**Advice for the Self-employed**

**How will we assess your self-employed income?**

We will usually ask you to provide your income and expenses (your accounts) for the last financial year (12 months). However, we may look at a shorter or different period if that better represents your current trading position, e.g. if you have been self-employed for less than 12 months. The period used will be whatever is appropriate to determine the most accurate assessment of your on-going average weekly income.

The income we use in our assessment is your net weekly profit. This is your total income minus any business expenses which are allowable for benefit purposes. Then we subtract the relevant tax, national insurance and half of any pension contributions which gives us your net profit.

*Please note: We cannot accept your tax return as proof of your self-employed accounts. This is because we do not allow certain expenses that are taken into account for tax purposes when we are working out Housing Benefit or Council Tax Reduction.*

**What if I have only just set up my business?**

As you will not yet have accounts, we will need to estimate your self-employed income based upon the information that you can supply to us about your likely income and expenditure. We will make an interim assessment which we will review after a 3 month period, by which time you will have some idea of your income and expenses.

**What expenses will be taken off my income?**

Benefit rules state that we can only allow expenses that are ‘wholly, exclusively and reasonably’ incurred in the running of the business. Examples are as follows:

* Staff costs;
* Rent, rates and mortgage payments on the business premises;
* Stock and supplies;
* Advertising, phone and stationery costs;
* Legal and accountancy fees;
* Bank charges;
* Interest on business loans;
* Some transport costs;
* Money used to replace equipment; and
* Proven bad debts. *(A debt is proven as ‘bad’ if you have made reasonable efforts to recover the money you are owed but there is no realistic prospect of recovering it.)*

**Certain expenses may relate to both business and private use. If this is the case, they are not wholly and exclusively related to the running of the business and will not be allowable. However there are two exceptions to this:**

* **Phone and broadband (the contract must be registered in the name of the business and not previously been registered to you or your partner)**
* **Vehicle and fuel**

**To enable us to determine the business proportion for your vehicle and fuel you must:**

* **Tell us whether the vehicle is registered in your name or that of the business.**
* **REGISTERED IN THE NAME OF THE BUSINESS or if the vehicle is a business asset (i.e. taxi, work van) it will be classed as a business vehicle.   
  You will need to tell us what your total mileage is for the period (i.e. 6/4/20 – 5/4/21) obtained from your MOT Certificate or Public Liability Insurance), and what the percentage is for personal use. The percentage will be deducted from all motoring costs (Road Tax, Insurance, MOT, Tolls and Parking, Repairs and Fuel). We may request evidence of your mileage, so please ensure you keep a record of the starting mileage and end mileage for your period of accounting.**
* **PERSONAL VEHICLE USED FOR BUSINESS – REGISTERED IN YOUR NAME / PARTNER’S NAME   
  You will need to provide your total mileage for the period and of this how many are business and how many are personal miles. You will need to provide a mileage log showing your business use miles. W**e will calculate the business mileage at the HMRC mileage allowance rate which is currently 45p per mile for the first 10,000 in a year, and then 25p thereafter. This allows for all costs of a vehicle such as fuel and running costs (with the exception of tolls and parking); consequently, any other expenditure for the vehicle listed in your accounts will not be allowable. **IMPORTANT: If you do not keep a mileage log these expenses will not be allowable.**

**Which expenses are not taken off?**

The benefit rules do not allow certain expenses, even if they are allowed for tax purposes. These include:

* Business entertaining;
* Depreciation (the loss in value due to wear and tear)
* Capital Allowance (HMRC or Tax equivalent of Depreciation)
* Capital repayments on a business loan / Hire Purchase Agreement / Car Finance (repayments of the amount you borrowed but not the interest).
* Money used to set up or expand a business.
* Amounts you take from your business as a wage or salary.
* Capital spending. (This is spending on a capital item for expanding the business, for example tools/equipment or a new taxi or work van/car)
* Money for domestic or private use.
* Debts if they are not proven as bad.
* Personal Bank Charges (only allowed if for a Business Account).

**What information do I need to provide?**

* A completed self-employed earnings form. You can download this from our website
* Your business income and expenditure for the last financial year (or appropriate period);
* Your most recent accounts;
* If you have expenses relating to a vehicle/fuel, your total mileage for the period to be assessed and percentage used for personal use.
* All other income and savings;

We will request any further evidence that we require.

**Childminders**

If you are a self-employed childminder, instead of looking at your actual expenses, we will work out your self-employed earnings using one-third of your gross income, less any notional income tax, National Insurance contributions and half of any pension contributions that you pay.

**Completing the Review of Self-Employed Earnings Declaration**

Please answer each question, otherwise the form may be returned to you. This will slow down the processing of your review. If a question does not apply to you please write N/A through the question. Where a question does not provide enough space for your answer please continue your answer on a separate sheet of paper. Mark the sheet with your name and page number and   
enclose all additional sheets with your completed form.

If you are engaged in more than one Self Employed activity you will need to complete a separate review form for each activity.

**When we receive your review**

We will make a decision on the income details you provide and give details in the decision letter of the income and expenses we have allowed; for any expenses we have not allowed we will give a reason why.

**Council Tax Reduction**

From 1st of April 2018, if you have been self-employed a year or more, we will still need to know details of your income and expenses. The difference is that we will assume you earn at least a minimum level of profit – this is called a minimum income floor. We will use the figures that apply to you to calculate your Council Tax Reduction award entitlement.

The minimum income floor is what your earnings would be if you worked 35 hours a week on the government’s National Living Wage. This will vary depending on your age. (Currently this only applies to the calculation of Council Tax Reduction only and **not** calculation of entitlement to Housing Benefit.)

**Changes in your Self Employed income**

As a general rule, income and expenditure from a past period is used in order to estimate Self Employed income for a future period.

All Self Employed individuals will have fluctuations in business activity and this will be taken into account when setting up the business. However, there may be some changes that are largely unexpected and may be grounds on which an award can be changed before the next review.

Examples of a significant change in the nature of the business, that would prompt a reassessment will be attributed to a particular point in time, would be the start or end of a particularly large contract, a change in the numbers of hours worked etc.

**It is your responsibility to notify us of any changes that could affect the amount of benefit you are receiving. If you do not tell us about a change that could affect your benefit entitlement it could result in a recoverable overpayment or you may not receive all the benefit you are entitled to. If you are unsure if a change in your business will affect your benefit entitlement, tell us about the change and we will let you know if you need to provide any further evidence.**

FOR OFFICE USE: Claim no.

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**Please complete all sections as failure to do so may result in a delay in processing your award**

Statement of self-employed income and expenditure

0000/0000/0000

0000/0000/0000

From To

Surname Other Names

Address

Post Code

Are you a registered childminder? Yes No

If yes, you only need to provide details of your business and your income; you do not need to provide details of your expenses.

If you have more than one self-employment, or you and your partner are both self-employed, please complete a Self Employed Review Form for each business.

Business name

Business Address

Type of business

0000/0000/0000

Date business commenced

Average number of hours worked weekly

Your estimated weekly profit £

Have you registered with the HM Revenue and Customs (tax office)? Yes No

If yes, what is your UTR number (unique taxpayer reference)?

If you have not registered with the tax office, please state why:

Please note: it is a legal requirement to register with HM revenue and Customs when you are self-employed.

Are you a partner in the business? Yes No

If yes, what is your share of the business? %

Is your husband/wife a partner in the business? Yes No

If yes, what is their percentage of the profit/loss? % 

Are there any other people on the payroll? Yes No

If yes, please tell us how many

Do you use part of your home for business purpose? Yes No

If yes, please give details of rooms used, why and the average numbers of hours weekly

Do you pay into a pension scheme? Yes No

If yes, how much and how often? £ Every

What date does you financial year start?

Do you have accounts for your last financial year? Yes No

If yes, and these reflect your current income, please provide your latest set of accounts, we will use these until your next certified accounts are available or you tell us about a significant change in your business.

0000/0000/0000

If no, when will these be available?

If you have accounts for the last financial year, but they do not reflect your current income please tell us why:-

If you are not providing your latest set of accounts, please provide details or your income and expenditure in respect of the period stated on the previous Page.

Statement of self-employed income and expenditure

Income Actual Income

0000/0000/0000

From

0000/0000/0000

To

Sales/takings £

**Expenditure** Actual Expenses

Buying stock £

Wages paid to you £

Wages paid to spouse £

Wages paid to others £

Business rent £

Business rates £

**Please advise % of personal use**

Heating and lighting £

Advertising £

Printing and stationery £

Postage £

**Please advise if personal phone used for business**

Business Phone  £

**Please advise if personal broadband used for business**

Broadband £

Travel costs, bus, train £

Business insurance £

Accountant fees £

Business bank charges £

**Interest** on business loans £

Repair of business assets £

Vehicle lease £

Road tax £

Fuel costs £

Motor insurance £

Motor repairs £

Other expense

£

£

£

£

£

**TOTAL EXPENSES** **£**

**Please complete the following:**

Who owns the vehicle Business / Self

If the vehicle is **not** registered in the name of the business, is it a business asset (i.e. taxi, work van/car)? Yes / No

If business vehicle *(or taxi/work van)* is there any personal use of the vehicle? Yes / No

If so please tell us the percentage used for personal use. %

Or provide your total mileage and tell us of these how many are for business use and how many for personal use.

Total Mileage: Business Miles: Personal Miles:

Is the vehicle a **personal** vehicle used for business? Yes / No

If ‘YES’ pleas confirm **TOTAL MILEAGE:**

**BUSINESS MILES:**

**PERSONAL MILES:**

**IMPORTANT: If you do not provide an auditable mileage log these expenses will not be allowable.**

If you have declared interest on a business loan, please give details of when the loan was taken out and the purpose of the lone.

If

If you have declared repair/replacement costs of a business asset please give details of what business asset was repaired or replaced and when

If you are a partner in a business are the details you have provided

* Details of the whole business? Yes No

* Your share of the business? Yes No

Do you think your trading figures for the next three to six months will be similar to those shown above? Yes No

If no, when do you think they will change and why

Do you receive any other income in respect of your self-employment that we have not asked about? Yes No

If yes, please give details

**Do not provide any evidence of your expenses with this form. If we require evidence of any of your expenses we will contact you.**

**Other changes**

You may think to inform us straight away if there is any change to you circumstances that you think might affect your entitlement to Housing Benefit and/or Council Tax Reduction.

Examples of the things you should tell us are:

* Changes in the number of people living in your household
* Changes in your rent
* Changes in your income (or the income of anyone living with you) such as Tax Credits, pensions, earnings or any other income
* Changes in your savings
* If you change address
* If you make a claim for Universal Credit

This is not an exhaustive list.

**DECLARATION**

Please read this declaration carefully before you sign and date it.

I understand the following:

* If I give information that is incorrect or incomplete, you may take action against me. This may include court action.
* You will use the information I have provided to process my claim for Housing Benefit, Council Tax Reduction or both.
* You may check the information with other sources as allowed by law.
* You may use the information I have provided in connection with this and any other claim for benefits or tax credits that I have made or may make
* You may give some information to other organisations, such as government departments, local authorities and private sector companies such as banks and organisations that may lend me money, if the law allows this.

I know I must let the benefit department of Oxford City Council know about any changes to my circumstances which might affect my award(s) to either Housing Benefit and or Council Tax Reduction

I declare that the information I have given on this form is correct and complete.

0000/0000/0000

Your Signature Date