

ULTRA ACCESS

National Self-Employed Day

What is “self-employed” and how to prepare for your tax return.

Self-Employed.

Many personnel within the wider Construction sector, from Bricklayers to Electricians, and (of course) scaffolders are self employed. But what is it, and what's needed to be done to guarantee an accurate self assessment, when your annual tax return is due?

It's an employment category recognised by **HMRC** (**H**is or **H**er **M**ajesties **R**evenue and **C**ustom) - commonly known as “the taxman”.

HMRC's definition of “self-employed” is:

"Self-employed according to HMRC means that you run your own business, are responsible for its success or failure, and are not considered an employee of another company, meaning you pay your taxes through Self-Assessment rather than PAYE and generally have fewer employment rights compared to an employed person; essentially, you are your own boss for tax purposes."

In short; if you are not a direct employee, paid via **PAYE** (**P**ay **T**ax **A**s **Y**ou **E**arn) you are self-employed (unless obviously you are paid in cash... but thats none of our business).

Being self-employed you are responsible for submitting your own tax return annually, either yourself or by using the paid services of an “Agent” / Accountant. And being self-employed you are also responsible for proving that you have indeed paid the correct amount of tax on your yearly earning, by displaying Pay Slips / Remittance Advice, etc and by keeping as many receipts of work-related expenses to offset against your tax bill as possible, to hopefully get some kind of rebate.

A rebate is where HMRC owes you money, after assessing your tax bill owed and deducting all relevant expenses incurred for that year, and when said expenses are higher than what you owe in tax, you get a rebate.

Tax for being self-employed is usually 20% upto a certain amount of money, with 2025's threshold being £50,270 - as displayed with the below infographic pulled directly from the HMRC website.

Income Tax rates and bands

The table shows the tax rates you pay in each band if you have a standard Personal Allowance of £12,570.

Income tax bands are different [if you live in Scotland](#).

Band	Taxable income	Tax rate
Personal Allowance	Up to £12,570	0%
Basic rate	£12,571 to £50,270	20%
Higher rate	£50,271 to £125,140	40%
Additional rate	over £125,140	45%

If you earn over £50,270 you will be deducted 40% on everything you earn over that amount, so keep as many receipts as you can, ready to either use yourselves, or to give to an Agent working on your behalf (usually an Accountant) for them to add up the totals to be used to offset your tax owed.

To become “self-employed” you will need to register for a **UTR** (**U**nique **T**ax **R**eference) number, (which could take several weeks) and until you receive that, you would almost certainly be taxed at 30% - so be **proactive** and register for UTR ASAP so you ain't overpaying the tax you are deducted every week/month, etc.