

## **MORE THAN ONE BUSINESS**

**This Help Sheet gives you information to help you fill in:**

- **the Self-employment Pages, or the Partnership Pages, of your personal Tax Return, or**
- **the Partnership Tax Return**

**if either you, or the partnership, carries on more than one business.**

### —Sole traders

You must send in a completed set of Self-employment Pages for each business you are involved in. You may also need to complete a set for each account that relates wholly or in part to your basis period for 2004-05. Read the Notes on Self-employment.

### —Partners

If you carried on business in partnership you should complete the Partnership Pages of your Tax Return instead of the Self-employment Pages. Fill in a separate set of these Pages:

- for each partnership of which you were a member, **and**
- for each business the partnership carried on.

### —Partnerships

A separate set of Partnership Trading Pages should be completed for each business that the partnership carried on. You may also need to complete a set for each account that relates wholly or in part to the Return period for 2004-05. Read the notes in the Partnership Tax Return Guide.

## **CALCULATING ADJUSTMENTS TO PROFIT CHARGEABLE TO CLASS 4 NATIONAL INSURANCE CONTRIBUTIONS DUE (IF YOU HAVE MORE THAN ONE BUSINESS)**

There are special rules for calculating adjustments to profit on which you pay Class 4 National Insurance contributions (Class 4 NICs) if you have more than one business. These will also change the way you complete the Self-employment or Partnership Pages.

Use the Working Sheet on page 3 if you had profits from more than one business (including partnership businesses) during 2004-05 and (at least) one of your businesses had any of the following:

- cash basis adjustments
- losses, **or**
- profits on which Class 1 contributions have been paid.

### —Exception from paying Class 4 contributions

You are exempt from paying Class 4 contributions for 2004-05 if, on 6 April 2004:

- you are a man aged 65, or a woman aged 60 or over, **or**
- you are aged under 16 and the Inland Revenue National Insurance Contributions Office (NICO) has granted you 'exception' (to apply for exception ask the Inland Revenue NICO for form CA2835U), **or**
- during 2004-05 you are not resident in the UK for tax purposes (contact your Inland Revenue office or tax adviser if you do not know whether this applies to you).

If one of these applies to you:

- do not complete the Working Sheet
- tick box 3.94 (or box 4.23 of the Partnership Pages)
- leave boxes 3.95 and 3.96 blank (or boxes 4.24 and 4.25 of the Partnership Pages)
- explain in the 'Additional information' box, box 3.116 (or box 4.79 of the Partnership Pages) that you are excepted and give the reason.

You may be excepted on profits from only one of your businesses because you are a trustee, sleeping partner or a diver or diving supervisor.

Do not tick box 3.94 (or box 4.23 of the Partnership Pages). Use the Working Sheet on page 3 to calculate the correct adjustment.

**Instructions for filling in the Working Sheet follow on page 2.**

## How to fill in the Working Sheet

You normally pay Class 4 NICs on your total taxable profits for 2004-05. However, you may be able to make adjustments for any interest, annual payments or losses (but not losses arising from furnished holiday lettings) that fall within the following rules:

- **trading losses** that are allowable for tax are also treated as losses arising for the purposes of Class 4 NICs. They may be allowed for Class 4 NICs in the same way as losses are allowed for tax - explained in *Help Sheet IR227: Losses*
- **interest** can be deducted in calculating Class 4 profits if it is incurred for the purposes of your business, but was not deducted in arriving at your taxable profits.

You can also make adjustments for any amount included in calculating the taxable profit of a business which you earned as an employee or office-holder.

## Notes to Section 1

Complete one column for each business you carried on during 2004-05 (whether on your own or in partnership).

Identify the businesses to which the details in each column relate.

Complete rows 1 to 8 in each column.

If you carried on more than three businesses, use another Working Sheet or photocopy page 3 of this one.

The adjustments entered in rows 3, 5 and 6 can only be set against the business that gave rise to the adjustment. They cannot be set against other businesses. Use one column per business. Do not transfer amounts from one column to another.

**Row 1:** Enter the name of the business to which the profit and adjustments relate.

**Row 2:** Copy the figure for taxable profits for 2004-05 for each of your businesses (from box 3.92 on the Self-employment Pages or box 4.22 on the Partnership Pages).

**Row 3:** The cash basis adjustment is not taken into account for Class 4 NICs, so in these boxes enter the amount of the 'adjustment' which is charged to tax in 2004-05 and which you entered in box 3.82 or box 4.12A.

**Row 4:** Deduct the cash basis adjustment entered in row 3 from the profits entered at row 2. *If any of the boxes in row 4 is a minus amount substitute zero, '0'. If you are excepted on this business (because you are a trustee, sleeping partner, or a diver or diving supervisor) copy the figure in row 4 to row 8 and ignore rows 5 to 7.*

**Row 5:** If you have included an amount which you earned as an employee or office-holder in calculating the taxable profit at row 2 you should enter that amount at row 5.

Class 1 contributions are payable on earnings from an office or employment.

**Row 6:** Enter

- any losses that arose **prior** to 2004-05 not yet set against previous Class 4 profits. These can only be deducted from the profits of the same business that gave rise to them. *See the notes for box B on page 4 for losses arising in 2004-05.*
- any interest from 2003-04 and earlier years that has not yet been set against previous Class 4 profits.

**Row 7:** Add together the adjustments from rows 5 and 6. This is the total adjustments for the business.

**Row 8:** Enter the lower of the figures in row 4 and row 7. This is the figure of adjustments that can be allowed for the business. *The figure of adjustments to profits to be entered at row 8 must not exceed the adjusted profit figure (row 4) for the relevant business.*

*If the figure in row 7 is greater than the figure in row 4 and this business has losses or interest from earlier years (row 6) it may be possible to carry some of these forward - see Help Sheet IR227. Complete boxes L1 and L2 below if you want to work out the maximum amount of potential unused losses that may be carried forward.*

	Box in row 7 minus box in row 4
Losses that can be used in 2004-05	L1 £ <input style="width: 80%;" type="text"/>
	Box in row 6 minus box L1
Potential unused losses	L2 £ <input style="width: 80%;" type="text"/>

## Adjustments to profit chargeable to Class 4 National Insurance contributions

### Working Sheet (more than one business)

#### Section 1: Complete rows 1 to 8 in a separate column for each business

	Business 1	Business 2	Business 3
<b>1</b> Business name	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>2</b> Taxable profit or share of taxable profit (from boxes 3.92, 3L.91, or 4.22)	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<b>3</b> Cash basis adjustments (from boxes 3.82 or 4.12A)	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<b>4</b> Row 2 minus row 3 (Adjusted profit) <i>If you are excepted on this business because you are a trustee, sleeping partner or a diver or diving supervisor, copy row 4 to row 8 and ignore rows 5 to 7.</i>	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<b>5</b> Income which you earned as an employee or office-holder. See notes.	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<b>6</b> Any losses that arose prior to 2004-05. See notes.	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<b>7</b> Row 5 + row 6 (Total adjustments for business)	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<b>8</b> Lower of row 4 and row 7 (Adjustments allowed against business)	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>

When you have finished completing Section 1 for all of your businesses, fill in Section 2 (boxes A to E on page 4)

**Section 2: When rows 1 to 8 of Section 1 are complete for all businesses, fill in boxes A to E**

Total of boxes in row 4 **A** £

Total of boxes in row 8. *See notes* **B** £

Boxes 3.85 + 3L.85 + 4.15  
*See notes. Losses arising in 2004-05 that you wish to set against Class 4 NICs* **C** £

Box B + box C **D** £

Lower of box A and box D **E** £

Transfer the figure in box E to the 'Adjustments to profit chargeable to Class 4 National Insurance contributions' box (box 3.96 or box 3L.94 or box 4.25) of your first business.

## Notes to Section 2

This section brings together the adjustments from all your businesses into a single figure.

If you carried on more than three businesses, use another Working Sheet or photocopy page 3 of this one. Bring together all the figures into one Working Sheet and continue.

- The total of row 4 boxes goes to box A.
- The total of row 8 boxes goes to box B.

**Box A:** Add up all the row 4 boxes for all your businesses. This is the total adjusted profit from all your businesses.

**Box B:** Add up all the row 8 boxes for all your businesses. This is the total adjustments from all your businesses. *The figure in box B cannot be greater than the figure in box A.*

**Box C:** Enter losses arising in 2004-05 that you wish to claim against Class 4 NICs.

Enter the total of boxes 3.85 + 3L.85 + 4.15 from all your businesses. This figure may be more than the losses that can be used in 2004-05. Unused losses can usually be carried forward and used against profits of the same business for later years - see *Help Sheet IR227: Losses*. The amount of any unused losses can be calculated after box D is completed.

**Box D:** Add together boxes B and C. These are the total Class 4 NICs adjustments.

*If 2004-05 losses were entered in box C and the figure in box D is more than box A there may be unused losses. Complete boxes L3 and L4 below if you want to work out the maximum amount of potential unused losses that may be carried forward.*

Losses that can be used in 2004-05	<b>L3</b> £ <input type="text"/>
Potential unused losses	<b>L4</b> £ <input type="text"/>

**Box E:** Enter the lower of the figures in box A and box D.

- Copy the figure in box E to box 3.96 in the copy of the Self-employment Pages on which you have put information about Business 1 (or box 4.25 on the Partnership Pages).
- If you have received the certificate of deferment from the Inland Revenue NICO, tick box 3.95 of the Self-employment Pages for Business 1 (or box 4.24 on the Partnership Pages).
- enter 'multiple businesses' in the 'Additional information' box, box 3.116 on page SE4 of the Self-employment Pages for Business 1 (or in the 'Additional information' box, box 4.79 on the appropriate Partnership Pages).

Leave boxes 3.94, 3.95 and 3.96 blank on the copies of the Self-employment Pages (boxes 4.23, 4.24 and 4.25 on the Partnership Pages) you complete for Business 2 onwards.

**If you wish to calculate the amount of Class 4 NICs due for 2004-05 the Working Sheet for this can be found at either:**

- page 16 of the *Tax Calculation Guide (SA151w)*
- page 27 of the *Comprehensive Tax Calculation Guide (SA151c)*

*These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal.*