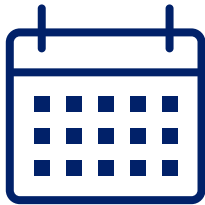


Self Assessment Tax

Essentials

1



6 April – 5 April

This is the start/end date of the tax year. Your tax return will be based on income earned and money spent during this period.

2



What Income?

All income from work, property, investments and other income needs to be declared. See overleaf for details.

3



What Expenses?

Any legitimate business expense can be used to reduce your taxable income. More info on page 3.

4



31 January

This is the official deadline for filing your tax return. So from the end of the tax year, you have 10 months to prepare and file.

What Income is Taxable?

Work

Whether you are invoicing clients or taking money on a card reader without a receipt, this is taxable income and you need to keep a tally of the total.

Many of us have more than one gig these days but all income counts as taxable, even if you received it through PAYE.

Investments

If you own a limited company to run your business and get paid a dividend at the end of the year, this is income from an investment.

If you own shares in a plc such as Apple and receive a dividend, similarly this is income from an investment.

Also, if you sell your shares for more than you bought them, this is called a Capital Gain and you have to pay tax on it..

Bricks & Mortar

If you are lucky enough to own a property and receive income from renting all or part of that property, this income is taxable and must be declared on your tax return.

Other Income

There are too many types of income to list here but a few examples that regularly come up are income from royalties, trusts and estates, tips and one-off bonuses, and benefits in kind, for example health insurance or private use of a company vehicle.

Your Guide to Self Assessment Tax

What Expenses are Allowable?

Allowed

If you wouldn't be spending the money without your business, it's likely a valid expense. But there are lots of rules and conditions. Luckily, we've written a guide specially to help you with this!

[Download Guide](#)

NOT Allowed

Fines & Penalties

Parking fines, speeding tickets, or late tax penalties (even if incurred while working)

Personal

Clothing, pharmacy, meals and any other spending that isn't strictly for business

Home Living

Rent, mortgage payments, utility bills, vehicle running costs are typically disallowed for tax.

Loan Repayment or Drawings

on a business loan you can claim interest as an expense, but not the principal.

Hospitality

Client Gifts, meals and entertainment

TIP

If in doubt, ask yourself: "Would I have this expense if I didn't run my business?" If the answer is YES, it's likely not allowed.

Your Guide to Self Assessment Tax

Tax Reliefs

So Much Tax It Hurts?

The good news is that there are all sorts of reliefs available to ease the burden of tax. This page highlights the most popular ones that apply to sole traders and freelancers.

Personal Allowance

Every UK Taxpayer benefits from this one. In 2025 /26 the first £12,750 of your income is not taxable.

Dividend Allowance

If you own shares and receive a dividend, the first £1,000 is not subject to tax.

Winnings

If you have a pattern and win, there's no tax to pay. This rule used to include Crypto but not any more.

Gifts

In general, gifts received (unless income-producing) are not taxable. This includes inheritance but there are rules!

Capital Gains

HMRC has a set a tax threshold of £6,000 on capital gains, after which the tax rate is 18% (property).

Rent A Room

If you rent out a room in your own home, the first £7,500 of income is tax-free

State Benefits

Some state benefits are not taxable including: child benefit, universal credit, carer's allowance.

Other reliefs

There are many more reliefs available, it's best to talk to an accountant or tax advisor about this.

If you need to discuss your tax return with a professional, we'd love to hear from you!

Your Guide to Self Assessment Tax

Payments On Account

If your tax bill for last year is greater than £1,000, HMRC will ask for a “Payment On Account” for the current tax year.

How Payments On Account are Calculated

The basis for Payments on Account are the previous year's tax bill. So, if your tax bill last year was £2,500 they will ask for:

First Payment on Account £1,250 - due on 31 Jan - two months before the tax year ends.

Second Payment on Account £1,250 - due on 31 July - four months after the tax year ends.

Useful Tip

You can't avoid paying tax so why not get into the habit of parting with a percentage of your regular income every week or month? A good starting point is 15%. Transfer it to a tax pot or other savings account and don't touch it until your tax bill arrives. This will ensure you're not left with a cash flow crisis further down the line.

More Information About Us



Data-Driven Business Decisions

Who We Help:

At Lelo Financial, we help small business owners and growing companies who want clarity on their finances, not just compliance numbers.

What We Do:

We provide practical accounting, strategic financial insights, and profitability coaching, turning numbers into decisions—so you can build a profitable, sustainable business without stress or confusion.

How We Work:

- Straightforward, jargon-free advice.
- Clear financial strategies to increase margins and cash flow.
- Personalized support that grows with your business.

Let's Fix Your Profitability!

Ready to take control of your numbers and build a more profitable business? Get in touch today!



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