the examples and the Working Sheets on pages SEFN 13 to SEFN 15 will help you work out how to claim these allowances and the figures that should be included in boxes 48 to 58. The working sheets cover most common situations and will work out most allowances. They should not be used in more unusual circumstances to calculate Agricultural or Industrial Buildings Allowances or for Business Premises Renovation Allowance. Help Sheet 222 *How to calculate your taxable profits* has more advice and examples.

Box 48 *Annual Investment Allowance*

You can claim a new capital allowance called an ‘Annual Investment Allowance’ (AIA), if you bought equipment (but not cars) on or after 6 April 2008 up to an annual amount of £50,000. Add the cost of all the equipment together and, if the total cost is £50,000 or less, you can claim 100% of that whole amount as your AIA. If the total is more than £50,000, then you can claim up to £50,000 of the total as your AIA. Enter the total amount of AIA claimed in box 48.

Box 49 *Allowances at 20% on cars costing £12,000 or less, and equipment*

Where you have spent more than £50,000 in a year on equipment, or have purchased a car that cost £12,000 or less (for cars costing more see the note for box 51), add all the expenditure together to make a ‘main pool’ of costs. Deduct any Annual Investment Allowance (AIA) up to £50,000 that you are including in box 48. You can then claim an annual allowance of 20% of the remaining pool value (unless the expenditure is ‘special rate’ expenditure – see the note for box 50). For example, if you have spent £70,000 on general equipment and have claimed £50,000 of this as an AIA, the balance of £20,000 qualifies for a 20% annual allowance of £4,000, which should be entered in box 49. The amount remaining in the pool (in this example, £16,000) should be carried forward to the following year – see the example on page SEFN 13.

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If the balance of the cost after claiming AIA, together with any balance carried forward from any previous year, is £1,000 or less, you may claim that whole amount as a 'small pools allowance' instead of the 20% annual allowance. The amount of any such small pools allowance should be entered in box 49.

Business and private use

Where you use an item of equipment for both business and private purposes, the allowances you claim should be reduced by the amount of your private use. To do this, put each item which has any private use into a separate 'single asset' pool and reduce your capital allowances by the private use proportion. For example, if a car costing £12,000 is used 60% for business and 40% for private use, the cost or value would go into a separate pool. The 20% annual allowance of £2,400 (£12,000 x 20%) would be reduced to 60% of that amount, that is to £1,440 (£2,400 x 60%). The example on page SEFN 13 and the working sheets below will help you work out this reduction.

Box 50 *Annual Allowances at 10%*

Certain items of equipment such as:
- thermal insulation that you may have added to an existing building,
- integral features (for example, electrical systems such as lighting systems, cold water systems, lifts, escalators and moving walkways), and
- long-life assets (equipment with a planned life of over 25 years)

qualify for annual allowances at 10% a year. You may use your £50,000 AIA wholly or partly against this expenditure, in preference to expenditure that qualifies at the 20% rate. Any balance of expenditure after the AIA has been taken off will be included in the 'special rate pool' and will qualify for annual allowances at 10%.

Alternatively, if the balance after claiming the AIA, together with any balance carried forward from any previous period, is £1,000 or less, you may claim that whole amount as a 'small pools allowance', instead of a 10% annual allowance. The amount of any such allowance should be included in box 50.

Box 51 *Restricted annual allowances for cars costing more than £12,000*

If you buy a car costing more than £12,000 you cannot claim more than £3,000 in any one year for it so the 20% annual allowance has to be restricted to £3,000. Put each car costing more than £12,000 in a separate 'car pool' and do a separate calculation for each one for as long as you own it.

Example

In January 2009 Joe bought a car for £16,000. The car is used 60% for business and 40% for private motoring. The car cannot go into the main pool and does not qualify for AIA. Because the car cost more than £12,000 Joe can only claim capital allowances up to £3,000 (not 20% of its value because that would be more than £3,000).

	Car pool	Allowance
Cost of car	£16,000	
Annual allowance (£16,000 x 20% *restricted to £3,000*)	£ 3,000	£1,800 (60%)
Value carried forward	£13,000	

Because Joe uses the car 40% for private purposes the £3,000 has to be restricted to the 60% business use proportion, or £1,800. So £1,800 is added to the allowances in Box 51 for 5 April 2009.

Box 52 *Agricultural or Industrial Buildings Allowance*

Help Sheet 224 *Farmers and Market Gardeners* contains information about agricultural buildings allowance but your tax adviser, if you have one, will most probably work out the figure to go in box 52.

Box 53 *Business Premises Renovation Allowance (BPRA) (Assisted Areas only)*

The BPRA scheme took effect from 11 April 2007. From that date, for a period of five years, if you carry out conversion, renovation or repairs to unused business premises which brings them back into business use, you are entitled to claim a 100% allowance against the costs incurred, subject to the following rules.

To qualify for BPRA the premises must:

- not have been used for any trading or other business activity, or as offices, for at least one year before the works began
- be in an Assisted Area, that is, an area which is considered to be disadvantaged and eligible for regional aid. The whole of Northern Ireland qualifies as an Assisted Area and to see whether an area in England, Wales and Scotland qualifies go to **www.dtistats.net/regional-aa/aa2007.asp**
- be available for business or commercial use after the works are complete (but not for farming, fisheries, aquaculture, the manufacture of substitute milk products or synthetic fibres, shipbuilding, steel or coal industries).

BPRA cannot be claimed:

- if the renovation expenditure has been incurred on any residential property, or
- on the costs of acquiring the land, extending the business premises, or developing land next to the business premises.

For further information about BPRA and the conditions you must satisfy to claim the allowance, go to **www.hmrc.gov.uk** and search for 'BPRA'.

Box 54 *Enhanced 100% and other capital allowances*

You can claim 100% capital allowances for:

- designated energy-saving or water-efficient equipment used in your business (even if you have otherwise used up your Annual Investment Allowance), see **www.eca.gov.uk** for more information
- a new car with low CO_2 emissions of not more than 110gm a km driven (even if the car costs more than £12,000)
- equipment for refuelling vehicles with natural gas, biogas or hydrogen fuel.

You can also claim other capital allowances for the costs of:

- converting empty or underused space above shops and other commercial premises to flats for renting
- patents, some specialist types of 'know how', research and development, mineral extraction and dredging.

Box 55 *Allowances on sale or cessation of business use*

If you sell an item, or no longer use it in the business, or your business has ceased, deduct the sale proceeds of any pool items you sell, or the market value of items that you keep or give away, from the pool value brought forward from earlier years or the cost of the item. For single asset pools and car pools, if the proceeds or value is less than the pool value or cost of the item, the difference (called a balancing allowance) should be entered in box 55.

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Example

Jack Green is a painter and decorator. He started working for himself on 6 April 2008 and decides to draw up his accounts to 5 April each year (5 April becomes his accounting date).

When he started he bought ladders for £2,000 and specialist equipment for £18,000. Then on 1 December 2008 he bought a van to use in the business for £36,000. The ladders, specialist equipment and van together make a 'main pool' of cost or value. In 2008-09 the pool qualifies for AIA and any expenditure over that amount for a 20% annual allowance. For 2009-10 the annual allowance will be 20% of the remaining pool brought forward.

Jack decides to close the business on 30 September 2010. He sells the van for £14,000 and scraps the ladders and other equipment. This is Jack's capital allowance calculation:

	Main pool	Allowance
Period ended 5 April 2009		
Cost of ladders	£ 2,000	
Specialist equipment	£18,000	
Van cost	£36,000	
Total expenditure	£56,000	
Minus		
Annual Investment Allowance *box 48*	£50,000	£50,000
Balance of pool	£ 6,000	
Minus		
Annual 20% allowance *box 49*	£ 1,200	£ 1,200
Value to be carried forward to 2009-10	£ 4,800	
Year ended 5 April 2010		
Value brought forward	£ 4,800	
Minus		
Annual 20% allowance (£4,800 x 20%) *box 49*	£ 960	£ 960
Value carried forward to 2010-11	£ 3,840	
Period ended 30 September 2010		
Value brought forward	£ 3,840	
Minus		
Disposal proceeds	(£14,000)	
Balancing charge *(enter in box 58 on 2010-11 Tax Return)*	£10,160	

Working Sheets for boxes 48, 49, 50, 51, 55 and 58

First, use the Working Sheets below to work out the total capital allowances or balancing charges due on your equipment and other items. Most items of equipment can go into the main pool (Working Sheet A) but not all. Use a separate Working Sheet for each item used partly for business and part privately (Working Sheet B), and for each car costing more than £12,000 (Working Sheet C).

A Main Pool

Total cost of new items coming into pool this year	£
Minus Annual Investment Allowance (up to £50,000) *copy to box 48*	£
Items eligible for 100% allowances *copy to box 54*	£
Balance remaining	£
Add Pool value brought forward from last year's Tax Return	£
Total	£
20% of total amount *copy to box 49*	£

If the total is £1,000 or less, the full amount can be claimed in box 49.

If the business has ceased, the sale proceeds (or market value if you keep the items) should be deducted from any pool value brought forward. If any pool value remains it is a balancing allowance and should go in box 55. If the sale proceeds (or value) is more than the pool value or cost, enter the difference as a balancing charge in box 58.

B Single asset with some private use

Value brought forward or cost of new item coming in this year	£

If you have disposed of the item

Minus Proceeds/value of item taken out of the business (cannot be more than cost)	£
Balancing allowance - *include in box 55** or, if proceeds are more than value/cost **balancing charge** - *include in box 58**	£

Or, if you have kept the item

Minus Annual 20% allowance (20% of value or cost) - *include in box 49**	£
Value to carry forward	£

*Please reduce the amount in these boxes by any private use proportion for each item.

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C Car costing more than £12,000

Value brought forward from last year's Tax Return, **or** cost of new car coming in this year	£
If you have disposed of the car	
Minus Proceeds/value of car taken out of the business (cannot be more than cost)	£
Balancing allowance - *include in box 55** or, if proceeds are more than value/cost **balancing charge** - *include in box 58**	£
Or, if you have kept the car	
Minus Annual allowance (20% of value or cost - maximum £3,000) - *include in box 51**	£
Value to carry forward	£

*Please reduce the amount in these boxes by any private use proportion for each item.

Box 57 ***Balancing charge on sale or cessation of business use (only where Business Premises Renovation Allowance has been claimed)***

To qualify for BPRA, premises must be held for at least seven years from the date the premises were first used or were suitable for letting. If within that period:

- the premises are sold – either freehold or by a long lease of 21 years, or
- cease to be used for business activities, or
- the premises are demolished or destroyed, or
- the person who incurred the renovation costs dies

the allowance must be repaid. This is done by means of an adjustment known as a balancing charge. Enter in box 57 the amount of BPRA which you have previously claimed on the premises.

Box 58 ***Balancing charge on sales of other assets or on the cessation of business use (where you have disposed of assets for more than their tax value)***

When you sell an item that you have claimed capital allowances on, deduct the sale proceeds (up to the cost of the item) from the pool value brought forward or cost. Similarly, if you no longer use an item for business purposes, deduct the value of it from the pool value or cost. If the sale proceeds or the value of the item is more than the pool value or cost, the difference (a 'balancing charge') is taxable. Enter the total of any balancing charges (apart from BPRA ones) in box 58.

Calculating your taxable profit or loss

Box 59 ***Goods and services for your own use***

If you, or your family or friends, take manufactured goods or stock ready for sale out of your business, not in the course of your trade, you must include in box 59 the normal sale price (and not the cost to you) of what was taken out or provided, unless you have already included such value in your turnover in box 14. Stock taken out at the time of purchase and included in box 31 should be excluded from box 59.

Box 61 ***Income, receipts and other profits included in business income or expenses but not taxable as business profits***

If you included any amounts in your turnover in box 14 that you know are not taxable, please deduct them here.

Working sheet for boxes 63 or 64

Start with your net profit figure *box 46* or net loss figure *box 47*			A	£
Add				
Items that increase your profit (or reduce your loss) Disallowable expenses *box 45*			B	£
Charges on sale or cessation of business use *boxes 57 and 58*			C	£
Goods and services for your own use *box 59*			D	£
Total			E	£
Minus				
Items that reduce your profit (or increase your loss) Capital allowances *box 56*	£			
	+			
Non-taxable income or receipts *box 61*	£	=	F	£
Net business profit *box E minus box F - if the result is positive copy to box 63*				£
Or net business loss *box E minus box F - if the result is negative copy to box 64*				£

Basis period

You pay tax for 2008–09 according to the profits of your basis period. Once your business has been running for a couple of years, and your accounting period is established, your basis period is your accounting period.

But if your business began in the year ending 5 April 2009 your basis period begins on the date you started in business and ends on 5 April 2009.

If your business began in the year ending 5 April 2008 and you have an accounting date in the year to 5 April 2009 and it is more than 12 months after the date your business began, your basis period is the 12 months to that accounting date. If your accounting date is less than 12 months after the date you started in business, your basis period is the 12 months beginning on the date you started.

If you do not have an accounting period ending in the year to 5 April 2009, your basis period is the year 6 April 2008 to 5 April 2009. If your business ceased in the year to 5 April 2009, your basis period begins on the day following your last accounting date and ends on the day your business ceased. Help Sheet 222 *How to calculate your taxable profits* explains basis periods in detail and has examples.

Enter the first day of your basis period in box 65, and the last day in box 66.

ⓘ Contacts

Please phone:
- the number printed on page TR 1 of your Return
- the Helpline on **0845 9000 444**
- the Orderline on **0845 9000 404** for Help Sheets

or go to **www.hmrc.gov.uk**

Box 67 *If your basis period is not the same as your accounting period*

To work out your profit or loss for the basis period you may have to add together and/or divide the results of your accounting periods. Enter in box 67 the amount of the adjustment needed to the profit or loss in box 63 or box 64.

Overlap profits

When basis periods overlap (for example, in the first two years of business or following a change in accounting date), you should keep a record of both the overlap profit and the overlap period. The overlap profit is carried forward each year until you are able to claim overlap relief.

Box 68 *Overlap relief used this year*

If you sold or closed down your business, or if you have changed your accounting date this year resulting in a change of basis period, you may be entitled to overlap relief if that basis period is now more than 12 months long. Help Sheet 222 *How to calculate your taxable profits* shows you how to work out the overlap relief to go in box 68 or you can ask your tax adviser or contact us.

Box 69 *Overlap profit carried forward*

The amount to enter in box 69 will be the overlap profit carried forward from previous years, plus any new overlap profits this year (see the note for box 67) minus any overlap relief used this year (in box 68).

Box 70 *Adjustment for change of accounting practice*

If you carry on a profession or vocation and previously used the 'cash' or 'conventional' basis to work out your profits, you (or more probably your tax adviser) will have worked out the necessary adjustment to bring you onto 'generally accepted accounting practice' (GAAP) (also known as 'true and fair basis'). Include in box 70 the instalment taxable in the year to 5 April 2009. If you were in business before the start of the accounting period which covers 22 June 2005, and you receive income from contracts for professional or other services and which span your accounting date, you will have had to change the way you work out your turnover in your accounts. You (or more probably your tax adviser) will have worked out the necessary adjustment which arises on a change from the old to the new method. Include in box 70 the instalment taxable in the year to 5 April 2009 (see Help Sheet 238 *Revenue Recognition in Service Contracts - UITF 40*).

Box 71 *Averaging adjustment (only for farmers, market gardeners and creators of literary or artistic works)*

Enter in box 71 the amount by which your profit is changed by your averaging claim. If the claim reduces your taxable profit this year enter a minus sign in the box provided. Help Sheet 224 *Farmers and market gardeners* and Help Sheet 234 *Averaging for creators of literary or artistic works* give more details.

Box 72 *Adjusted profit for 2008–09*

Use the Working Sheet below to work out your adjusted profit. If this is a negative figure (you have made a loss) enter '0' in box 72 and put the loss in box 76.

Working Sheet for taxable profits or adjusted loss

Start with your net business profit *box 63* or net business loss *box 64*			£
Add Positive adjustment for basis period *box 67*			£
Adjustment for change of accounting practice *box 70*			£
Total		A	£
Minus Overlap relief used this year *box 68*	£		
	+		
Negative adjustment for basis period *box 67*	£ =	B	£
Total *box A minus box B*		C	£

If the amount in box C is positive (a profit)

Add Positive averaging adjustment *box 71*	D	£
Or Minus Negative averaging adjustment *box 71*	E	£
Adjusted profit - *copy to box 72* *box C plus box D or box C minus box E*	F	£
Minus Losses brought forward *(box 73)* - up to the amount in box F		£
Total		£
Add Any other business income *box 74*		£
Total taxable profits *copy to box 75*		£

If the amount in box C is negative (a loss) or zero

Copy the amount in box C (the adjusted loss) to box 76 but enter it as a positive figure (do not include the minus sign in box 76).

If you have entered a positive averaging adjustment in box 71, copy the amount in box 71 to box 72, as well as entering the adjusted loss in box 76.

Box 74 *Any other business income not included in boxes 14, 15 or 59*

Include in box 74 any Business Start-up Allowance (also known as Enterprise Allowance) or any other business income, such as reverse premiums (payments you received as an inducement to lease a business property) regardless of whether you have made a profit or loss.

Contacts

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Total taxable profit or adjusted loss of this business

Box 75 and box 76

Use the Working Sheet above to work out your total taxable profit (box 75) or adjusted loss (box 76) or follow the instructions above box 75.

Losses

There are rules about how losses are set off and time limits for loss claims. Some claims must be made by 31 January 2011. We do not usually accept late claims. You may want to ask for professional advice or to ask us for Help Sheet 227 *Losses*, which has more information and a Working Sheet to summarise the use of your losses. It will also help you to fill in boxes 77 to 79.

If you have already made a claim for your 2008-09 loss you should still include the loss in the relevant box on your Tax Return.

If your claim is against income, profits or gains of an earlier year, or if you are repeating a claim you have already made, you should provide details in the 'Any other information' box on page SEF 6.

CIS deductions and tax taken off

Box 80 ***Deductions on payment and deduction statements from contractors***

If you are a subcontractor in the construction industry enter the total deductions made by your contractors from payments you received in the year 6 April 2008 to 5 April 2009. The deductions are shown on the payment and deduction statements that your contractors should have given you. **Do not** send these with your Tax Return. Even if you have already claimed a repayment of your CIS deductions, you should include the total deductions during the year in box 80. (Enter in box 1 of the 'Finishing your Tax Return' section of your Tax Return, the amount of repayment received or set-off against other tax due.)

Box 81 ***Other tax taken off trading income***

If any other tax (that is, not CIS deductions) has been taken off your trading income, enter it in box 81. If tax under PAYE has been taken off any amount included in your turnover in box 14, please contact us.

Balance sheet

If your accounts include a balance sheet, transfer figures into boxes 82 to 98. You may have to decide which are the most appropriate boxes in our balance sheet for your figures.

Depending on your business circumstances, elements in the balance sheet may appear as assets or liabilities. For example, if there are funds in the business bank account it is an asset, but if the account is overdrawn it is a liability. This can apply to capital account balances and the net profit or loss. Where a balance on the capital account is overdrawn, or your business made a loss, enter a minus sign in the box provided (to the right of the £ sign). If your liabilities are greater than your assets, enter the net business liability amount in box 93 with a minus sign.

Box 95 should be the same as box 46 (if the business made a profit) or box 47 (if it made a loss). And box 93 should be the same as box 98.

Class 4 National Insurance contributions (NICs)

Box 99 ***If you are exempt from paying Class 4 NICs***

You are exempt from paying Class 4 NICs if:

- on 6 April 2008 you were a man aged 65 or over, or a woman aged 60 or over
- on 6 April 2008 you were under 16
- during 2008–09 you were not resident in the UK for tax purposes (if you are not sure please contact us or your tax adviser).

If you are a trustee or a diver or diving instructor you may also be exempted; please contact us if you think this applies.

If you are exempt, please put an 'X' in box 99. Do not complete box 100 or box 101.

Box 100 ***If you have been given a 2008–09 Class 4 NICs deferment certificate***

If you are employed as well as self-employed, the National Insurance Contributions Office may agree that some of your Class 4 NICs can be deferred until your overall contributions can be determined. If your application for deferment is agreed they will send you a deferral certificate (form CA2703 *Granted deferment of liability for Class 2 and Class 4 National Insurance contributions*). Only put 'X' in box 100 if you have already been given a deferment certificate. If you want to apply for deferment of Class 4 NICs please contact us.

Box 101 ***Adjustment to profits chargeable to Class 4 NICs***

There are adjustments that reduce the amount of Class 4 NICs payable such as cash basis adjustments, change in accounting adjustments, certain losses from earlier years and earnings as an employee which are included in your profits.

If you made an entry in box 70 (Adjustment for change of accounting practice) the same figure is taken off your profits for Class 4 NICs purposes; include that adjustment in box 101.

If your profit in box 63 includes employment earnings, enter those earnings in box 101. Class 1 NICs are paid on employment earnings.

If you have any brought forward trading losses of this business, that have not yet been set against profits chargeable to Class 4 NICs, you may include them in box 101. (Losses are allowable for Class 4 NICs in the same way as they are for tax.)

If you have another business, Help Sheet 220 *More than one business* gives details of how to calculate any Class 4 NIC adjustment to enter in box 101.

If you have incurred interest for the purposes of this business but did not take it off to arrive at your taxable profit, include it in box 101; it can reduce your Class 4 profit. (Include any such interest for 2007–08 and earlier years if it has not already been set against Class 4 profits.)