MTD 4Subbies

CIS HMRC Compliant

2026/27 EDITION · VISUAL GUIDE

The Self-Employed TAX MAP

UNITED KINGDOM

Everything HMRC expects from you, step by step



42 visual sheets

Step by step

No accountant needed

START HERE

Start here

You don't need to read all 42 sheets. Find your situation below and jump to the sheets that matter to you right now.

1 Pick your situation – go straight to your sheets

I'm just starting out
Register, set up records and the tax pot
Sheets 01 → 08

My return is due 31 January
Checklist, the return step by step, paying
Sheets 22 → 28

I heard about Making Tax Digital
Am I in? Software, sign-up, quarterly updates
Sheets 30 → 34

I work in construction (CIS)
Rates, registration and your refund
Sheets 35 → 36 + 25

I have a job and a side income
How the two fit, the £1,000 allowance
Sheets 14 · 21 · 22

I want to pay less tax – legally
Every expense you can (and can't) claim
Sheets 15 → 21

I'm behind or got a penalty
Penalties, catch-up, payment plans, appeals
Sheets 39 → 42

2 How every sheet works

Read the top

The title and the line under it tell you what the sheet solves.

Follow the steps

Numbered steps in the order you'll do them – with where to find each service.

Do "Your move"

The green box at the bottom is your action. Tick it and you're done.

New to all of this? Read Block 1 first
Sheets 01–04 take 10 minutes and make every other sheet easier.

BLOCK 1 · THE BASICS

Your route with HMRC in 6 words

If you understand these six words, you already understand the most important part of being self-employed in the UK.

1 Your route with HMRC, in order

HMRC
the tax office

›

UTR
your tax number

›

Profit
income – expenses

›

Tax + NI
what you owe

›

Self Assessment
the yearly return

2 In plain English

UTR

Your **Unique Taxpayer Reference**: a 10-digit number HMRC gives you when you register. You'll type it on every return and payment.

Profit

What you **keep** after business costs. You pay tax on profit, never on everything that came in.

Tax + National Insurance

Two charges on your profit: **Income Tax** and **Class 4 National Insurance**. Both are paid together.

Making Tax Digital

The **new system** (2026–2028): quarterly updates through approved software for people above an income level.

The whole job, in one line

Register → keep records → claim your expenses → file **one return a year** (plus quarterly updates if you're in Making Tax Digital) → pay on time.

YOUR MOVE

- [ ] Read the six words above until they feel normal. Every other sheet uses them.
- [ ] Go to the **Start Here** page and tick the situation that is yours.
- [ ] Find your UTR (on HMRC letters or in the HMRC app). Write it here: ___ ___ ___ ___ ___ ___ ___ ___ ___ ___

BLOCK 1 · THE BASICS

Am I self-employed?

Before anything else, make sure you are in the right place. Two minutes here saves you from filing what you don't need – or missing what you do.

1 Which one are you?

Employee

Your employer takes tax off every payslip (**PAYE**). No return needed for that job.

Sole trader

You work for yourself, alone, with no company. **You and the business are the same person.** This map is for you.

Limited company

A separate legal entity ("Ltd") with its own taxes and Companies House filings. Different rules.

2 Do I need to register as self-employed?

Yes, register if…

- ✓ You earned **more than £1,000** (before costs) from self-employment in the tax year (6 April – 5 April)
- ✓ You want proof of income for a mortgage, a loan or benefits
- ✓ You want to pay voluntary National Insurance to protect your State Pension
- ✓ You work in construction for a contractor (CIS – see sheet 35)

Probably not if…

- ⊗ Your total self-employed income was **£1,000 or less** in the tax year (the **trading allowance**)
- ⊗ You only sold your own used things (like clearing out a wardrobe)
- ⊗ All your work is done as an employee on PAYE
- ⊗ You run a limited company (you'd file as a director instead)

YOUR MOVE

- ☐ Add up everything you were paid from your own work this tax year (before costs): £_____
- ☐ Above £1,000? Go to sheet 05 and register. £1,000 or less? Keep notes anyway and check again at the end of the tax year.
- ☐ Side hustle on top of a job? You can be both. Only the side income goes on your return (sheet 14).

BLOCK 1 · THE BASICS

Your year runs April to April

The most confusing detail for new self-employed people – and the reason so many miss the 31 January deadline.

1 The UK tax year does NOT start in January

APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR

Starts 6 April **Ends 5 April**

6 Apr 2026
Tax year 2026/27 begins
Everything you earn from this day counts for 2026/27

5 Apr 2027
Tax year 2026/27 ends
Stop counting. Total your income and expenses

31 Jan 2028
Return + payment due
For 2026/27 – almost 10 months after it ends

2 Why the deadline is so late (and why people get caught)

YEAR 1 · 6 APR – 5 APR

You work and keep records
You earn, spend, and keep receipts. Nothing is due yet – which is why many people forget.

BY 5 OCT AFTER YEAR 1

Register if you're new
If this was your first year, HMRC must know about you by 5 October.

BY 31 JAN AFTER YEAR 1

File the return and pay
Online return + the full bill for year 1 + (often) the first advance payment for year 2.

BY 31 JUL

Second advance payment
If you make payments on account (sheet 28), the second one falls here.

YOUR MOVE

- [ ] Put these in your phone calendar today: 5 October, 31 January and 31 July – each with a reminder 2 weeks before.
- [ ] "2026/27" = 6 April 2026 to 5 April 2027. Open the bonus **UK Tax Calendar** for every date.

BLOCK 1 · THE BASICS

Your HMRC accounts, sorted

One sign-in, one app, one online account. Set them up once and every other step in this map gets easier.

1 The 3 doors you'll use with HMRC

HMRC sign-in

Your login: a **Government Gateway user ID** or **GOV.UK One Login**, depending on when you created it. Same password for everything HMRC.

HMRC app

Free official app. Shows your UTR, tax bill, payments due and lets you **pay in a few taps**.

Online account

On GOV.UK: your Self Assessment, returns, letters, payment plans and personal details.

2 Set them up – step by step

1 Search "HMRC sign in" on GOV.UK

Only use the official **gov.uk** website. Never pay a third-party site to "file for you" without checking who they are.

GOV.UK → "Sign in to your HMRC online account"

2 Create your sign-in (if you don't have one)

Use an email you'll keep for years. You'll confirm a code sent to your email and phone.

3 Prove your identity

Usually with your passport or driving licence, a payslip or P60, or details HMRC already holds. This unlocks your tax account.

4 Download the HMRC app and sign in with the same details

Turn on notifications so you see payment reminders.

YOUR MOVE

- [ ] Sign in to the HMRC app today and find your UTR.
- [ ] Turn on app notifications for HMRC.

BLOCK 2 · GETTING SET UP

Register as self-employed

Free, online, about 15 minutes. This is how HMRC learns you exist – and how you get the UTR you'll use for everything.

1 Register as a sole trader – step by step

1 Open the official service

Have your National Insurance number, start date and a description of your work ready. Then go to GOV.UK.

GOV.UK → "Register for Self Assessment" → "Self-employed"

2 Sign in with your HMRC details

Use the sign-in from sheet 04. If you never had one, the service lets you create it here.

3 Fill in your business details

Your name (or trading name), the date you started, what work you do, your address and phone number.

4 Check and send

Review each answer, then submit. Save or screenshot the confirmation page.

5 Receive your UTR

HMRC normally posts your 10-digit UTR within **15 days** (21 if you're abroad). It may also show in your online account and the app.

6 Switch on Self Assessment online

If a letter with an **activation code** arrives, enter it in your online account within 28 days. Then you can file online.

The deadline to register

By **5 October** after the end of the tax year you started. Started in June 2026 (tax year 2026/27)? Register by **5 October 2027**. Late registration can bring a penalty if tax is owed.

YOUR MOVE

- [ ] Register today – it's free. When the UTR letter arrives, write the number on sheet 01 and keep the letter.

BLOCK 2 · GETTING SET UP

Bank, name & invoices

Small set-up decisions that save you hours at tax time – and make customers trust you more.

1 Three things that make you look (and feel) professional

A separate bank account

Not required by law, but it makes records and tax **10x easier**.

A trading name (optional)

Your own name or a business name – but never "Ltd" or "Limited".

A simple invoice

Numbered, every time. It's your proof of income.

2 What every invoice must show

- A **unique invoice number** (e.g. 2026-001, 2026-002...)
- Your name or business name, address and contact details
- If you use a trading name, also your **own name** and an address
- The customer's name and address
- Invoice date, work date and a clear description
- The amount for each item and the **total due**
- Payment terms (e.g. "payment within 14 days") and your bank details

INVOICE 2026-014 Example

From	**Sam Carter Plumbing**
To	**J. Patel, 12 High St**
Date	**3 Nov 2026**
Replace kitchen tap (labour)	**£120.00**
Tap and fittings	**£64.00**
Total due	**£184.00**

Pay within 14 days · Sort code 00-00-00 · Acc 00000000

YOUR MOVE

- [ ] Open a separate account for work and start your invoice numbering today: _____-001. Not VAT registered? Don't add VAT.

BLOCK 2 · GETTING SET UP

Records: what to keep

Good records are the difference between a 30-minute tax return and a weekend of panic. Here is exactly what to keep and for how long.

1 What HMRC expects you to keep

Money in

Invoices you sent, receipts, card-machine and app payouts, bank statements showing payments in.

Tip: also note cash jobs the same day.

Money out

Receipts and bills for every business cost: materials, fuel, phone, software, insurance, tools.

Tip: a phone photo of a receipt is fine.

Mileage & hours

A log of business miles (date, from, to, why, miles) and hours worked from home each month.

Bonus logs included.

Special papers

CIS statements (construction), P60/P45 if employed, letters from HMRC, records of money you put in or took out.

2 How long to keep everything

5 years
after the 31 January deadline
For tax year 2026/27 (deadline 31 Jan 2028) keep records until at least **31 January 2033**.

£3,000
maximum penalty
HMRC can fine you up to this for not keeping adequate records.

Cash basis
the simple method
Record income when the money arrives and costs when you pay them. It's the default for sole traders.

Paper or digital?

Both are accepted for the yearly return. If you're in Making Tax Digital (Block 6), you must keep records **digitally** in compatible software or a linked spreadsheet.

YOUR MOVE

- [ ] Create two folders (paper or phone): **MONEY IN** and **MONEY OUT**.
- [ ] Print the bonus **Monthly Income & Expense Log** and fill in the current month.

BLOCK 2 · GETTING SET UP

The tax pot habit

The number one reason self-employed people get into trouble isn't the rules – it's spending the tax money. This habit fixes it.

1 The tax pot: pay yourself, then pay HMRC

Payment lands
a customer pays you

Move 20–30%
to a tax savings pot

Leave it alone
it's HMRC's money

31 Jan / 31 Jul
pay from the pot

2 How much to put aside

Your yearly profit (England, Wales, NI)	Put aside	Why
Up to about £20,000	**15–20%**	Only part of your profit is taxed after the £12,570 allowance
£20,000 – £50,000	**20–25%**	Basic rate 20% + 6% National Insurance on most of it
Over £50,000	**30–35%**	40% higher rate starts above £50,270
Your first full year	**+10% extra**	The first January often includes an advance payment (sheet 28)

3 Your 5-minute Friday routine

1
Log money in
Every payment of the week in your log

2
Snap receipts
Photo every cost into MONEY OUT

3
Move the %
Transfer the tax pot amount

4
Miles & hours
Update the mileage and home logs

YOUR MOVE

- [ ] Open a savings account or "pot" named **TAX** today.
- [ ] Pick your percentage from the table: ____%. Set a Friday alarm called "5 minutes".

BLOCK 3 · WHAT YOU OWE

How your tax is worked out

Four steps, always in the same order. Once you see it, you'll know your tax bill before HMRC does.

1 The 4-step calculation HMRC does

Income
everything you were paid

› **– Expenses**
allowable costs

› **= Profit**
what you really made

› **– £12,570**
tax-free allowance

› **Tax + NI**
on what's left

2 Worked example: a cleaner in Manchester

Step by step	2026/27
Income for the year	£30,000
Allowable expenses	– £6,000
Profit	£24,000
Personal allowance	– £12,570
Taxable profit	£11,430
Income Tax at 20%	£2,286.00
Class 4 NI at 6%	£685.80
Total to pay HMRC	**£2,971.80**

£2,971.80
total for the year
About **£248 a month** – that's 9.9% of her income

£6,000
of expenses claimed
Saved her about **£1,560** in tax and NI (26% of £6,000)

You never pay tax on your income – only on your profit

That's why every receipt matters. Each £100 of genuine business cost lowers a basic-rate bill by about **£26** (20% tax + 6% NI).

Earning over £100,000?

The £12,570 allowance shrinks by £1 for every £2 above £100,000 and disappears at £125,140.

YOUR MOVE

- [ ] Write your rough figures: income £_____ – expenses £_____ = profit £_____
- [ ] Keep this sheet open – sheets 10 to 13 turn your profit into the exact bill.

BLOCK 3 · WHAT YOU OWE

Income Tax bands

The rates for England, Wales and Northern Ireland in the 2026/27 tax year – and the one rule that stops the 40% panic.

1 Income Tax 2026/27 – England, Wales & Northern Ireland

Band	Profit (and other income) in the band	Rate
Personal allowance	£0 – £12,570	**0%**
Basic rate	£12,571 – £50,270	**20%**
Higher rate	£50,271 – £125,140	**40%**
Additional rate	Over £125,140	**45%**



2 How the bands work (most people get this wrong)

Each band only taxes its slice

Going over £50,270 does **not** make all your profit 40%. Only the pounds above £50,270 pay 40%.

Your job counts too

Salary, pensions and rental income use the same bands. If your job already uses the £12,570, your side profit starts at 20%.

3 Quick check: profit of £60,000

Slice	Amount	Rate	Tax
First £12,570	£12,570	0%	£0
Next slice	£37,700	20%	£7,540
Above £50,270	£9,730	40%	£3,892
Income Tax total	**£60,000**		**£11,432**

YOUR MOVE

- [ ] Find the band your profit lands in: _____ (Scotland? use sheet 11)

BLOCK 3 · WHAT YOU OWE

Living in Scotland?

Scotland sets its own Income Tax bands. If your main home is there, use this table instead of sheet 10.

1 Scottish Income Tax 2026/27

Band	Income in the band	Rate
Personal allowance	£0 – £12,570	**0%**
Starter	£12,571 – £16,537	**19%**
Basic	£16,538 – £29,526	**20%**
Intermediate	£29,527 – £43,662	**21%**
Higher	£43,663 – £75,000	**42%**
Advanced	£75,001 – £125,140	**45%**
Top	Over £125,140	**48%**

2 What's the same and what's different

Same as the rest of the UK

- ✓ The £12,570 personal allowance
- ✓ National Insurance (sheet 12)
- ✓ Deadlines, the return and Making Tax Digital
- ✓ Expenses rules (Block 4)

Different in Scotland

- ⊗ Six bands instead of three
- ⊗ Higher rate starts lower: **£43,663**
- ⊗ Your tax code starts with **S**
- ⊗ Dividends and savings still use UK bands

Who counts as a Scottish taxpayer?

Generally, you are if your **main home is in Scotland**. Where your customers are doesn't matter. The return picks this up from your address – keep it up to date.

YOUR MOVE

- ☐ Check your tax code on a payslip or the HMRC app: does it start with S? ___
- ☐ Earning £43,663+ in Scotland? Raise your tax pot by 5% (sheet 08).

BLOCK 3 · WHAT YOU OWE

National Insurance

The second charge on your profit. It also builds your State Pension, so getting it right protects your future too.

1 Class 4 – the one you actually pay

Your profit	Class 4 rate
Up to £12,570	0%
£12,570 – £50,270	6%
Over £50,270	2%

Paid with your tax, not separately

Class 4 is calculated inside your Self Assessment and paid on the same dates as your Income Tax. Nothing to set up.

2 Class 2 – no longer compulsory, but it matters

Profit £7,105 or more

You get National Insurance **credits automatically** for your State Pension. You don't pay Class 2.

Profit under £7,105

You can pay **voluntary Class 2**: £3.65 a week (£189.80 a year) to keep building your State Pension.

35 years
for the full State Pension
Of National Insurance contributions or credits

£189.80
a year of Class 2
vs £18.40 a week for Class 3 later in life

Same
across the whole UK
Scotland included

YOUR MOVE

- [ ] Write your expected profit: £_____ → Class 4 = (profit – £12,570) × 6% = £_____
- [ ] Profit under £7,105? Tick the voluntary Class 2 box when you file (sheet 25).

BLOCK 3 · WHAT YOU OWE

Real examples

What a tutor, an electrician and a consultant actually pay. Use the closest one as your benchmark.

1 Three real profits, worked out for 2026/27

Part-time tutor	9.7%
Profit	£20,000
Income Tax	£1,486.00
Class 4 NI	£445.80
Total for the year	**£1,931.80**

≈ **£161** a month to set aside

Electrician	16.7%
Profit	£35,000
Income Tax	£4,486.00
Class 4 NI	£1,345.80
Total for the year	**£5,831.80**

≈ **£486** a month to set aside

IT consultant	23.1%
Profit	£60,000
Income Tax	£11,432.00
Class 4 NI	£2,456.60
Total for the year	**£13,888.60**

≈ **£1,157** a month to set aside

2 How each number was calculated

	£20,000	£35,000	£60,000
Taxable after £12,570	£7,430	£22,430	£47,430
Income Tax	£7,430 × 20%	£22,430 × 20%	£37,700 × 20% + £9,730 × 40%
Class 4 NI	£7,430 × 6%	£22,430 × 6%	£37,700 × 6% + £9,730 × 2%

These are for England, Wales and Northern Ireland

In Scotland the tutor would pay a little less and the consultant noticeably more (sheet 11). The National Insurance figures are the same everywhere.

Your first year will feel bigger

In your first January you may pay the year's bill **plus** half of next year's in advance. The electrician above could pay about £8,750 in one go. Sheet 28 explains.

YOUR MOVE

- [ ] Pick the example closest to you and write your monthly set-aside: £_____
- [ ] Set up a standing order for that amount into your TAX pot.

BLOCK 3 · WHAT YOU OWE

Employed + side hustle

Millions of people have a job and a bit of self-employed income. Here's exactly how the two work together.

1 Job + self-employed: how it fits together

Your job
tax taken on PAYE

Side income
profit from your own work

Self Assessment
only the side profit

Tax due
usually from 20%

2 Example: salary £30,000 + side profit £8,000

Side profit only — Example

Side profit	£8,000
Allowance left (used by job)	£0
Income Tax at 20%	£1,600.00
Class 4 NI (profit under £12,570)	£0
Extra to pay HMRC	**£1,600.00**

Why Class 4 is £0 here

Class 4 only looks at your **self-employed profit**. £8,000 is under £12,570, so no Class 4 – even though you have a job.

And Class 2?

Profit is above £7,105, so you get State Pension credits automatically.

3 Two extras for employed people

Pay through your tax code

Owe less than **£3,000** and file online by **30 December**? HMRC can collect it monthly from your salary instead of a January lump sum.

Student loan

If you have one, the return adds repayments on your total income above your plan's threshold. Have your plan type ready.

YOUR MOVE

- [ ] Check your payslip: is your tax code the standard 1257L (or S1257L)? ___
- [ ] Owe under £3,000? Aim to file before 30 December and tick the tax code option.

BLOCK 4 · EXPENSES

The golden rule of expenses

Expenses are the legal way to pay less tax. One simple test decides what you can claim.

1 The one test every expense must pass

"Wholly and exclusively for the business"

If you bought it **only** to run your business, you can claim it. If it's partly personal, you can claim **only the business part**. If it's personal, you can't claim it – even if it helps you work.

2 Ask these 3 questions

1 Did I buy it to earn money from my work?
A van for jobs: yes. A family car you sometimes drive to a client: only the business miles.

2 Is part of it personal?
Phone, internet, home energy, car: split it fairly between business and personal use and claim the business share.

3 Can I prove it?
Keep the receipt, invoice or bank line. No proof = risky claim.

3 What a claim is really worth

£26
saved per £100
Basic rate: 20% tax + 6% NI

£42
saved per £100
Higher rate: 40% tax + 2% NI

£0
saved on a fake claim
...plus penalties and interest if HMRC checks

YOUR MOVE

- [ ] Look at last month's bank statement. Highlight every cost that passes the 3 questions.
- [ ] Add them to the MONEY OUT column of your log.

BLOCK 4 · EXPENSES

What you can claim

The 10 groups of allowable expenses HMRC recognises – with examples real sole traders use every day.

1 The 10 groups of costs you can claim

Stock & materials

Things you resell or use in your work: timber, parts, products, packaging

Office costs

Stationery, printer ink, software and apps, business phone share

Travel

Fuel, parking, trains, tolls, hotels on business trips (not your daily commute)

Work clothing

Uniforms, protective clothing, costumes – not normal everyday clothes

Staff costs

Wages, subcontractors, employer pension contributions

Legal & financial

Accountant, bank fees, business insurance, card-machine fees

Marketing

Website, ads, business cards, listing fees

Training

Courses that improve skills for your current business

Premises

Rent, business rates, power for a workshop, office or unit

Memberships

Trade bodies and professional subscriptions linked to your work

Under £90,000 turnover? Life is easier

On the return you can give **one total** for all expenses instead of splitting them into groups. Keep the details in your log anyway, in case HMRC asks.

YOUR MOVE

- [ ] Go through the 10 groups and write the ones that apply to you: _____
- [ ] Set up these groups as columns in your expense log.

BLOCK 4 · EXPENSES

What you can't claim

Avoid these and you avoid most of the problems HMRC finds when it checks a return.

1 The 8 most common wrong claims

Daily commute

Travel from home to the **same regular workplace** is personal. Trips to different clients and sites are fine.

Everyday clothes

A suit or trainers you could wear outside work – no. Branded uniform or safety boots – yes.

Fines and penalties

Parking tickets, speeding fines and HMRC penalties are never allowable.

Entertaining clients

Meals or drinks to win or keep clients are not allowed, even if business is discussed.

Your own "wages"

Money you transfer to yourself (drawings) is not an expense. Your profit is your pay.

The tax itself

Income Tax and National Insurance payments are not business costs.

Normal lunches

Food on a normal working day is personal. Meals on genuine overnight business trips can be claimed.

100% of mixed costs

Claiming the whole phone, car or home bill when part is personal is the classic mistake.

If you're not sure, leave it out or check

Search the cost on GOV.UK's expenses pages. HMRC can go back years and add penalties to wrong claims – a correct, smaller claim always wins.

YOUR MOVE

- [ ] Check your expense list against these 8 traps and cross out any that don't belong.

BLOCK 4 · EXPENSES

Working from home

Two legal ways to claim part of your home costs. One takes 10 seconds a month.

1 Option A – the simple flat rate

Hours you work at home per month	You can claim per month
Under 25 hours	Nothing with this method
25 – 50 hours	**£10**
51 – 100 hours	**£18**
101 hours or more	**£26**

Example: 80 hours a month, all year

Monthly rate (51–100 h)	**£18**
× 12 months	**× 12**
Claim for the year	**£216**

Phone & internet are separate

The flat rate covers heat and power. You can **also** claim the business share of your phone and broadband (sheet 20).

2 Option B – your real costs, split fairly

1 Add up the home bills
Electricity, gas, water, council tax, mortgage interest or rent for the year.

2 Find the business share
E.g. 1 room used only for work out of 5 rooms = 20%, then adjust for the hours it's used.

3 Claim that share
£4,000 of bills × 20% = £800. Keep your working out with your records.

YOUR MOVE

- [ ] Count your home-working hours this month: _____ h → flat rate £____ a month.
- [ ] Use the bonus home-hours log to record it every month.

BLOCK 4 · EXPENSES

Car, van & mileage

For drivers, tradespeople and anyone visiting clients, this is often the biggest expense on the return.

1 Option A – mileage rates for 2026/27 (simplest)

Vehicle	First 10,000 business miles	After 10,000 miles
Car or van	**55p** a mile	**25p** a mile
Motorcycle	**24p** a mile	**24p** a mile

Example: 6,000 business miles by car

6,000 × 55p	£3,300
Expense you claim	**£3,300**
Tax + NI saved (basic rate)	≈ **£858**

The mileage rate covers everything

Fuel, insurance, repairs and wear are all included. You can still claim **parking and tolls** on top.

2 Option B – real costs × business %

Add up all running costs and claim the business share

Fuel, insurance, tax, repairs, servicing. If 60% of miles are business, claim 60%. You need a log of business and total miles either way.

3 Your mileage log needs 5 things

Date
of the trip

From → To
start and end

Why
client, site, supplier

Miles
round trip

YOUR MOVE

- [ ] Start the bonus mileage log today. Chose the mileage rate for a car? Keep using it for that car.

BLOCK 4 · EXPENSES

Phone, internet & equipment

How to claim things you use for both work and life – and what to do with tools and laptops.

1 Phone, broadband and other mixed bills

1 Look at a typical month
How much of your phone or internet use is for work? Calls to clients, emails, apps.

2 Pick a fair percentage
E.g. 60% business. Write down how you decided – that's your evidence.

3 Claim that share of the bill
£40 a month × 12 × 60% = **£288** for the year.

2 Tools, laptops and equipment

On the cash basis (most sole traders)

Equipment you buy for the business – tools, a laptop, a ladder, a sewing machine – is claimed as an expense in the year you pay for it.

Cars are the exception

You can't claim the price of a car in one go. Use the mileage rate (sheet 19) or capital allowances.

Used it before you started?

Things you already owned and now use for work can usually be claimed at their value when you started using them.

Partly personal?

A laptop used 50% for Netflix: claim 50%. Same golden rule as sheet 15.

Keep proof for big purchases
Save the receipt and a note of what it's used for. Big one-off claims are what HMRC most often asks about.

YOUR MOVE

- [ ] List your mixed bills and the business % for each: phone ___% · internet ___% · other _____ ___%
- [ ] Add any tools or equipment bought this year to the log.

BLOCK 4 · EXPENSES

The £1,000 trading allowance

A shortcut for people with small costs – and a rule that means tiny side incomes may not need a return at all.

1 Two choices – you pick the bigger one

Option 1 – real expenses

Deduct what you actually spent (sheets 15–20). Best when your costs are more than £1,000.

Option 2 – trading allowance

Deduct a flat **£1,000** instead, with no receipts needed for it. Best when your costs are small.

2 Side by side

	Real expenses	Trading allowance
Income	£6,000	£6,000
Deduction	£400 (actual)	£1,000 (flat)
Taxable profit	£5,600	**£5,000**

Winner in this example: the trading allowance

£600 less profit = about £120 less tax for someone paying 20%. You can't use both in the same year – it's one or the other.

3 Under £1,000? Possibly nothing to do

Total self-employed income of £1,000 or less

You usually don't need to register or tell HMRC about it. If HMRC has already sent you a notice to file a return, you still need to file.

YOUR MOVE

- [ ] Compare: my real expenses £_____ vs £1,000 → I'll use: _____
- [ ] Write your choice in your log so you remember it when you file.

BLOCK 5 · THE ANNUAL RETURN

Who files & when

The yearly return in one page: who needs it, the exact dates, and the window that avoids the January rush.

1 You must file a return if…

Self-employed over £1,000

Your income from self-employment was more than £1,000 in the tax year.

HMRC asked you to

You received a notice to file. Even if you owe nothing, you must file or ask HMRC to cancel it.

2 The dates for the 2025/26 return (year ended 5 April 2026)

ALREADY PASSED · 31 OCT 2026

Paper return deadline

Paper returns had to arrive by this date. Online is still open.

30 DEC 2026

File online to pay through your tax code

Only if you're employed and owe less than £3,000.

31 JAN 2027 · MIDNIGHT

Online return + pay the bill

Return filed, balance paid, plus the 1st payment on account for 2026/27 if due (2nd one: 31 July).

3 The best time to file

April – October

the calm window

You can file as soon as the tax year ends. You still pay on 31 January.

January

the danger zone

Over 475,000 people filed on the last day of the January 2026 deadline.

YOUR MOVE

- [ ] Book a 2-hour slot in your calendar to file: ___ / ___ (before December).

BLOCK 5 · THE ANNUAL RETURN

Your return checklist

Ten minutes of gathering saves an hour of stopping and searching halfway through the return.

1 Gather these before you sign in

Access

- ✓ Your HMRC sign-in
- ✓ Your UTR (10 digits)
- ✓ Your National Insurance number

Business numbers

- ✓ Total income for 6 Apr – 5 Apr
- ✓ Total expenses (or by group)
- ✓ Mileage total and home-working hours
- ✓ CIS statements (construction)

Other income

- ✓ P60 from any job (or P45)
- ✓ Bank or savings interest
- ✓ Rental income
- ✓ Pensions or benefits that are taxable

Things that can lower your bill

- ✓ Private pension payments
- ✓ Gift Aid donations to charity
- ✓ Student loan plan type (for repayments)
- ✓ Bank details for any refund

Use your bonus log

If you filled in the monthly log, your totals are already done: copy the yearly summary page straight into the return.

YOUR MOVE

- ☐ Tick each item above as you find it. Missing something? Note it here: _____
- ☐ Put everything in one folder named **TAX RETURN 2025/26**.

BLOCK 5 · THE ANNUAL RETURN

Annual return · Step 1

Sign in, pick the year and tell HMRC which sections apply to you. The return builds itself around your answers.

1 Start the return – step by step

1 Sign in to your HMRC online account
Use your HMRC sign-in. Choose **Self Assessment**.

GOV.UK → "Sign in to file your Self Assessment"

2 Choose "File your Self Assessment"
Pick the right tax year, e.g. **2025 to 2026** (year ended 5 April 2026).

3 Check "Tell us about you"
Name, address, date of birth. Your address decides if you're a Scottish taxpayer.

4 Tailor your return
Answer Yes/No questions. Say **Yes** to self-employment and to anything else you had: job, property, interest.

5 Fill in the sections it creates
The return now shows only the pages you need. Go through them one at a time (sheet 25).

WHAT YOU'LL SEE ON SCREEN

www.gov.uk › Self Assessment › your return

Tailor your return

Were you self-employed in the tax year?
- (•) Yes
- ( ) No

Were you an employee or director?
- ( ) Yes
- (•) No

Did you get income from UK property?
- ( ) Yes
- (•) No

Save and continue

You can stop and come back
The return saves as you go. Use "Save and come back later" – nothing is sent to HMRC until you press Submit on the last page.

YOUR MOVE

- [ ] Sign in and open the return for the right tax year.
- [ ] Complete "Tailor your return" today, even if you fill in the numbers another day.

BLOCK 5 · THE ANNUAL RETURN

Annual return · Step 2

The heart of the return: your business income and expenses. Six screens, in the order you'll see them.

1 The self-employment section – box by box

1 Business details
Business name (or yours), a short description of the work, postcode and start date if you started this year.

2 Dates and method
Accounting period **6 April to 5 April**. Cash basis: **Yes** for most sole traders.

3 Turnover
All income from the business for the year – the total from your log, before any costs.

4 Expenses
Turnover under **£90,000**? One total is enough. Over it? Split by the groups from sheet 16.

5 CIS, allowance & NI
CIS deductions (sheet 36) or the £1,000 allowance (sheet 21). Profit under £7,105? Choose voluntary Class 2.

WHAT YOU'LL SEE ON SCREEN

www.gov.uk › Self Assessment › self-employment

Self-employment

Total turnover (income) for the year

£ 30,000

Total allowable expenses

£ 6,000

CIS deductions (construction only)

£ 0

Use the £1,000 trading allowance instead?

◉ No

Save and continue

Turnover means income, not profit

The most common mistake: typing the profit in the turnover box. Put the full income in turnover and the costs in expenses – the system works out the profit.

YOUR MOVE

☐ Copy turnover and expenses from your yearly log. Profit shown matches yours? £_____

BLOCK 5 · THE ANNUAL RETURN

Annual return · Step 3

The last checks before you press Submit – and the proof you must keep afterwards.

1 Check, submit and keep the proof

1 Finish the other sections
Job (from your P60), interest, pension payments, Gift Aid, student loan – whatever "Tailor your return" created.

2 View your calculation
Before submitting, open the tax calculation. Compare it with your own estimate from sheets 09–13.

3 Big difference? Check the usual suspects
Turnover vs profit swapped, a missing expense, a job counted twice, or the wrong tax year.

4 Read the declaration and submit
Tick that the information is correct and complete. Press **Submit**.

5 Save the submission receipt
Note the reference number and download or screenshot the confirmation. That is your proof you filed on time.

6 Download your tax calculation later
The **SA302 / tax calculation** and tax year overview are what lenders ask for as proof of income.

12 months
to correct a return
You can amend online up to 12 months after the 31 January deadline.

Paid too much?
you get it back
HMRC repays to your bank once the return is processed.

YOUR MOVE

- [ ] Before you submit, write the calculation total here: £_____ and your estimate: £_____
- [ ] Save the receipt reference: _____ (date filed ___ / ___ / _____)

BLOCK 5 · THE ANNUAL RETURN

Annual return · Step 4: pay

Filing is half the job. Here are the ways to pay, the reference HMRC needs and how to avoid a "missing" payment.

1 Ways to pay HMRC

HMRC app

The fastest: open the app, choose Self Assessment, pay by bank.

Online or bank transfer

Pay online or by Faster Payments from your bank, using HMRC's official bank details on GOV.UK.

Debit or business card

Online. Personal credit cards are **not** accepted.

Direct Debit

One-off or regular. Set it up at least a few working days before the deadline.

Budget Payment Plan

Pay weekly or monthly towards your **next** bill – great with the tax pot habit.

Through your tax code

Employed, owe under £3,000 and filed online by 30 December.

2 The payment reference – get this right

Your reference = your 10-digit UTR + the letter K

Example: **1234567890K**. A wrong reference is the most common reason a payment "goes missing".

Allow time for the money to arrive

Faster Payments and the app usually arrive the same or next day. Direct Debits and cheques take longer. Pay a few days before 31 January.

YOUR MOVE

- [ ] Write your payment reference: _____ K
- [ ] Decide how you'll pay: _____ and when: ___ / ___

BLOCK 5 · THE ANNUAL RETURN

Payments on account

The rule that makes the first January bill feel huge. Understand it once and it never surprises you again.

1 What they are

Advance payments towards next year's bill

If your last bill was **£1,000 or more**, HMRC usually asks you to pay next year's tax in two halves in advance: **31 January** and **31 July**. Each is half of your last bill.

2 Example: your first year with a £4,000 bill

£4,000 – this year's bill	£2,000 – 1st advance	£2,000 – July

£6,000
due 31 January
£4,000 bill + £2,000 first payment on account

£2,000
due 31 July
Second payment on account

Next Jan
balancing payment
Only the difference, plus the next advance

3 Ways to make it easier

Reduce them if your income fell

If you expect a lower profit this year, you can ask HMRC to reduce payments on account in your online account. Be realistic – if you cut too much, you pay interest.

You won't have them if…

Your last bill was under £1,000, or more than 80% of your tax was already taken at source (e.g. through PAYE).

YOUR MOVE

- [ ] Look at your last bill. Over £1,000? Expect payments on account of £_____ each.
- [ ] Add the July date to your calendar and your tax pot plan.

BLOCK 5 · THE ANNUAL RETURN

Fix a return & get refunds

Everyone makes a mistake sometimes. Here's how to correct a return – and how to make sure you get back what you overpaid.

1 Found a mistake after filing?

1 Sign in and open your Self Assessment
Go to your return for that tax year in your HMRC online account.

2 Choose to amend the return
You can change it online within 12 months of the 31 January deadline (e.g. 2025/26 → until 31 January 2028).

3 Correct the figures and submit again
HMRC recalculates. You pay the extra or get a repayment.

4 Older than that?
Write to HMRC or use the official contact routes on GOV.UK to correct older years. Correcting first is far better than waiting to be found.

2 Getting money back

Paid too much tax?

It usually happens with CIS, overestimated payments on account, or a job plus losses. HMRC repays to the bank account in your return.

Repayment not arrived?

Check your online account for the status and your bank details. Most arrive within a few weeks of processing.

Never pay to claim a "refund"
HMRC never texts or emails you a refund link. Anyone offering one is a scammer (sheet 42).

YOUR MOVE

- [ ] Re-read last year's return. Anything missing (expenses, mileage, home costs)? ___
- [ ] If yes, amend it before the 12-month window closes.

BLOCK 6 · MAKING TAX DIGITAL

Do I need Making Tax Digital?

The biggest change to self-employed tax in decades. Find out in two minutes whether – and when – it applies to you.

1 The rollout – find your year

You must join from	If your qualifying income was over	Measured on the return for
6 April 2026	£50,000	2024/25
6 April 2027	£30,000	2025/26 (due 31 Jan 2027)
6 April 2028	£20,000	2026/27

2 What counts as "qualifying income"

Turnover, not profit

Your **total self-employed income before costs** + rental income. A builder with £34,000 of jobs and £15,000 of materials is still over £30,000.

Not included

Wages from a job, pensions, savings interest and dividends.

3 Quick test: am I in from April 2027?

1 Take your 2025/26 return figures
Self-employed turnover + property income (before expenses).

2 Over £30,000?
Yes → you must use Making Tax Digital from 6 April 2027. Follow sheets 31–34.

3 Under £30,000?
Check again next year with the £20,000 limit. Until then, file the normal yearly return.

HMRC won't sign you up automatically

HMRC may write to you, but joining is **your** job. Some people can apply for an exemption – for example if they genuinely can't use digital tools.

YOUR MOVE

☐ Turnover £_____ + property £_____ = £_____ → I join from: _____

BLOCK 6 · MAKING TAX DIGITAL

MTD · choose software

Software that "talks" to HMRC – and how to choose it without paying for more than you need.

1 What the software does for you

Records
income and costs

›

Quarterly
4 updates a year

›

Estimate
tax so far

›

Final declaration
the yearly return

2 Choose software – step by step

1 Use HMRC's official finder
GOV.UK has a tool listing software that works with Making Tax Digital for Income Tax, including options with **no cost**.

GOV.UK → "Find software for Making Tax Digital for Income Tax"

2 Filter by what you have
Self-employment only, or also property? Need CIS? Want a phone app or bank connection?

3 Spreadsheet person?
Choose **bridging software**: you keep your spreadsheet and it sends the figures to HMRC.

4 Check it does the whole year
It must send quarterly updates **and** the final declaration, or you'll need a second product.

Software alone doesn't sign you up
Buying or downloading an app is not joining Making Tax Digital. You still sign up with HMRC (sheet 32) and connect the two.

YOUR MOVE

- [ ] Shortlist two options from the official finder: 1) _____ 2) _____
- [ ] Pick one and enter this month's income and costs as a test.

BLOCK 6 · MAKING TAX DIGITAL

MTD · sign up

Six steps that move you onto the new system. Do it before your start date and the first quarter is easy.

1 Sign up – step by step

1 Go to the official sign-up service
Have your HMRC sign-in, UTR, National Insurance number and chosen software ready.
GOV.UK → "Sign up for Making Tax Digital for Income Tax"

2 Confirm who you are
Your details and National Insurance number are checked against HMRC's records.

3 Tell HMRC your income sources
Your self-employed business (and any property income), with start dates and business names.

4 Choose the tax year you're joining
E.g. from 6 April 2027 if you're in the £30,000 group. Submit and save the confirmation.

5 Connect your software to HMRC
In the software, choose "connect to HMRC" and sign in. This gives it permission to send your updates.

6 Keep digital records from day one
From 6 April of your joining year, every sale and cost goes into the software (or linked spreadsheet).

Sign up early – there's no benefit in waiting
If you're due to join in April 2027, you can sign up in advance. That gives you time to fix login or software problems.

YOUR MOVE

- [ ] Sign-up date: ___ / ___ / _____ · confirmation saved? ___
- [ ] Software connected to HMRC? ___

BLOCK 6 · MAKING TAX DIGITAL

MTD · quarterly updates

Four short updates a year instead of one big panic: what to send, when and how.

1 The four quarters (standard tax-year dates)

Quarter	Covers	Send by
Q1	6 April – 5 July	**7 August**
Q2	6 July – 5 October	**7 November**
Q3	6 October – 5 January	**7 February**
Q4	6 January – 5 April	**7 May**

2 Send a quarterly update – step by step

1 Bring your records up to date
Every sale and cost for the quarter is in the software – ideally weekly (your Friday routine).

2 Check the totals
Income and expenses for the year so far. Updates are **cumulative**: Q2 covers 6 April to 5 October.

3 Press send in the software
It submits the summary to HMRC. Save the confirmation.

4 Look at the estimate
Your software shows a running tax estimate. Move money to your tax pot if it's higher than you thought.

Not a return
just a summary
No new tax is due when you send an update

Nil quarter?
still send it
Even with no income in that quarter

Mistake?
fix it next time
Correct it in the following update

YOUR MOVE

- [ ] Add the four dates to your calendar, each with a reminder 1 week before.

BLOCK 6 · MAKING TAX DIGITAL

MTD · year end

How to close the year in the new system – and how the new points-based penalties work.

1 The final declaration – your new yearly return

1 After 5 April, finish the year in the software
Add any end-of-year adjustments, other income (job, interest, pensions) and allowances.

2 Review the full tax calculation
Same checks as sheet 26: income vs profit, missing costs, right tax year.

3 Submit and pay by 31 January
This replaces the old online return. All four updates must be sent first. Payment dates and payments on account don't change.

2 Penalty points for late submissions

1 late update = 1 point

Each late quarterly update or final declaration adds a point. At **4 points** you get a **£200 penalty**, and another £200 for each later late submission.

How points go away

Under 4 points: each one expires 24 months after the missed deadline. At 4 points: be on time for 12 months and send anything outstanding.

2026/27 is a soft landing

For people who joined in April 2026, HMRC isn't giving points for late quarterly updates during 2026/27. You still have to send them before you can file the final declaration.

Late payment works differently too

In MTD for 2026/27: 3% if unpaid at day 15, another 3% at day 30, then 10% a year (4% + 4% from 2027/28). In your first year, no penalty if you pay within 30 days. Payments on account are excluded – interest still applies.

YOUR MOVE

- [ ] My first final declaration is due 31 January _____ · points so far: ____

BLOCK 7 · SPECIAL CASES

Construction & CIS

Builders, electricians, plasterers, roofers... If a contractor takes money off your pay, this sheet is your shortcut to getting it back.

1 The 3 deduction rates

30%
not registered
The contractor must take 30% if HMRC can't verify you

20%
registered
Register as a CIS subcontractor and it drops to 20%

0%
gross payment status
Paid in full – you pay all tax via your return

2 Register as a CIS subcontractor – step by step

1. **Register as self-employed first**
   You need your UTR (sheet 05).

2. **Register for CIS**
   Use the online CIS subcontractor registration on GOV.UK, or tick the CIS option when you register as self-employed.
   GOV.UK → "Register as a CIS subcontractor"

3. **Give contractors your details**
   Your name, UTR and National Insurance number, so they can verify you with HMRC at 20%.

4. **Collect your monthly statements**
   Contractors must give you a payment and deduction statement. Keep every one – you need them for the refund.

The deduction is only on labour
Materials you supplied and VAT should not have CIS taken off. Check your statements show materials separately.

YOUR MOVE

- [ ] Check your last payslip from a contractor: 20% or 30%? ___ If 30%, register for CIS this week.

BLOCK 7 · SPECIAL CASES

Get your CIS refund

Most CIS subcontractors pay too much during the year. The return is how you get it back – here is how, step by step.

1 Example: a plasterer on 20% CIS

What HMRC kept vs what he owes	Example
Labour invoiced	£30,000
CIS taken at 20%	£6,000
Expenses (van, tools, mileage)	– £8,000
Profit	£22,000
Tax + NI on £22,000	£2,451.80
Refund due	**£3,548.20**

£3,548

back from HMRC

Because the 20% taken was more than the real bill

April

best time to claim

File as soon as the tax year ends on 5 April

2 Claim your CIS refund – step by step

1. **Gather every monthly statement**
   Add up: gross payments, materials, and CIS deducted for 6 April – 5 April.

2. **Add your expenses**
   Van, fuel or mileage, tools, protective clothing, phone (Block 4). Every cost raises your refund.

3. **File your Self Assessment**
   In the self-employment pages, enter turnover (gross payments) and the total **CIS deductions** in their box.

4. **Check the calculation shows a repayment**
   If you've paid more than you owe, the return shows the amount due back.

5. **Make sure your bank details are in the return**
   HMRC repays to that account once the return is processed.

YOUR MOVE

- [ ] CIS deducted so far: £_____ · reminder on 6 April: "File my return – CIS refund". Missing statements? Ask the contractor for copies.

BLOCK 7 · SPECIAL CASES

VAT: the £90,000 line

Most sole traders never reach it – but if you do, missing the moment is expensive. Here is how to watch for it.

1 When you must register

£90,000 of VAT-taxable turnover in any rolling 12 months

It's not the tax year – it's **any** 12 months in a row. Check the total every month. You must also register if you expect to go over £90,000 in the **next 30 days alone**.

30 days
to tell HMRC
After the end of the month you went over

20%
standard VAT rate
Added to your prices once registered

£88,000
deregistration level
You can cancel if turnover falls below it

2 Check your rolling total – step by step

1. **Every month, add the last 12 months of income**
   Use your log. Drop the oldest month, add the newest.
2. **Getting close to £80,000?**
   Plan ahead: review prices, talk to customers, and decide which VAT scheme suits you.
3. **Over £90,000?**
   Register for VAT online on GOV.UK. From your registration date, charge VAT and keep VAT records.
4. **Send VAT returns through software**
   VAT returns already use Making Tax Digital. Usually quarterly.

The Flat Rate Scheme can make VAT simpler

If your VAT-taxable turnover is under £150,000, you can pay a fixed percentage of your turnover instead of working out VAT on every cost. Rates depend on your trade.

YOUR MOVE

- [ ] My last 12 months of income: £_____ (check again on the 1st of every month)

BLOCK 7 · SPECIAL CASES

Sole trader or limited company?

A question every growing self-employed person asks. Here is the comparison without the sales pitch.

1 The honest comparison

	Sole trader	Limited company
Set-up	Register with HMRC – free, 15 min	Register at Companies House + HMRC
Yearly paperwork	One Self Assessment (+ MTD if above limit)	Company accounts, Corporation Tax return, director's return
Privacy	Private	Your details on the public register
How you're taxed	Income Tax + Class 4 NI on profit	Corporation Tax on profit + tax on salary/dividends
Accountant cost	Often not needed	Usually £1,200+ a year
Your liability	You personally owe any business debts	Usually limited to the company

2 When it's worth asking a professional

Stay a sole trader if…

Your profit is under the higher-rate line (£50,270), your work is low-risk and you value simple paperwork.

Get advice about a company if…

Profit is regularly well above £50,270, you take on bigger contracts or risks, or clients insist on a limited company.

Don't switch just to "avoid" Making Tax Digital

A company brings more paperwork, not less. Compare the full cost, including the accountant, before you decide.

YOUR MOVE

- [ ] My profit this year: £_____ · above £50,270 for 2+ years? ___ → if yes, book one advice session.

BLOCK 8 · PROBLEMS & CATCH-UP

Penalties: the real cost

Why "I'll do it next month" is the most expensive phrase in self-employment.

1 Late filing – 2025/26 and 2026/27 returns

1 DAY LATE

£100

Automatic, even if you owe no tax or already paid.

3 MONTHS LATE

£10 a day

For up to 90 days – up to £900 more.

6 MONTHS LATE

£300 or 5%

Whichever is higher (5% of the tax due).

12 MONTHS LATE

another £300 or 5%

Can be more if HMRC thinks you held back information on purpose.

2 Late payment – not in Making Tax Digital

5%
at 30 days
of the tax still unpaid

+5%
at 6 months
of what's still unpaid

+5%
at 12 months
of what's still unpaid

Interest every day

Late-payment interest is the Bank of England base rate **+ 4%**, charged daily from the due date until you pay.

Changing from April 2027

From the 2027/28 tax year, everyone who files Self Assessment moves to the new system: penalty points and new late-payment rates (sheet 34). MTD users already use it.

YOUR MOVE

- [ ] Check your HMRC account for any penalties or interest showing: £_____

BLOCK 8 · PROBLEMS & CATCH-UP

Missed it? Catch up

Thousands of people get back on track every year. The way out is the same every time – here it is.

1 Behind on returns? Catch up – step by step

1 Don't ignore it
Penalties and interest keep growing. Acting first – before HMRC writes – usually means lower penalties.

2 Never registered? Register now
Sheet 05. Tell HMRC the real date you started.

3 File the most recent late return first
Then work backwards. Use your bank statements to rebuild income and costs (Block 4 still applies).

4 Older years you never told HMRC about?
Use HMRC's official disclosure service on GOV.UK to tell them about past income. It's designed for exactly this.

GOV.UK → "Tell HMRC about undeclared income"

5 Pay what you can, plan the rest
Pay something now to stop interest growing, then set up a plan for the balance (sheet 41).

6 Appeal penalties if you had a good reason
Serious illness, a bereavement or an HMRC system problem can count as a "reasonable excuse" (sheet 42).

4 years
normal look-back
HMRC can usually go back 4 years

6 years
if careless
e.g. poor records or wrong claims

20 years
if deliberate
Hiding income on purpose

YOUR MOVE

- [ ] List every tax year you still need to file: _____
- [ ] This week: file the most recent one.

BLOCK 8 · PROBLEMS & CATCH-UP

Can't pay? Payment plan

Not having the money isn't the end of the world. Ignoring it is. Here's how to spread the bill.

1 Can't pay it all by 31 January?

Set up a payment plan ("Time to Pay")

If you can't pay in full, you can usually spread the bill into monthly payments. Interest still runs, but penalties for paying late can be avoided while you stick to the plan.

2 Set up a plan online – step by step

1 Check you can do it online

Usually: you owe **£30,000 or less**, your returns are filed, you have no other plans or debts with HMRC, and it's within 60 days of the deadline.

2 Sign in to your HMRC online account

Open Self Assessment and choose to set up a payment plan.

GOV.UK → "Pay your Self Assessment tax bill" → payment plan

3 Choose a monthly amount you can really afford

HMRC shows the end date and interest. A plan you break is worse than a longer one you keep.

4 Set up the Direct Debit

Payments are collected automatically each month. Save the confirmation.

5 Keep up with new bills too

Pay the next tax on time while the plan runs – or the plan can be cancelled.

Owe more than £30,000 or outside the 60 days?

Phone HMRC's Self Assessment payment helpline using the number on GOV.UK. Have your UTR, income and essential bills ready.

YOUR MOVE

- [ ] What I owe: £_____ · What I can pay each month: £_____
- [ ] Set up the plan before 31 January to avoid the 30-day penalty.

BLOCK 8 · PROBLEMS & CATCH-UP

Letters, scams & appeals

How to tell a real HMRC message from a fake one – and how to challenge a penalty you think is unfair.

1 Real HMRC or a scam?

HMRC does…

- ✓ Send letters by post and messages in your online account
- ✓ Use GOV.UK websites only
- ✓ Give you time to respond and appeal

HMRC never…

- ⊗ Texts or emails you a link to a tax refund
- ⊗ Asks for bank or card details by text, email or a call you didn't expect
- ⊗ Threatens arrest or asks for gift cards or crypto

Got a suspicious message?

Don't click. Forward emails to **phishing@hmrc.gov.uk** and texts to **60599**. Then sign in to your account directly to check if there's anything real.

2 Appeal a penalty – step by step

1 Read the penalty notice

It shows the penalty, the reason and the date. You normally have **30 days** to appeal.

2 Check you had a reasonable excuse

E.g. serious illness, a close bereavement, a fire or flood, an HMRC online service failure. Forgetting doesn't count.

3 File the late return first

HMRC usually won't consider the appeal until the return is in.

4 Appeal online

Use the Self Assessment penalty appeal on GOV.UK. Explain what happened, the dates, and what evidence you have.

GOV.UK → "Appeal a Self Assessment penalty"

YOUR MOVE

- [ ] Save these in your phone: phishing@hmrc.gov.uk · text forwarding 60599
- [ ] Any penalty to appeal? Deadline: ___ / ___ / _____

CLOSING

Fine print & next steps

What this map is, what it isn't, and where every number came from.

1 Your 3 habits, for life

20–30%
of every payment
goes to the TAX pot the day it lands

5 minutes
every Friday
income, receipts, miles, home hours

31 Jan · 31 Jul
two key dates
plus 4 quarterly dates if you're in MTD

2 When a professional is worth it

This map covers the standard sole trader. Get advice if you have…

Income from abroad or you live abroad · capital gains (selling property, shares or crypto) · a partnership · several businesses with losses · turnover close to the VAT line · an HMRC enquiry or investigation. A one-off session with an accountant or a free charity such as TaxAid or LITRG can help.

3 About this material

Educational, not personal advice

The Self-Employed Tax Map UK explains the general rules for sole traders for the 2026/27 tax year, based on official GOV.UK and HMRC guidance available in October 2026. It is not legal, tax or financial advice and does not create a professional relationship. Rules and rates change – always confirm on GOV.UK for your own situation.

- HMRC guidance on Self Assessment, registering as self-employed, records, payments on account, penalties and payment plans (GOV.UK).
- Income Tax and National Insurance rates 2026/27; Scottish Income Tax rates and bands 2026/27 (gov.scot).
- Making Tax Digital for Income Tax: thresholds, sign-up, quarterly updates, penalty points (GOV.UK, HMRC policy papers).
- Simplified expenses, trading allowance, Construction Industry Scheme (CIS 340) and VAT registration guidance (GOV.UK).