

Calculation

Allowable expenses, along with notional tax and NI (Class 2 and 4) are deducted from the total income to give the net income which is used in the assessment of benefit or reduction entitlement.

Any other income (including Tax Credits, benefits, pensions etc) and capital is also included in the assessment of benefit entitlement, alongside the net income figure.

Self-employed Childminders

Two-thirds of gross income is disregarded in lieu of expenses. Calculation is based on the balance.

Share Fishermen

Special rules apply and claimants should contact their local Council's Benefits Service for advice.

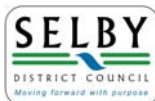
Self-employed Partnerships

Each partner will normally be deemed to have an equal share of the profits unless otherwise stated in a Deed of Partnership or Agreement.

Other leaflets available:

- ▶ 1 How to claim
- ▶ 2 Non-dependant deductions
- ▶ 3 Overpayments
- ▶ 4 Extended payments
- ▶ 5 Understanding our Decision and Making an Appeal
- ▶ 6 Benefits and Reductions on two homes
- ▶ 7 Benefits and Reductions when you are away from home
- ▶ 8 Will you qualify?
- ▶ 9 Persons from abroad
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Working in Partnership:



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Housing Benefit & Council Tax Reduction



Self-employed

Leaflet also available in large print

Introduction

This guide is one of a number produced with the aim of helping customers understand Housing Benefit and Council Tax Reduction.

It is intended as a general guide. People have different circumstances so for more detailed individual advice please contact your local Council's Benefits Service.

Self-employed earners

A self-employed earner is taken as being a person who works for an income but is not employed under a Contract of Service (an employee). You may be a sole trader or in a partnership.

You will need to be registered with HM Revenues & Customs as Self Employed.



Company Directors

If you have established a company and are a Director of it, you are regarded as being an employee and not self-employed.

Evidence of income

You should provide accounts showing all business income and expenditure for the last accounting year, or complete a "Declaration of Income and Expenditure from Self-employment" form available from your local Council's Benefits Service.

You may be asked to provide supporting evidence, such as receipts or invoices.

If you have only just become self-employed and you are unsure of your likely earnings, please contact your local Council's Benefits Service for further advice.

N.B. Deductible expenses for Housing Benefit and Council Tax Reduction purposes are different to those allowable by the HM Revenue & Customs.

Business income includes

- Payment received for goods or services
- Tips and gratuities
- Rent from business premises
- Interest on monies in banks
- VAT collected
- Commissions

Deductible business expenses include:

- Running costs (light, phone, heat etc.) but they may be reduced to reflect personal use
- Goods bought for resale (stock)
- Wages (inc NI) for employees
- Business rent, rates or mortgage
- Hire purchase or leasing fees
- Accountancy and legal fees
- Tax and National Insurance
- 50% of pension contributions
- Business mortgage or loan interest
- Capital payments on a loan used to repair/replace equipment
- VAT paid to HMRC
- Business Bank and insurance charges
- Repair costs
- Proven bad debts and recovery.

Non-deductible expenses include:

- Other capital expenditure
- Depreciation
- Purchase of business or capital equipment
- Cost of expansion or setting up business (other than interest)
- Personal drawings
- Losses before business period
- Any sum for domestic/private use
- Business entertainment.
- Losses incurred in other businesses