

A woman with voluminous curly hair is smiling and talking on a black mobile phone. She is wearing a grey cardigan over a light-colored top and a necklace with a circular pendant. She is looking down at a document she is holding. The background is a bright window with light streaming in, creating a warm, professional atmosphere.

How to register as self-employed with HMRC

by Simply Business Editorial Team

About Simply Business

We're one of the UK's largest business insurance providers. Since we started life in 2005, we've helped three million small businesses and self-employed people find the protection that's right for them, from builders to bakers and personal trainers (we cover landlords, too).

How does it work?

Answer a few questions about your business and we'll show you quotes from a range of insurers. After you buy, our Northampton-based team will be with you through every step of your cover, whether you have questions about your policy or you need to make a claim.

Setting up as self-employed

If you've decided to take the leap and set up as self-employed, you're at the beginning of an exciting journey.

However, before you get stuck in, there are a few things you should have covered. The first is setting up as self-employed with HMRC and, most likely, registering as a sole trader. Use our guide on how to register as self-employed to tick this task off your to-do list.



Contents

How to register as self-employed with HMRC – step by step	5
Why do I need to register as self-employed with HMRC?	6
How to register with HMRC as self-employed	7
When do I need to register as self-employed?	8
When do I need to register as self-employed?	9
Your responsibilities once you've registered as self-employed	10
How to register self-employed status if you have additional needs	11
What insurance do self-employed people need?	11

How to register as self-employed with HMRC – step by step

We'll take you through the process in depth, but here's a quick overview of how to register as self-employed:

1. Check your work counts as self-employment using the **Employment Status Indicator**
2. Register for an **online account with gov.uk**
3. Complete your registration using your **Government Gateway** details, as well as information about your business, like trading name and contact details

Once registered as self-employed you'll have a number of obligations and responsibilities, like completing an annual [Self Assessment tax return](#).



Why do I need to register as self-employed with HMRC?

If you're self-employed, you have to register with HMRC so your tax can be collected properly. But how do you know if you're self-employed?

HMRC offers a tool called the [Employment Status Indicator](#) which can help you work it out.

However, you're likely to be self-employed if you:

- run your own business
- have more than one customer at the same time
- decide how and when you work
- have the option to hire staff
- take responsibility for completing unfinished or unsatisfactory work in your own time
- charge a fixed price for your work, agreed with a customer
- sell goods or services for a profit, apart from when you're just selling unwanted items on an ad-hoc basis

If you meet these criteria, you probably need to register as self-employed.

How to register with HMRC as self-employed

Registering as self-employed is fairly straightforward. Head to the government's online [registration portal](#) and enter your email address.

You'll then need to complete the registration process. Registering with HMRC is quick and easy, but here's an overview of some of the information you'll need to provide:

- the date you started your business
- basic personal details, including your National Insurance number and home address
- information about the job you do

Once you're registered, HMRC will send you a letter with your 10-digit Unique Taxpayer Reference (UTR). HMRC will also set up your online account, which gives you access to a range of digital government services.

This part of the process usually takes around seven to 10 days, but you can call HMRC for an update if it's taking longer.

Naming your business

You'll also need to decide on a name for your business. Many people choose to trade under their own name, [but you could pick one that helps make you stand out](#).

If you choose a specific trading name, make sure you double check that there aren't any existing businesses using the same name. This helps avoid confusion and avoid potential [copyright infringement](#).

When do I need to register as self-employed?

According to HMRC, you should register at the earliest opportunity. However, there's a deadline – legally you need to register by 5 October after the end of the tax year in which you became self-employed.

For example, if you started your business in July 2021, you'd need to register with HMRC by 5 October 2022.

Ideally you wouldn't leave your registration this late. If anything goes wrong and you're unable to register by the deadline, you could find yourself with a very large tax bill.



Do I need to register as a sole trader?

Being self-employed doesn't necessarily mean that you're a sole trader. If you work for yourself, on your own, you're probably a sole trader – but there are other options.

If you're in a business partnership, you need to register as self-employed, but not as a sole trader. Instead, you should register as a partner.

What if I have a limited company?

If you [set up a limited company](#), things are a little more complicated. You'll be an owner of a company as well as its employee. Your tax and [National Insurance calculation](#) will also be different.

Our [guide to setting up a limited company](#) covers everything you need to know.



Your responsibilities once you've registered as self-employed

Once you've registered you have a number of responsibilities.

Most importantly you should keep accurate records, particularly of any sales or outgoings connected with your business.

It's also useful to keep hold of any correspondence from HMRC – these letters and documents can help you to complete your tax return quickly and easily.

By 31 January every year, you should [file your Self Assessment tax return](#) online.

You'll need to make [payments to HMRC on 31 January and 31 July](#), although you may be able to stagger these payments if HMRC agree. As well as income tax, you'll have to pay both Class 2 and Class 4 National Insurance Contributions (NICs).

If your annual turnover is above the VAT threshold (£85,000 for the 2021-22 tax year), you should [register for VAT](#).

However, you may choose to register even if your turnover is below this level. The individual circumstances of your business will determine whether this is right for you.

How to register self-employed status if you have additional needs

For some people, registering as self-employed might be more difficult. If you or someone you're helping are deaf, hearing-impaired or have a speech impediment, blind or partially sighted, or if English isn't your first language, use gov.uk's [additional needs page](#) for help.

There are also services available if you find it difficult to fill in forms, process complicated information, or use the internet or phone. Whether this is because of a condition like dyslexia, anxiety or stress, or a disability, help is available.

What insurance do self-employed people need?

[Self-employed insurance](#) can cover different things, depending on the kind of work you do, and whether you have any employees.

Public liability for accidents and professional indemnity for mistakes often make up part of the policy, but employers' liability may even be a legal requirement, if you employ anyone.

Check out our [FAQ section](#) for a headstart.

Related articles

[Going self-employed in the UK: a guide to getting started](#)

[What can I claim as self-employed tax deductible expenses?](#)

[Self-employed business ideas in the UK](#)

[Learn more about insurance for the self-employed](#)

Join our small business community



Article last updated: September 2021

Image credits

Front cover: Jacob Lund - stock.adobe.com

Page 3: Seventyfour- stock.adobe.com

Page 5: Yakobchuk Olena - stock.adobe.com

Page 8: Flamingo Images - stock.adobe.com

Page 9: mavoimages- stock.adobe.com



© Copyright 2021 Simply Business.