

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

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 2008-09. 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 2008-09. 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 2008-09 and (at least) one of your businesses had any of the following:

- adjustment for change of accounting practice
- profits on which Class 1 contributions have been paid
- trade losses from earlier years not set against Class 4 profits
- current year losses
- interest, that has not been deducted in computing taxable profits, on a loan:
 - to invest in a partnership or
 - to provide plant and machinery for partnership use.

Not all loans or partnerships qualify. You should contact your tax adviser or us if you need more information.

Exception from paying Class 4 contributions

You are exempt from paying Class 4 NICs for 2008-09 if:

- on 6 April 2008 you are a man aged 65, or a woman aged 60 or over, or
- on 6 April 2008 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 2008-09 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 99 on the *Self-employment (full)* pages (Class 4 National Insurance contributions exception); do not complete boxes 100 or 101 (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 99 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 2008-09. However, you may be able to make adjustments for:

- salaries and wages earned from an office or employment but included in your taxable business profits
- trading losses (but not losses arising from furnished holiday lettings) used against income or gains which are not liable to Class 4 NICs
- interest on a loan to invest in a partnership or to provide plant and machinery for partnership use.

Notes to Section 1

Complete one column for each business you carried on during 2008-09 (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 same 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 2008-09 for each of your businesses (from box 75 on the *Self-employment (full)* pages, or box 54 on the *Lloyd's underwriters* pages or box 18 on the *Partnership* pages).
- 3 Enter the adjustment for change of accounting practice charged to tax in 2008-09 from box 70 on the *Self-employment (full)* pages or box 9 on the *Partnership* pages.
- 4 The adjustment for change of accounting practice 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 Enter any amount you earned as an employee or office holder that was included in calculating taxable profit at box 2 (Class 1 NIC is payable on this).
- 6 Enter:
 - any losses that arose prior to 2008-09 not yet set against previous Class 4 profits. (See the notes for box B on page 5 for losses arising in 2008-09)
 - any 2008-09 or earlier years interest, on a loan to invest in a partnership or to provide plant and machinery for partnership use, that has not been deducted in arriving at your 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.

