

## More than one business

### Contacts

Please phone:

- the number printed on page TR 1 of your Return
  - the Helpline on **0845 9000 444**
  - the Orderline on **0845 9000 404** for Help Sheets
- or go to [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

### Calculating adjustments to profits on which you pay Class 4 National Insurance contributions (if you have more than one business)

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

- the *Self-employment (full)* pages, or the *Lloyd's underwriters* 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 complete a 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 2007-08. Read the *Self-employment notes*.

#### **Partners**

If you carried on business in partnership complete the *Partnership* pages 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 2007-08. Read the notes in the *Partnership Tax Return Guide*.

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 (full)* or *Partnership* pages. (You cannot adjust your profits on the *Self-employment (short)* pages.)

Use the Working Sheets on pages 3 to 5 if you had more than one business (including partnership businesses) during 2007-08 and (at least) one of your businesses had any of the following:

- cash basis adjustments
- profits on which Class 1 contributions have been paid
- losses from earlier years not set against Class 4 profits
- current year losses, or
- interest not deducted in computing Class 4 profits.

#### **Exception from paying Class 4 contributions**

You are exempt from paying Class 4 NICs for 2007-08 if:

- on 6 April 2007 you are a man aged 65, or a woman aged 60 or over, or
- on 6 April 2007 you are aged under 16 and the National Insurance Contributions Office (NICO) has granted you 'exception' (to apply for exception ask NICO for form CA2835U), or
- during 2007-08 you are not resident in the UK for tax purposes (contact us or your tax adviser if you do not know whether this applies to you).

If one of these conditions applies, put 'X' in box 98 on the *Self-employment (full)* pages (Class 4 National Insurance contributions exception); do not complete boxes 99 or 100 (equivalent boxes 23, 24 and 25 on the *Partnership* pages).

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. If so, do not put 'X' in box 98 on the *Self-employment (full)* pages or box 23 of the *Partnership* pages). Use the Working Sheet on page 3 to calculate the correct adjustment.

## How to fill in the Working Sheet

You would normally pay Class 4 NICs on your total taxable profits for 2007-08. 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 227 *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
- salaries and wages earned from an office or employment but included in your taxable business profits can be deducted in calculating Class 4 profits.

## Notes to Section 1

Complete one column for each business you carried on during 2007-08 (whether on your own or in partnership). If you carried on more than four businesses, use another Working Sheet or photocopy page 4. The adjustments entered in boxes 3, 5 and 6 can only be set against the business that gave rise to the adjustment. They cannot be set against other businesses. Do not transfer amounts from one column to another.

- 1 Enter the name of the business to which the profit and adjustments relate.
- 2 Copy the figure for taxable profits for 2007-08 for each of your businesses (from box 74 on the *Self-employment (full)* pages, or box 53 on the *Lloyd's underwriters* pages or box 18 on the *Partnership* pages).
- 3 Enter the cash basis adjustment charged to tax in 2007-08 from box 67 on the *Self-employment (full)* pages or box 9 on the *Partnership* pages.
- 4 The cash basis adjustment is not taken into account for Class 4 NICs, so deduct the adjustment entered in box 3 from the profits entered in box 2.
- 5 If you have included an amount which you earned as an employee or office-holder in calculating the taxable profit at box 2 enter that amount at box 5. Class 1 contributions are payable on earnings from an office or employment.
- 6 Enter:
  - any losses that arose prior to 2007-08 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 5 for losses arising in 2007-08
  - any interest from 2006-07 and earlier years that has not yet been set against previous Class 4 profits.
- 7 Total the adjustments for each business by adding together boxes 5 and 6.
- 8 Enter the lower of the figures in box 4 and box 7. This is the figure of adjustments that can be allowed for the business: it must not exceed the adjusted profit figure (box 4) for the relevant business.





Section 2:

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

**A** Total of boxes 4

£           .

**B** Total of boxes 8 - see notes

£           .

**C** Boxes 76 on the *Self-employment (full)* pages  
+ box 57 on the *Lloyd's underwriters* pages  
+ box 20 on the *Partnership* pages

£           .

**D** Box B + box C

£           .

**E** Lower of box A and box D

£           .

Transfer the figure in box E to the 'Adjustments to profit chargeable to Class 4 National Insurance contributions' box (box 100 on the *Self-employment (full)* pages or box 66 on the *Lloyd's underwriters* pages + box 25 on the *Partnership* pages).

## Notes to Section 2

Section 2 brings together the adjustments from all your businesses into a single figure.

If you carried on more than four businesses, use another Working Sheet or photocopy page 4 of this one. Bring together all the figures into one Working Sheet and continue.

- A** Add up all the row 4 boxes for all of your businesses. This is the total adjusted profit from all your businesses and should be entered in box A.
- B** Add up all the row 8 boxes for all of your businesses. This is the total adjustments from all your businesses and should be entered in box B. The figure in box B cannot be greater than the figure in box A.
- C** Enter losses arising in 2007-08 that you wish to claim against Class 4 NICs. Enter the total of box 76 (full) + box 57 (Lloyd's) + box 20 (Partnership) from all your businesses. This figure may be more than the losses that can be used in 2007-08. Unused losses can usually be carried forward and used against profits of the same business for later years - see Help Sheet 227 *Losses*. The amount of any unused losses can be calculated after box D is completed (see page 6).
- D** Add together boxes B and C. These are the total Class 4 NICs adjustments.

If 2007-08 losses were entered in box C and the figure in box D is more than box A there may be unused losses. Complete the boxes 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 2007-08 (box A minus box B)

£           .

Potential unused losses (box C minus the amount above)

£           .

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

- Copy the figure in box E to box 100 on the *Self-employment (full)* pages on which you have put information about Business 1 (or box 25 on the *Partnership* pages).
- If you have received the certificate of deferment from NICO, put 'X' in box 99 on the *Self-employment (full)* for Business 1 (or box 24 on the *Partnership* pages).
- Enter 'multiple businesses' in the 'Any other information' box, box 101 on the *Self-employment (full)* pages for Business 1 (or in the 'Any information' box, box 30 on the *Partnership (short)* pages).

Leave boxes 98, 99 and 100 blank on the further *Self-employment (full)* pages (boxes 23, 24 and 25 on the *Partnership* pages) you complete for Business 2 onwards.

If you wish to calculate the amount of Class 4 NICs due for 2007-08 see Section 15 of the Working Sheet in the *Tax Calculation Summary notes*.

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