

## Becoming Self-Employed

*Links to information and guidance on becoming self-employed*

### Registering as Self-Employed

Many, if not most of the artist opportunities for commissions or residencies require you to have self-employed or sole trader status (which are basically the same thing). To become self-employed you should register with Her Majesty's Revenues and Customs (HMRC) within three months of starting up. Registering is a simple process, which can be done online. Being registered self-employed enables HMRC to make correct calculations regarding your tax. The best places to visit in order to start and to get more detailed information are [www.hmrc.gov.uk/startingup](http://www.hmrc.gov.uk/startingup) and [www.businesslink.gov.uk/taxhelp](http://www.businesslink.gov.uk/taxhelp)

### Self-Assessment Tax Returns

When you are self-employed it is your own responsibility to make appropriate tax declarations to HMRC and inform them of changes in your circumstances and status. In simple terms, you will owe tax on your taxable profits. On a yearly basis you will need to complete and submit a Self-Assessment Tax Return. HMRC will write to you each year telling you that you must complete your tax return. Tax returns can be completed on printed hardcopy or online but there are benefits to completing the return online. One of those benefits is that the deadline for submission is three months later than hardcopy submissions – the printed submission deadline being on 31st October whereas the online submissions deadline is 31st January. There are penalties for submitting late returns. Other advantages of submitting online include that the inputted figures are calculated automatically and you will know straight away what you owe (or what is owed to you). You can get help and guidance on tax returns at [www.hmrc.gov.uk/sa/file-online.htm](http://www.hmrc.gov.uk/sa/file-online.htm)

### Keeping Accurate Records

In order to make the correct declarations to HMRC and to make sure you don't lose out financially, it is essential that you keep complete and accurate records of your income and expenditure. Save all the receipts and invoices you receive. A simple way to store receipts so that they are easy to refer to later is by putting them into envelopes with the month and year on them that matches the month and year they were issued. Having a bank account that you use solely to conduct the finances of your professional projects makes it easier to sort out exactly what you've earned and spent on particular projects. You can ask your bank to open a subsidiary account to your personal one. There are penalties for not taking reasonable care of records and tax returns.

### National Insurance

As a self-employed person you are also required to pay your own National Insurance Contributions (NIC). These are banded in various 'Classes' depending on status and earnings. These are paid at a flat rate monthly or quarterly. You can find more information and details at: <http://www.is4profit.com/businessadvice/finance-andmoney/tax-and-ni/national-insurance.html>

### VAT

It is not necessary to register for VAT unless you expect to turn over more than £85,000 in a 12-month period. If you hit this level of turnover you have 30 days to inform HMRC and there is a penalty if you fail to do so. For some small businesses, there can be benefits to registering voluntarily if your turnover is less than £85,000 but it will involve keeping detailed records and submitting a quarterly VAT return to strict deadlines. You can find information on this and other tips for self-employment at:

[http://www.bytestart.co.uk/content/19/19\\_1/selfemployed-tips.shtml](http://www.bytestart.co.uk/content/19/19_1/selfemployed-tips.shtml)

### Accountants

Accountants are not particularly cheap and it is perfectly possible to get by without one, but some artists feel that the time they save in not having to fill in tax returns and get their heads around the figures is worth the money. There may also be peace of mind in knowing that your finances are being looked after by a professional, but at the same time it can't be a bad thing to have a good grasp of this for yourself.

Having an accountant to take care of their bookkeeping, accounts and tax returns can have benefits especially if your employment and tax status are complicated, as accountants will know exactly the kind of information required and any claims that can be made. If you decide to employ an accountant it's advisable to go with an accountant that is used to dealing with the accounts of artists because they will be more familiar with the employment and income patterns that artists experience. The best way to find a suitable accountant is probably by word of mouth so, ask other artists who they are with and whether they are happy with the service they have had. Quite often accountants are willing to have a brief free chat with you before you appoint them so that you can establish your requirements and ask any initial questions. This can be a useful way of helping you to decide whether or not you want an accountant and whether they are the right accountant for you.

### Getting Insurance

When you become self-employed and begin taking on contracts you may wish to look into getting [Professional Indemnity](#) and [Public Liability Insurance](#). Professional Indemnity insurance protects you from financial claims against you including things like intellectual property, negligence and loss of data. Public Liability Insurance is usually a contractual requirement of residencies and commissions that take place in the public realm or engage members of the public that the artist has. This covers you in the event of injury to a member of the public or damage of property due to your activity. It is normal for a commission or residency contract to state that you should be covered for £5million. This level of cover can be obtained free if you subscribe to A-N and register with their AIR initiative. <http://www.a-n.co.uk/air>

### Further Information

For information, guidance and supportive texts regarding the particular environment in which self-employed artists operate check out A-N's Knowledge Bank pages on the subject:

[http://www.a-n.co.uk/knowledge\\_bank/article/89859/74995](http://www.a-n.co.uk/knowledge_bank/article/89859/74995)