

Other information leaflets available

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- 2 *Who can claim and how (People under 60)*
- 3 *Under 25's/Young People*
- 4 *Lone Parents*
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If you would like to receive this information in another language or in another format such as large print, Braille or on audio tape, please contact Customer Services on 01793 463725 for further information.

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Self-Employed

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A self-employed earner is someone who is gainfully employed in Great Britain except anyone employed under contract (e.g. an employee) or in an office (e.g. a company director) A self-employed earner can be a sole trader or in a business partnership.

Your statement that you are self employed will usually be sufficient to accept that your income should be calculated as a self employed person, however, in cases of doubt we may ask you to provide documents relating to National Insurance contributions and/or taxation records in order to establish whether or not you are self employed.

How you can claim

You will need to complete an application form. You will also need to provide proof of your self-employed income and any other income you put on your application form.

For more information on how to claim please read either leaflet 1 (Who can claim and how (People over 60) or leaflet 2 (Who can claim and how (People under 60)

What proof will you need to provide

We will need to establish what period of trading we are going to take into account to calculate your entitlement, it will usually be the last full year's accounts. If you have only just become self employed we will initially use whatever information you have available regarding your income for the

period you have been trading, for example receipts, bank statements, invoices etc.

We will also consider what allowable deductions we can take from your gross profit to arrive at a net profit figure to use in the calculation.

Examples of allowable deductions are: -

- The repayment of capital on loans for replacing existing business assets
- Income spent on the repair of an existing business asset
- Interest paid on loans taken out for business purposes
- VAT paid in excess of VAT received
- Expenses, such as employees wages, which have to be met in order to conduct the business
- Proven bad debts
- Advertising, telephone, telex etc. (apportionment will be applied where private use as well as business use occurs)
- Legal/Accountancy charges connected with the business
- Stationery
- Transport costs (again apportionment will be made where this includes private mileage)
- Rent, business rates, water charges and insurance premiums on business premises

Examples of non allowable deductions are: -

- Capital expenditure (fixtures, fittings, vehicles etc)
- Money used to set up or expand the business
- Depreciation or write off of equipment etc
- Money spent on business entertaining
- Compensation for losses incurred
- Domestic or personal expenses, such as drawings, and any expenses that are not essential in running the business, for example, personal use of a vehicle. If the gross profit figure has been reduced by the amount of the drawings these will be added back. If the business is operating at a loss and drawings have been taken they will be added back. Where drawings are shown in the capital account they will be ignored

How we calculate your weekly self employed income

Once we have established your net profit for business purposes, your net income will be calculated by deducting the following: -

- Notional tax
- Class 2 and/or Class 4 National Insurance Contributions
- 50% of any contributions payable in respect of a retirement annuity or personal pension.

Once your net income is established we will then add any other income such as Tax Credits, Child Benefit etc. and any capital you hold before working out your entitlement.

Self-employed childminders

Only one third of the gross profit is used to calculate the income of self employed childminders. No business expenses are deducted. Notional tax, National Insurance contributions (class 2 and/or class 4) and 50% of any contributions payable in respect of retirement annuity or personal pension are deducted from the remaining one third of the gross profit in the normal way.

Self-employed partnerships

Income from self-employed partnerships is calculated according to how the share of profits has been agreed. If there is a deed of partnership, this will contain details of this arrangement. If there is no deed, the profits will be regarded as shared equally amongst the partners unless there is an express or implied agreement, which states otherwise.

What happens if your circumstances change?

If your circumstances change, for example you start a new contract, you **must** tell us because it may affect the amount of benefit we pay you.

For more information please read leaflet
8 (Changes in circumstance)

What you can do if you don't agree with our decision

If you don't agree with our decision you can ask us to look at it again. If you want to dispute the decision you must do this in writing giving the reasons why you think it is wrong. You must do this within one calendar month of the date of our decision letter to you. **For more information on making an appeal please read leaflet 22 (Disputes and appeals)**

Useful numbers

Age Concern (Swindon)	01793 692166
Citizens Advice Bureau	0845 0505155
Community Legal Service Direct	08453 454345
The Harbour Project	01793 490876
Jobcentre Plus	0845 6060234
Millen Advice Point	01793 480606
Parks Advice Point	01793 487934
The Pension Service	0845 6060265
Stratton Advice Point	01793 823472
Swindon Racial Equality Council	01793 528545
West Swindon Advice Point	01793 871303
Wiltshire Law Centre	01793 486926

Fraud Hotline

“Do you know someone who is
falsely claiming benefit”
Don't let them get away with it.
Ring the Fraud Hotline on
01793 464690