

# CityAdvice

## Top tips on tax

March 2022

This guide was produced by TaxAid



## Self Assessment



**If you are self-employed you will have to do a tax return to let HMRC know how much you have earned**

**You will not need to do so if you earned less than £1000 in the year.**

**This is so that they can work out how much tax you owe.**

**To do the tax return you have to know how much you have earned.**

**You can also reduce what you owe by claiming for some of the costs of running your self-employment.**

**The return will also include any other income you had in the tax year. So if you had a part time job in same year as the self-employment, this will need to be included on the return.**

**If you do have to do a tax return do not ignore it or you will be charged penalties that can mount up every day.**

**It is much better to ring HMRC or TaxAid to sort any problems.  
To see whether you have to do a tax return go to:**

**<https://taxaid.org.uk/guides/information/a-simple-guide-to-common-tax-problems/self-assessment-simple>**

**or call TaxAid on 0345 120 2799 who can help you do a return yourself or do the return for you if you are having trouble.**

## Employed or Self-Employed?

### What is the difference in how you get paid if you are an employee or self-employed?



If you are an employee your tax is deducted from your payslip every month you do not have to do anything.

If you are self Employed this means that you work for yourself, you could be a sole-trader or be a partner in a partnership.

You still need to pay tax, but you are responsible for telling HMRC what you earn so that your tax can be calculated.

You report your earnings through Self-Assessment.

If you work in construction, you will usually be a subcontractor, and even though your contractor deducts tax from the payments they make to you, you are still self-employed, and have to complete a self-assessment tax return.

There are some other ways to get paid for work done, like work through an umbrella company, or your own company.

**If you are not sure how you are being paid and whether you need to complete a tax return you can call TaxAid on 0345 120 3779 for help.**

**<https://taxaid.org.uk/guides/information/a-simple-guide-to-common-tax-problems/am-i-employed-or-self-employed>**

**Or you can contact City Advice on 0207392 2919 or email: [city.advice@toynbeehall.org.uk](mailto:city.advice@toynbeehall.org.uk)**

## Make sure you pay the right tax for your job

### PAYE Codes

If you are employed your employer will pay the tax you owe before you receive your wage using your PAYE code.



If you are on the wrong PAYE code HMRC will usually correct it during the year and your net pay will change.

However sometimes if the code isn't changed during the year you will be sent a bill and it may be quite a lot which can be a surprise and hard to manage if it is unexpected.

You are more likely to be on the wrong code if you have more than one job or change jobs a lot.

**You can learn how to check your PAYE code by going to:**

<https://taxaid.org.uk/guides/information/a-simple-guide-to-common-tax-problems/getting-your-tax-code-right>

**or you can call TaxAid on 0345 120 3779 for help.**

## Keeping records



If you are self-employed and have to do a tax return you have to keep a record of what you have earned and what you have spent on your business.

The invoices you send to customers are a good way to keep a record of your earnings.

If you work in construction, you will receive a certificate showing how much tax the main contractor has paid on your wages.

You can claim relief from some of your tax if you have spent on some things to support your business.

You need to prove you have spent this money on your business with receipts.

Not everything can be claimed.

More information can be found using this link:

<https://taxaid.org.uk/guides/information/a-simple-guide-to-common-tax-problems/keeping-records-for-self-assessment>

If you would like help understanding how to keep good records for your business please call TaxAid on 0345 120 3779

### Disclaimer

The information in this educational pack is for general guidance on your rights and responsibilities and is not intended to provide legal or other professional advice. If you need more details on your rights or advice about what action to take, please contact City Advice via the details above and make appointment to speak with an adviser.

# Do you need help with a tax problem?

Confused or worried about a tax demand? Can't afford paid tax advice?

We are a tax charity. We provide free, expert, independent and confidential advice to help you resolve your tax problem.

**Talk to us - we are here to help.**



Call our tax helpline:

# 0345 120 3779

Available Monday to Friday 9am - 5pm

 **TaxAid**

TaxAid is a charity registered in England & Wales (No. 1062852)