

If you have answered 'Yes' to Question 3, fill in these Pages. There are special rules for taxing self-employed profits for the year ended 5 April 1997 and you should read page SEN2 of the Notes on Self-employment **before** you start to fill in these Pages. The Notes are colour coded to match this form. If you were a Name at Lloyd's, fill in the Lloyd's Underwriters Pages instead.

Pages SEN1 and SEN2 of the Notes tell you when you may need to complete more than one set of Self-employment Pages

**Business details**

Name of business

Description of business

Address of business

  
  
  
  


Accounting period - read the Notes, page SEN2 before filling in these boxes

Start

 / /

End

 / /

- Tick this box if details in boxes 3.1 or 3.3 have changed since your last Tax Return

- Date of commencement if after 5 April 1994

 / /

- Date of cessation if before 6 April 1997

 / /

- Tick box 3.7 if your accounts do not cover the period from the last accounting date (explain why in the 'Additional information' box below)

- Tick box 3.8 if you wish voluntarily to disclose that you have applied the anti-avoidance rules in Schedule 22 FA 1995 when calculating your profits for 1996-97

**Additional information****Income and expenses - annual turnover below £15,000**

If your annual turnover is £15,000 or more, ignore boxes 3.11 to 3.13.

 Now fill in Page SE2 

If your annual turnover is below £15,000, fill in boxes 3.11 to 3.13 instead of Page SE2. Read the Notes, page SEN2.

- Turnover, other business receipts and goods etc. taken for personal use

 £

- Expenses allowable for tax

 £

Net profit (put figure in brackets if a loss)

 £ box 3.11 minus box 3.12

 Now fill in Page SE3 

## Income and expenses - annual turnover £15,000 or more

You must fill in this Page if your annual turnover is £15,000 or more - read the Notes, page SEN2

If you were registered for VAT, do the figures in boxes 3.16 to 3.51, include VAT?

**3.14**  or exclude VAT? **3.15**

Sales/business income (turnover)

**3.16** £

Disallowable expenses included in boxes 3.33 to 3.50

**Total expenses**

● Cost of sales	<b>3.17</b> £ <input type="text"/>	<b>3.33</b> £ <input type="text"/>
● Construction industry subcontractor costs	<b>3.18</b> £ <input type="text"/>	<b>3.34</b> £ <input type="text"/>
● Other direct costs	<b>3.19</b> £ <input type="text"/>	<b>3.35</b> £ <input type="text"/>

box 3.16 minus (box 3.33 + box 3.34 + box 3.35)

**Gross profit/(loss)** **3.36** £

**Other income/profits** **3.37** £

● Employee costs	<b>3.20</b> £ <input type="text"/>	<b>3.38</b> £ <input type="text"/>
● Premises costs	<b>3.21</b> £ <input type="text"/>	<b>3.39</b> £ <input type="text"/>
● Repairs	<b>3.22</b> £ <input type="text"/>	<b>3.40</b> £ <input type="text"/>
● General administrative expenses	<b>3.23</b> £ <input type="text"/>	<b>3.41</b> £ <input type="text"/>
● Motor expenses	<b>3.24</b> £ <input type="text"/>	<b>3.42</b> £ <input type="text"/>
● Travel and subsistence	<b>3.25</b> £ <input type="text"/>	<b>3.43</b> £ <input type="text"/>
● Advertising, promotion and entertainment	<b>3.26</b> £ <input type="text"/>	<b>3.44</b> £ <input type="text"/>
● Legal and professional costs	<b>3.27</b> £ <input type="text"/>	<b>3.45</b> £ <input type="text"/>
● Bad debts	<b>3.28</b> £ <input type="text"/>	<b>3.46</b> £ <input type="text"/>
● Interest	<b>3.29</b> £ <input type="text"/>	<b>3.47</b> £ <input type="text"/>
● Other finance charges	<b>3.30</b> £ <input type="text"/>	<b>3.48</b> £ <input type="text"/>
● Depreciation and loss/(profit) on sale	<b>3.31</b> £ <input type="text"/>	<b>3.49</b> £ <input type="text"/>
● Other expenses	<b>3.32</b> £ <input type="text"/>	<b>3.50</b> £ <input type="text"/>

total of boxes 3.38 to 3.50

Put the total of boxes 3.17 to 3.32 in box 3.53 below

**Total expenses** **3.51** £

boxes 3.36 + 3.37 minus box 3.51

**Net profit/(loss)** **3.52** £

## Tax adjustments to net profit or loss

● Disallowable expenses	total of boxes 3.17 to 3.32	<b>3.53</b> £ <input type="text"/>
● Goods etc. taken for personal use and other adjustments (apart from disallowable expenses) that increase profits		<b>3.54</b> £ <input type="text"/>
<b>Total additions to net profit</b> (deduct from net loss)		box 3.53 + box 3.54 <b>3.55</b> £ <input type="text"/>
● Deductions from net profit (add to net loss)		<b>3.56</b> £ <input type="text"/>
<b>Net business profit for tax purposes</b> (put figure in brackets if a loss)		boxes 3.52 + 3.55 minus box 3.56 <b>3.57</b> £ <input type="text"/>

SA103 (NET)

### Capital allowances - summary

	Capital allowances	Balancing charge
● Motor cars (Separate calculations must be made for each motor car costing more than £12,000 and for cars used partly for private motoring.)	3.58 £	3.59 £
● Other business plant and machinery	3.60 £	3.61 £
● Agricultural or Industrial Buildings Allowance (A separate calculation must be made for each block of expenditure.)	3.62 £	3.63 £
● Other capital allowances claimed (Separate calculations must be made.)	3.64 £	3.65 £
<b>Total capital allowances/balancing charges</b>	<b>3.66 £</b>	<b>3.67 £</b>

### Adjustments to arrive at taxable profit or loss

Basis period begins  / / and ends  / /

Read the Notes, page SEN3 - your basis period may be longer than your accounting period

Did your business start before 6 April 1994? - **Important: tick either the 'Yes' box or the 'No' box below**

	Yes <input type="checkbox"/>	No <input type="checkbox"/>
	If 'Yes', complete this column	If 'No', complete this column
Profit from box 3.13 or box 3.57 (if loss, enter '0')	3.70 £	Profit or loss from box 3.13 or box 3.57 3.75 £
You may need to adjust the figure in box 3.70 to arrive at your 1996-97 taxable profit. Read the Notes, page SEN6. If you need more help, ask the Orderline for <i>Help Sheet IR230: Transitional rules for old businesses</i>		from box 3.67
Adjusted profits for 1996-97 (if the adjustments result in a loss, enter '0')	3.71 £	<b>Add</b> balancing charge 3.76 £
Adjustment for farmers' averaging (show reductions in brackets)	3.72 £	from box 3.66
<b>Add</b> balancing charge	3.73 £	<b>Deduct</b> capital allowances 3.77 £
<b>Deduct</b> capital allowances	3.74 £	Adjustment to arrive at profit or loss for this basis period 3.78 £
		Adjustment for farmers' averaging (show reductions in brackets) 3.79 £

Net profit for 1996-97 (if loss, enter '0')	3.80 £
Allowable loss for 1996-97	3.81 £
● Loss offset against other income for 1996-97	3.82 £
● Loss to carry back	3.83 £
● Loss to carry forward (that is allowable loss not claimed in any other way)	3.84 £
● Losses brought forward from last year	3.85 £
● Losses brought forward from last year used this year	3.86 £
<b>Taxable profit after losses brought forward</b>	<b>3.87 £</b>
● Any other business income (for example, Enterprise Allowance (Business Start-up Allowance) received in 1996-97)	3.88 £
<b>Total taxable profits from this business</b>	<b>3.89 £</b>

## Class 4 National Insurance Contributions

● Tick this box if exception or deferment applies	<b>3.90</b>
● Adjustments to profit chargeable to Class 4 National Insurance Contributions	<b>3.91</b> £
<b>Class 4 National Insurance Contributions due</b>	<b>3.92</b> £

## Subcontractors in the construction industry

● Deductions made by contractors on account of tax (you must send your SC60s to us) and any other tax deducted from trading income.	<b>3.93</b> £
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## Summary of balance sheet

Leave these boxes blank if you do not have a balance sheet

### Assets

● Plant, machinery and motor vehicles	<b>3.94</b> £	
● Other fixed assets (premises, goodwill, investments etc.)	<b>3.95</b> £	
● Stock and work in progress	<b>3.96</b> £	
● Debtors/prepayments/other current assets	<b>3.97</b> £	
● Bank/building society balances	<b>3.98</b> £	
● Cash in hand	<b>3.99</b> £	
		<b>total of boxes 3.94 to 3.99</b>
		<b>3.100</b> £

### Liabilities

● Trade creditors/accruals	<b>3.101</b> £	
● Loans and overdrawn bank accounts	<b>3.102</b> £	
● Other liabilities	<b>3.103</b> £	
		<b>total of boxes 3.101 to 3.103</b>
		<b>3.104</b> £
● Net business assets (put the figure in brackets if you had net business liabilities)		<b>box 3.100 minus box 3.104</b>
		<b>3.105</b> £

### Net business assets represented by

#### Capital Account

● Balance at start of period*	<b>3.106</b> £	
● Net profit/(loss)*	<b>3.107</b> £	
● Capital introduced	<b>3.108</b> £	
● Drawings	<b>3.109</b> £	
		<b>total of boxes 3.106 to 3.108 minus box 3.109</b>
● Balance at end of period*		<b>3.110</b> £

\* If the Capital Account is overdrawn, or the business made a net loss, show the figure in brackets.

### Additional information

Now fill in any other supplementary Pages that apply to you. Otherwise, go back to Page 2 of your Tax Return and finish filling it in.

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**HELP SHEETS AND LEAFLETS**

Help Sheets and leaflets giving more detailed information about particular tax rules for self-employment are available from the Orderline.

- SA Book 3: *Self Assessment - a guide for keeping records for the self-employed*
- IR157: *Workers in building and construction*
- IR220: *More than one business*
- IR222: *New businesses starting on or after 6 April 1994*
- IR223: *Rent a Room for traders*
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- IR229: *Information from your accounts*
- IR230: *Transitional rules for old businesses*
- IR231: *Doctors' expenses*
- IR232: *Farm stock valuation*

**Filling in the Self-employment Pages**

You must fill in the Self-employment Pages if, at any time during the 1996-97 tax year, you carried on a trade, profession or vocation as a self-employed person in the UK or abroad. If you were a Name at Lloyd's, fill in the Lloyd's Underwriters Pages instead.

Get the material you need to complete the Self-employment Pages:

- your business accounts covering your basis period for the 1996-97 tax year (basis period is explained on page SEN3)
- your books and records, if you do not have accounts.

You should have records of all your business transactions. You must keep these until at least 31 January 2003 in case your Tax Office asks to see them, SA Book 3 has more information.

You may need to complete more than one set of Self-employment Pages if **either** of the following circumstances apply:

- you do not have a single set of accounts for the period that is your basis period for 1996-97. This may happen if your business started before 6 April 1994, or it has recently commenced, ceased or you have changed accounting date. See the notes on pages SEN2 and SEN3 which explain how to work out your basis period and the accounts information you must provide, **or**
- you had more than one business - you must complete separate Self-employment Pages for each. Ask the Orderline for *Help Sheet IR220: More than one business*. It includes a working sheet to deal with the special rules for Class 4 National Insurance Contributions in this situation.

If you have a single set of accounts which covers more than one business, you should transfer the figures to one set of Self-employment Pages. Then deduct the income and disallow the expenses relating to any business other than your main business, and include it in a separate set of Self-employment Pages for each of your other businesses.

You may also have to complete more than one set of Self-employment Pages for each business (see page SEN2). Ask the Orderline for more, or photocopy the one I have sent you (if you use a photocopy, please put your name and tax reference in the 'Additional information' box on Page SE1).

You should only include in the Self-employment Pages details relating to that self-employment. Other income should be entered in the appropriate parts of your Tax Return. For example, enter:

- partnership income in the Partnership Pages
- income earned as an employee or company director in the Employment Pages
- dividends from companies in boxes 10.15 to 10.17 on page 3 of your Tax Return.

If you are unsure whether your activities amount to a trade, profession or vocation, ask your Tax Office or tax adviser for advice.

If you are a subcontractor who has moved on to PAYE in 1996-97, ask the Orderline for leaflet *IR157: Workers in building and construction* before you fill in the Self-employment Pages. You must also fill in the Employment Pages.

Read the notes on page SEN8 before filling in the Self-employment Pages if you are an author or artist, **or** a farmer or market gardener, **or** a foster carer or adult carer.

If your trade involves provision of furnished accommodation in your only or main home, Rent a Room may apply. Ask the Orderline for *Help Sheet IR223: Rent a Room for traders*.

If you have trade debts from overseas transactions which cannot be paid or brought to the UK because of exchange control restrictions or a shortage of foreign currency in the overseas country, ask your Tax Office or tax adviser about Extra Statutory Concession B38.

**Before you start**

You pay tax for 1996-97 on all your business profits (see pages SEN6 and SEN7 if you made a loss) for the basis period.

Your business profit for each business is the difference between:

- your turnover, other business receipts and the value of goods taken for personal use, **and**
- allowable business expenses.

The Self-employment Pages will help you work out your taxable business profit and will provide me with the information I need to process your Tax Return.

For each business you must:

- provide business details in boxes 3.1 to 3.10
- give details of income and expenses in boxes 3.11 to 3.13 if your annual turnover is below £15,000, or in boxes 3.14 to 3.57 if your annual turnover is £15,000 or more
- work out your taxable profit on Page SE3, using boxes 3.58 to 3.89
- fill in boxes 3.90 to 3.93 as appropriate
- if you have a balance sheet, provide information about your business assets or liabilities in boxes 3.94 to 3.110.

Work through the following steps for each business:

**Step 1** Decide if your business is 'old' (started before 6 April 1994) or 'new' (started on or after 6 April 1994).

**Step 2** Work out the basis period for your business using the notes on page SEN3.

**Step 3** Work out how many 'accounts' fall within that basis period.

**Step 4** If you have only one set of accounts for the basis period, fill in one set of Self-employment Pages for the whole of your basis period. You must complete boxes 3.68 to 3.89 on Page SE3, as appropriate, to arrive at your taxable profit for 1996-97.

**OR**

If you have more than one set of accounts for the basis period which each show a profit and you are an 'old' business, then you can fill in one set of Self-employment Pages for the whole of your basis period. **Otherwise** complete boxes 3.1 to 3.57 and 3.94 to 3.110, as appropriate, on separate Self-employment Pages for each set of accounts, and then complete boxes 3.58 to 3.93, as appropriate, on the Self-employment Pages for the most recent set of accounts to arrive at your taxable profit for 1996-97.

**OR**

If you have more than one set of accounts for the basis period and you are a 'new' business, complete boxes 3.1 to 3.67 and 3.94 to 3.110, as appropriate, on separate Self-employment Pages for each set of accounts. Then fill in boxes 3.68 to 3.93, as appropriate, on the Self-employment Pages for the most recent set of accounts to arrive at your taxable profit for 1996-97.

The Notes will help you. They use some technical terms such as 'trade', 'basis period' and so on. They explain these terms as fully as possible, but they are not a comprehensive guide for all cases. There is also a glossary of terms on page SEN8.

- Providing details of income and expenses

For most businesses, the information on the Self-employment Pages will enable a full and fair picture of your business to be presented. If there are any points needing further explanation, provide details in the 'Additional information' box on Page SE4. You do not need to send me your accounts.

In some larger or more complex businesses additional information given on the Self-employment Pages may not be enough to provide a full and fair picture of your business. You may consider the submission of further information, including perhaps accounts or supporting calculations, necessary. This may be the case where:

- a large business has a substantial turnover, **or**
- a business is complex (perhaps because it is a highly specialised trade), **or**
- accounts or computations are required for a proper understanding of the figures.

**But you must also complete Page SE2 if your annual turnover is £15,000 or more, and Page SE4 if you have a balance sheet.**

**If you do not have accounts**

Even if you do not have accounts prepared for your business each year, your taxable profit should still be worked out using generally accepted accountancy principles. These Notes will help. For further advice on how your profits are taxable, what to include in your turnover and what expenses are allowable for tax, ask the Orderline for *Help Sheet IR222: New businesses starting on or after 6 April 1994*.

You will come across the terms '**accounting period**' and '**accounting date**' in both these Notes and the Help Sheets. If you do not have accounts prepared for your business you should read:

- '**accounting period**' to mean the period for which you provide details of your business income and expenses, **and**
- '**accounting date**' to mean the date on which that period ends.

**If you do have accounts**

Accounts are prepared for a variety of reasons and in a variety of ways and it may not be immediately obvious where in your Self-employment Pages you should enter some of your figures. The notes that follow are designed to guide you in areas which might cause difficulty, but they are not intended to be hard and fast rules. *Help Sheet IR229: Information from your accounts* gives further practical help on filling in the Self-employment Pages, including some worked examples.

In some situations you may need to combine or apportion your figures to fit the standard format. There may be more than one acceptable way of doing this. Whichever method you adopt, you should be consistent from one year to the next. If you want to explain any figures in more detail, do so in the 'Additional information' box on Page SE4 of the Self-employment Pages.

Make sure that you transfer all the entries in your accounts, and that you include them only once. Do not bring in any amounts which are not included in your accounts unless they are needed to calculate your taxable profit or were excluded in error from your accounts. Include any such amounts in box 3.88. Explain why the entry is necessary in the 'Additional information' box on Page SE4.

- Provisional figures

If you cannot complete the income and expenses section of your Self-employment Pages because it is impossible to prepare the figures from which your taxable profit is to be calculated before the latest date for sending in your Tax Return, you should provide an estimate of your taxable profit in box 3.89. Read the notes on page 27 of your Tax Return Guide and then tick box 22.3 on page 8 of your Tax Return, and explain in the 'Additional information' box why you cannot provide final figures. Give a date by which you expect to be able to do so.

- Other estimates (including valuations)

In some situations you may need to provide an estimated figure or valuation that you do not intend to amend at a later date. If so, read the notes on page 27 of your Tax Return Guide.

**Business details**

- Your basis period for 1996-97

You pay tax for 1996-97 according to the profits, or losses, for your basis period. The notes below and aside will help you decide your basis period.

**Business started before 6 April 1994**

If you started in business before 6 April 1994 and you sold or closed down your business before 6 April 1997, your basis period for 1996-97 is the period 6 April 1996 to the date on which your business ceased.

If you started in business before 6 April 1994 and you were still in business on 6 April 1997, special basis period rules apply for 1996-97. This is because 1996-97 is the year of transition between the old 'preceding year' rules that applied for 1995-96 (and earlier years) and the new 'current year' rules that will apply in 1997-98.

For most self-employed people the profits taxable in 1996-97 are not simply the profits of a 12 month period, **but a 12 month measure based on the average profits for a longer period** (this is arrived at by 'transitional averaging'). This longer period is the period between the end of the basis period for 1995-96 and the accounting date in 1996-97.

**Example 1**

Your business turnover is less than £15,000 annually. Your accounting date is 31 December and you make up your accounts as follows:

Year ended 31.12.94	£10,000
Year ended 31.12.95	£12,400
Year ended 31.12.96	£14,750

Your basis period for 1995-96 is the year ended 31.12.94, and your accounting date in 1996-97 is 31.12.96. Enter in box 3.4 '1.1.95' and in box 3.5 '31.12.96'. The profits to be averaged are the profits of the 24 months from 1.1.95 to 31.12.96: that is, £12,400 + £14,750 = £27,150 and you should enter this figure in box 3.13 and box 3.70.

Your taxable profits for 1996-97 are a 12 month measure of these profits: that is,  $\frac{1}{24} \times £27,150 = £1,131.25$  and you should enter this figure in box 3.71.

**Example 2**

Your business turnover is more than £15,000 annually. Your accounting date used to be 31 December but you decide to change accounting date to 31 March and make up accounts as follows:

Year ended 31.12.94	£13,000
Year ended 31.12.95	£15,300
Period ended 31.3.97	£19,030

Your basis period for 1995-96 is the year ended 31.12.94, and your accounting date in 1996-97 is 31.3.97. Your basis period for 1996-97 begins on 1.1.95 and ends on 31.3.97. The profits to be averaged are the profits of the 27 months from 1.1.95 to 31.3.97: that is, £15,300 + £19,030 = £34,330.

Your taxable profits for 1996-97 are a 12 month measure of these profits: that is,  $\frac{1}{27} \times £34,330 = £1,271.48$ .

As both accounts show a profit, you can include the information from your accounts for the year ended 31.12.95 and the period ended 31.3.97 in one set of Self-employment Pages. Otherwise, fill in Pages SE1 and SE2 in the first set of Pages (enter '1.1.95' in box 3.4, '31.12.95' in box 3.5, and '£15,300' in box 3.57). Fill in Pages SE1 and SE2 in the second set of Pages ('1.1.96' in box 3.4, '31.3.97' in box 3.5, and '£19,030' in box 3.57) and also boxes 3.58 to 3.93. Copy the figure from box 3.57 to box 3.70 and the 12-month measure, £15,258, to box 3.71.

If your basis period for the year 1995-96 was the period 6 April 1995 to 5 April 1996, no transitional averaging is required. Instead your basis period for 1996-97 is simply the period 6 April 1996 to 5 April 1997. This is so even though you may have made up accounts for a date in 1996-97 other than 5 April 1997.

If you made a loss during the period on which the 12 month measure is based, special rules apply. These and other special 'transitional year' rules are explained in *Help Sheet IR230: Transitional rules for old businesses*, available from the Orderline.

**Business started on or after 6 April 1994**

If you started in business on or after 6 April 1994 the new 'current year' basis rules already apply to your business. After the first year or two in business your basis period will be the 12 month period up to the date you choose as your annual accounting date unless you change it or your business ceases. For example, if your annual accounting date is 31 December, your basis period for 1996-97 is the 12 months from 1 January 1996 to 31 December 1996.

Ask the Orderline for *Help Sheet IR222: New businesses starting on or after 6 April 1994*, if:

- your business started after 5 April 1995, or
- your accounting date in the 1996-97 tax year is not the same as you used in 1995-96, or
- you did not have an accounting date in 1996-97.

**boxes 3.1 to 3.3**

Make sure you complete these boxes for each set of Self-employment Pages you complete.

**boxes 3.4 and 3.5**

Enter the details of the period to which the information in boxes 3.11 to 3.13, or 3.14 to 3.57 and, where you have a balance sheet, 3.94 to 3.110, relate. Make sure you have read the section headed 'Your basis period for 1996-97' above before continuing. Work out your basis period to decide the periods of account for which you need to provide details.

**box 3.6**

Tick box 3.6 if details in boxes 3.1 and 3.3 have changed since your last Tax Return.

**box 3.7**

Tick box 3.7 if there is a gap between the end of your previous accounting period and the beginning of this one. Explain why in the 'Additional information' box on Page SE1.

**box 3.8**

There are special rules to prevent exploitation of the transitional rules for 1996-97. You can avoid the penalty imposed by these rules if you voluntarily disclose that they apply, and by making the appropriate adjustments for 1996-97, when calculating your profits for 1996-97. The special rules are explained in *Help Sheet IR230: Transitional rules for old businesses*.

**box 3.9**

If your business started after 5 April 1994, enter the start date. If your accounting date has changed since then, ask the Orderline for *Help Sheet IR222: New businesses starting on or after 6 April 1994*.

**box 3.10**

If you sold or closed down your business between 6 April 1996 and 5 April 1997, enter the date it ceased in box 3.10. If this is not the same as the date in box 3.5 you must complete another set of Self-employment Pages.

**Income and expenses - annual turnover below £15,000**

If your annual turnover (excluding any balancing charges which go on Page SE3) is below £15,000 for a full year, you may fill in the special, shortened income and expenses section on Page SE1 (boxes 3.11 to 3.13) instead of boxes 3.14 to 3.57 on Page SE2.

**But you must fill in one section or the other.**

**box 3.11**

Enter your turnover and any other taxable business receipts in box 3.11. You will also need to include the normal selling price of all goods taken out of the business for your personal use, or for your family or friends, minus the price that was paid for them and which has already been included in turnover. Exclude any balancing charges. These go on Page SE3.

**box 3.12**

Enter your **allowable** business expenses in box 3.12. Make sure you do not include in your expenses any items that are not allowable against tax. (The Table on page SEN5 will help you decide.) Exclude any capital allowances. These go on Page SE3.

### Income and expenses - annual turnover of £15,000 or more

If your annual turnover is £15,000 or more, you must fill in boxes 3.14 to 3.57 on Page SE2.

- Value Added Tax

**boxes 3.14 and 3.15**

If you are **not** registered for VAT, your sales figure will not include any VAT. Expenses in boxes 3.17 to 3.51 should include VAT. There is no need to tick either box 3.14 or 3.15.

If you **are** registered for VAT, you may enter details of your business income and allowable expenses either all net of VAT or all inclusive of VAT. Where you adopt the latter approach, then either your net payment to Customs and Excise should be included as an expense in box 3.50, or any net repayment you receive from Customs and Excise should be included as a taxable receipt in the entry in box 3.37. Tick either box 3.14 or box 3.15 to show whether entries in boxes 3.16 to 3.51 include or exclude VAT.

If you are registered for VAT and the goods you supply are zero rated (so that your sales figure does not include any VAT), tick either box 3.14 or box 3.15 to show whether entries in boxes 3.17 to 3.51 include or exclude VAT.

If you are registered for VAT, but treated by Customs and Excise as partly exempt, for the purposes of calculating your taxable profits, business expenditure includes any input tax that is not claimable. Where you complete boxes 3.16 to 3.51 on a VAT inclusive basis, entering your net payment to, or net repayment from, Customs and Excise, in boxes 3.50 and 3.37 respectively, will reflect this. However, if you complete the boxes on a VAT exclusive basis please ensure that your expenses figures include any relevant input tax not claimed for VAT purposes.

The calculation of the net payment to (or repayment from) Customs and Excise may have included VAT on capital items you purchased during the year; for example, on assets or rights that are of lasting use to the business and which you do not buy or sell as part of your ordinary trading operations. These might include business premises, plant, machinery, vehicles and trade rights. If you enter details of your income and expenses inclusive of VAT on the Self-employment Pages, make a note of the VAT on those capital items in the 'Additional information' box on Page SE4. Add that amount to the net payment to Customs and Excise which you include as an expense in box 3.50, or deduct it from the net repayment you include as a taxable receipt in box 3.37.

If you are in any doubt about the correct treatment of VAT on the Self-employment Pages, ask your Tax Office or tax adviser. Contact your local Customs and Excise Office for more general guidance about VAT issues.

- Sales/business income (turnover)

**box 3.16**

Enter the amount of your turnover in box 3.16. If it includes income from which tax has been deducted, enter in box 3.93 the total tax deducted between 6 April 1996 and 5 April 1997.

- Business expenses

**boxes 3.17 to 3.50**

You should include all your business expenses in boxes 3.33 to 3.35 and 3.38 to 3.50.

Some of the amounts you enter in boxes 3.33 to 3.50 may not be allowable for tax purposes. Enter any disallowable amounts in boxes 3.17 to 3.32 and the total in box 3.53.

Disallowable amounts may be expenses that are not allowable at all for tax (such as entertainment expenses and depreciation of fixed assets) or the disallowable part of expenses (such as motor expenses, if your vehicle is used for private as well as business mileage).

**Example 3**

Your total motor expenses included in box 3.42 were £3,000 and one-third of your mileage is private. You can only claim two-thirds of the cost against tax, that is £2,000. Enter the private use proportion of £1,000 in box 3.24.

Some small businesses can calculate car expenses using a fixed rate per business mile rather than actual costs. Details and conditions are in *Help Sheet IR222*. If any of the amounts in boxes 3.33 to 3.35 and 3.38 to 3.50 are recoverable under an insurance, include them in the disallowable expenses to be entered in boxes 3.17 to 3.32 unless they are already in box 3.16 or box 3.37.

Use the Table on page SEN5. It provides further information on how to fill in the boxes.

- Other income/profits

**box 3.37**

Enter in box 3.37 any business income (except Enterprise Allowance, which goes in box 3.88) you did not include as turnover in box 3.16. Examples might include rental income and interest from a business bank or building society account. If you are including this income in a different place on your Tax Return, make sure you deduct it at box 3.56. For example, bank interest included on page 3 of your Tax Return should not be included in the net business profit or loss shown in box 3.57.

- Additional information

Use the 'Additional information' boxes on Pages SE1 and SE4 if you want to explain any of your figures in more detail. For example:

- particulars of any significant or unusual items (either income or expenditure) included in your figures, **or**
- details of receipts or expenditure connected with your business which for any reason are not included in your figures, **or**
- an explanation of any tax adjustment to your net profit where the reason is not apparent from these figures, **or**
- an explanation of any items not included in your accounts information, but which affect your taxable profits, such as spreading of literary profits.

This may avoid unnecessary enquiries being made. Further help is available in *Help Sheet IR229: Information from your accounts*.

### Tax adjustments to net profit or loss

See the section on authors and artists on page SEN8 if you claim 'backwards' or 'forwards spreading' of profits.

**box 3.53**

Enter in box 3.53 the total of disallowable expenses in boxes 3.17 to 3.32.

**box 3.54**

You should also make adjustments for goods taken out of the business for your personal use or for your family or friends. Enter in box 3.54 the normal selling price of all goods taken out for such use, minus the price paid for them and included in your turnover in box 3.16.

**Table of business expenses**

The following table will help you decide what business expenses to include in boxes 3.33 to 3.50. It also gives an indication about which expenses cannot be claimed in working out business profits for tax purposes.

	■ <b>Disallowable expenses</b>	■ <b>Total expenses</b>
• Cost of sales	<b>box 3.17</b> Fuel expenses attributable to non-business use of vehicles.	<b>box 3.33</b> If your business involves the resale or consumption of raw materials, enter here the cost of the goods used; that is, purchases plus opening stock/work-in-progress <i>minus</i> closing stock/work-in-progress. So, for example, <b>subcontractors in the construction industry</b> should include here the cost of any materials supplied. And <b>taxi drivers, minicab drivers etc. and those in the road haulage industry</b> should enter fuel expenditure in this box rather than elsewhere. Businesses providing services commonly adjust their business profits to reflect work-in-progress at the start and end of the period of account. If an adjustment of this sort is appropriate, make it here; otherwise leave the box blank.
• Construction industry subcontractor costs	<b>box 3.18</b> Any payments made relating to non-business work.	<b>box 3.34</b> Include all payments to subcontractors in the construction industry. Enter the amount before deduction of tax if any payments have been made to uncertificated subcontractors.
• Other direct costs	<b>box 3.19</b> Depreciation of fixed plant.	<b>box 3.35</b> Expenses deducted to arrive at gross profit, for example, direct labour costs, depreciation of fixed plant, carriage, machine hire, small tools and consumables, discounts allowed, commissions payable etc. If you provide services, you may incur rechargeable expenses, which are deducted to arrive at a figure of gross profit.
• Employee costs	<b>box 3.20</b> Your own wages or salary and your drawings from your business. Your own pension payments and other benefits. Your own National Insurance Contributions.	<b>box 3.38</b> For example, salaries, wages, bonuses, pensions, benefits, employer's NIC etc. for permanent, temporary and casual employees, and other staff-related costs such as canteen expenses and recruitment agency fees etc. Any subcontract labour costs, including locum fees, not included elsewhere should be included here.
• Premises costs	<b>box 3.21</b> Non-business part of premises costs used partly for business use. Costs of acquiring premises.	<b>box 3.39</b> For example, rent, business rates, water rates, light, heat, power, property insurance, security and other similar expenses. If your accounts contain an amount for 'use of home', include that figure here.
• Repairs	<b>box 3.22</b> Non-business part of repairs, renewals and general maintenance of premises used partly for business. Costs of alteration or improvements to business premises.	<b>box 3.40</b> For example, repairs and renewals, general maintenance of business premises and machinery.
• General administrative expenses	<b>box 3.23</b> Private and personal expenses. Non-business part of costs used partly for business, payments to political parties. Most payments to clubs, charities or churches. Your own insurance.	<b>box 3.41</b> For example, telephone, facsimile, postage, stationery and printing costs, courier services, together with general office expenses, the costs of trade or professional journals and subscriptions etc., costs of insurance not included elsewhere and other similar recurring costs which arise in running the business.
• Motor expenses	<b>box 3.24</b> Travel between home and business. Costs of buying vehicles (but capital allowances can be claimed). Parking and other fines.	<b>box 3.42</b> For example, insurance, servicing, repairs, Vehicle Licence, petrol or diesel, hire and leasing charges, parking charges, AA/RAC membership.
• Travel and subsistence	<b>box 3.25</b> Meals (except the reasonable cost of meals on overnight business trips).	<b>box 3.43</b> For example, all travel costs other than those included in motor expenses, such as rail, air and taxi fares, together with hotel accommodation costs and subsistence or similar costs.
• Advertising, promotion and entertainment	<b>box 3.26</b> All entertaining and hospitality, except the costs of entertaining staff, and gifts (not food or drink) of up to £10 per person per year which advertise your business.	<b>box 3.44</b> For example, the ordinary day to day costs of advertising and promoting the business goods or services, such as newspaper advertisements, mailshots and the distribution of free samples of the goods dealt in. Entertainment.
• Legal and professional costs	<b>box 3.27</b> Costs of settling tax disputes, legal costs of buying fixed assets (these are treated as part of the cost of the fixed asset). Costs and fines or penalties for breaking the law.	<b>box 3.45</b> For example, accountant's, solicitor's, surveyor's, architect's, stocktaker's and other similar costs, together with professional indemnity insurance premiums and the like.
• Bad debts	<b>box 3.28</b> General bad debts reserve. Debts that were not taxed when they arose, for example, because they relate to a sale of a fixed asset.	<b>box 3.46</b> The amount of money included in turnover but remaining unpaid at the accounting date that you consider you will never recover and have decided to write off this year. If, unexpectedly, you do recover the amount in a later year, make sure you include it in box 3.37 in that later year's Tax Return.
• Interest	<b>box 3.29</b> Repayment of the loan or overdraft.	<b>box 3.47</b> Interest on bank and other loans (including overdrafts).
• Other finance charges	<b>box 3.30</b> Repayment of the loan or overdraft.	<b>box 3.48</b> For example, bank charges, credit card charges, hire purchase interest, and leasing payments, together with other similar costs not included elsewhere.
• Depreciation and loss/(profit) on sale	<b>box 3.31</b> Depreciation and losses on assets are not allowable for tax, and profits on assets are not taxable receipts. Any figure in box 3.49 should be cancelled by putting the same figure in box 3.31.	<b>box 3.49</b> Add together depreciation and losses on sales of assets, and deduct profits on sales of assets that are included in your accounts, and enter the resulting figure in the box. Where the profit on disposal of an asset exceeds the total of any losses on disposal and depreciation added together, show such a figure in brackets. A figure in brackets is to be deducted when you add up your total expenses. If you sold assets at a profit, you should consider whether you need to enter a capital gain in the Capital Gains Pages.
• Other expenses	<b>box 3.32</b> The non-business part of expenses in box 3.50. Ordinary, everyday clothing, even if bought specially for business use.	<b>box 3.50</b> Add up all the expenses not included elsewhere and enter the total figure.

**box 3.56** Use box 3.56 for any adjustments (deduct from a profit or add to a loss) for any amounts you took into account in arriving at your net profit or loss, but which are either not taxable receipts or are not taxable as profits from your trade or profession. Any taxable income in box 3.56 must be included in the appropriate part of your Tax Return.

If your business income includes amounts that have been taxed abroad, you may be able to claim a credit against your UK tax bill. To do so, you should fill in the Foreign Pages. (Ask the Orderline for a copy if you do not have one). This will usually be the most beneficial way to claim relief for the foreign tax paid.

However, if you do not wish to claim tax credit relief, you may instead deduct the foreign tax in working out your taxable profit or loss. Enter in box 3.56 the amount of foreign tax paid on the foreign income included in the Self-employment Pages. Remember to exclude this tax from the Foreign Pages.

If you are claiming overlap relief this year for an amount on which you claimed tax credit relief in an earlier year, you will need to ask the Orderline for *Help Sheet IR260: Overlap* if you want to calculate your tax. Otherwise, enter details of the amount claimed in the 'Additional information' box.

### Capital allowances and balancing charges

**boxes 3.58 to 3.67** In working out your business profits you must not deduct:

- the cost of buying, altering or improving fixed assets, or
- depreciation or any losses that arise when you sell them.

Instead, you can claim tax allowances called capital allowances. These are deducted in working out your taxable profits. An adjustment, known as a balancing charge, may arise when you sell an item, give it away or stop using it in your business. Balancing charges are added to your taxable profits.

**If you started in business before 6 April 1994**, your capital allowances for 1996-97 are calculated by reference to a single period, your transitional basis period, even if you have drawn up two or more accounts for this period. You should only complete boxes 3.58 to 3.67 on the Self-employment Pages for your most recent set of accounts. Ignore boxes 3.58 to 3.67 in any additional sets of Self-employment Pages you complete. If you are not sure what to include, ask the Orderline for *Help Sheet IR230: Transitional rules for old businesses*.

**If you started in business on or after 6 April 1994**, you should complete boxes 3.58 to 3.67 in **each** set of Self-employment Pages you complete. This is because separate capital allowances calculations are required for each of your accounting periods. If you are not sure what to include, ask the Orderline for *Help Sheet IR222: New businesses starting on or after 6 April 1994*.

### Adjustments to arrive at taxable profit or loss

You should only calculate your taxable profit or loss for 1996-97 once, even if you are providing details from more than one set of accounts for this year. Use the '**Adjustments to arrive at taxable profit or loss**' section in the set of Self-employment Pages for your most recent set of accounts.

**boxes 3.68 and 3.69** Enter the dates your basis period for 1996-97 begins and ends in boxes 3.68 and 3.69. Basis period is explained on page SEN3.

If you started in business before 6 April 1994, tick the 'Yes' box and complete boxes 3.70 to 3.74 to calculate your net profit or loss for 1996-97.

If you started in business on or after 6 April 1994, tick the 'No' box and complete boxes 3.75 to 3.79 to calculate your net profit or loss.

### Business started before 6 April 1994

**box 3.70** Copy your profit from box 3.13 or box 3.57, whichever is appropriate, to box 3.70. Enter '0' if you made a loss.

**box 3.71** To calculate your taxable profit for 1996-97, you will need to arrive at a 12-month measure of profit by applying the transitional rules.

Apply these rules to the profit in box 3.70 if it is the profit for your full basis period. Otherwise, add together the profits from each set of Self-employment Pages for this business before applying the transitional rules - see the example on page SEN3.

If you made a loss or have no accounting date in 1996-97, ask the Orderline for *Help Sheet IR230: Transitional rules for old businesses* which explains how you should calculate your taxable profit and provides a Working Sheet for you to use.

Enter in box 3.71 the adjusted figure of profit for 1996-97.

**box 3.72** If you are a farmer or market gardener, you may be able to claim to average two years' profits. Ask the Orderline for *Help Sheet IR224: Farmers and market gardeners*.

**boxes 3.73 and 3.74** Copy any figures in boxes 3.66 or 3.67 to boxes 3.74 or 3.73 (see the notes on capital allowances and balancing charges aside).

**boxes 3.80 and 3.81** If the adjustments you make to the figure in box 3.71 result in a profit, enter this in box 3.80. If the result is a loss, enter '0' in box 3.80 and the loss in box 3.81.

If you have made a loss (in addition to any loss you may already have identified when calculating the figure to enter in box 3.70), you may be able to claim tax relief. See the section on 'Losses' in *Help Sheet IR230: Transitional rules for old businesses*.

**Time limits:** For a 1996-97 loss some claims must be made by 31 January 1999. You should ensure that any claims you may wish to make are made within the time limit prescribed.

For a 1995-96 loss to be set against other income or gains of that year, you must make your claim by 5 April 1998. Write to your Tax Office.

Late claims cannot normally be accepted.

### Business started on or after 6 April 1994

**boxes 3.75 and 3.78** Copy your profit or loss from box 3.13 or box 3.57, whichever is appropriate, to box 3.75.

If your basis period is not the same as the period covered by your accounts, calculate the profit or loss of the basis period by adding together and/or dividing the profits or losses of the periods for which you have accounts. Enter in box 3.78 any amount that needs to be added to, or deducted from, the figure in box 3.75. *Help Sheet IR222: New businesses starting on or after 6 April 1994*, explains how to calculate the adjustment.

If the adjustment means you have to deduct a figure at box 3.78, show the figure in brackets and remember to subtract it in arriving at your total taxable profits.

**If your basis periods for 1995-96 and 1996-97 overlap**, keep a record of your profit and the length of the overlap period. You will need these details in a later year if you claim overlap relief.

**If your business ceased in 1996-97** and you want to claim overlap relief, you should make an appropriate adjustment in box 3.78. *Help Sheet IR222: New businesses starting on or after 6 April 1994* tells you how to calculate and claim overlap relief.

**boxes 3.76 and 3.77** Use these boxes to make adjustments for any balancing charges or capital allowances due for the accounting period on which the entry in box 3.75 is based. Adjustments for any other accounting period relevant to the calculation of your 1996-97 profit or loss are taken into account in the overall adjustment you make in box 3.78.

**box 3.79** If you are a farmer or market gardener, you may be able to claim to average two years' profits. Ask the Orderline for *Help Sheet IR224: Farmers and market gardeners*, which explains this.

**boxes 3.80 and 3.81** If box 3.75 and the adjustments in boxes 3.76 to 3.79 result in a profit, enter this in box 3.80 and '0' in box 3.81.

If the result is a loss, enter this in box 3.81 and '0' in box 3.80. **If you have made a loss**, you may be able to claim tax relief for your loss. If you want information on losses, ask the Orderline for *Help Sheet IR227: Losses*. If your business has now ceased, you should also ask for *Help Sheet IR228: Cessations*.

**Time limits:** Some loss claims must be made by 31 January 1999. You should ensure that any claims you may wish to make are made within the time limit prescribed. Late claims cannot normally be accepted.

#### ■ All businesses

**box 3.82** If you wish to offset your 1996-97 loss against other income of 1996-97, enter the amount you are claiming to offset in box 3.82. If your business was set up and began trading before 6 April 1994, then you will need to consult your Tax Office or tax adviser (also see *Help Sheet IR227: Losses*).

**box 3.83** If you want to offset the 1996-97 loss against income of an earlier year, enter the amount of the loss in box 3.83. If your business was set up and began trading before 6 April 1994, ask your Tax Office or tax adviser to find out the amount you can claim. If you have already claimed to offset this loss, you should still include it in box 3.83, and provide details in the 'Additional information' box on Page SE4.

**box 3.84** Enter in box 3.84 any losses sustained in 1996-97 that you claim to carry forward against later profits.

**boxes 3.85 and 3.86** Enter in box 3.85 any losses sustained in the same business in earlier years, which you claimed to carry forward against later profits, and have not already used.

You can use that loss to offset any profit shown at box 3.80. Enter in box 3.86 the amount you are deducting up to the figure in box 3.80.

**box 3.88** Enter any amounts not included elsewhere in the Self-employment Pages but which are needed to calculate your taxable profits, for example, any Enterprise Allowance (sometimes called Business Start-Up Allowance) you received in the year to 5 April 1997.

**box 3.89** Enter the total of boxes 3.87 and 3.88.

### Class 4 National Insurance Contributions

Self-employed people must pay Class 4 contributions on profits from any trade, profession or vocation unless they are 'excepted'. The contributions are a percentage of taxable profits for the tax year between lower and upper profit limits.

**box 3.90** You are excepted from paying Class 4 contributions for 1996-97 if you are:

- a man aged over 65 or a woman aged over 60 at 6 April 1996, or

- aged under 16 at 6 April 1996 if the Contributions Agency has granted you 'exception' (leaflet NP18 available from the Contributions Agency offices gives details), or
- not resident in the UK for tax purposes during 1996-97 (contact your Tax Office or tax adviser if you do not know whether this applies to you).

It is possible for certain other people to be excepted from paying Class 4 contributions. If you require further information, please contact the Contributions Agency. If you think you may be excepted because you are:

- a trustee, or
  - a diver or diving supervisor,
- you should ask your Tax Office or tax adviser.

Sometimes, where both Class 2 and Class 4 contributions could be due, Class 4 contributions may not be payable. In these circumstances the Contributions Agency may agree that your Class 4 contributions may be 'deferred' until such time as your overall contributions can be determined. Only the Contributions Agency can agree to deferment. Leaflet NP18, available from the Contributions Agency, gives further details.

If you are excepted or your contributions are deferred:

- tick box 3.90, and
- enter '0' in boxes 3.91 and 3.92, and
- explain in the 'Additional information' box that you are excepted or deferred, and give the reason.

**boxes 3.91 to 3.92** If you have one business, use the Working Sheet below to work out your figures to go in boxes 3.91 and 3.92.

If you have more than one business, do not use the Working Sheet. Instead, ask the Orderline for *Help Sheet IR220: More than one business*.

#### Working Sheet for Class 4 NICs (one business only)

Taxable profit for 1996-97	<b>A</b> £ <input type="text"/>
Adjustments to profits chargeable to NICs (see notes* below)	<b>B</b> £ <input type="text"/>
Profit for NICs	<b>C</b> £ <input type="text"/>
Exempt threshold	<b>D</b> £ 6,860
Amount chargeable (maximum £16,800 in box E)	<b>E</b> £ <input type="text"/>
Class 4 NIC due (maximum £1,008 in box F)	<b>F</b> £ <input type="text"/>

If you do **not** want to calculate your tax, you do not have to complete box F or copy the figure to box 3.92. I will do it for you.

\* **Trading losses** of this business from 1995-96 and earlier years that have not yet been set against profits chargeable to Class 4 NIC, may be brought forward and set against the Class 4 profits of the same business for 1996-97. (This is because losses that are allowable for tax are also treated as losses arising for the purposes of Class 4 NIC. They may be allowed for Class 4 in the same ways as losses are allowed for tax.)

\* **Interest** can be deducted in calculating Class 4 profits if it was incurred for the purposes of your business but has not been deducted in arriving at your taxable profits. Include

- any such interest from 1995-96 and earlier years that has not been set against previous Class 4 profits
- any such interest paid in 1996-97.

**Subcontractors in the construction industry**

**box 3.93** If you are a subcontractor in the building industry, you may have received some payments under the Construction Industry Tax Deduction Scheme. If you have, enter in box 3.93 the total of the deductions made on account of tax from payments made to you during the period 6 April 1996 to 5 April 1997.

The tax deductions should be shown on SC60s, which you should have received from the businesses or organisations for which you have worked, and **these forms should be sent with your Tax Return**. If you have not received SC60s, ask the businesses or organisations you worked for to provide them. If you cannot get an SC60, please give details of the amount you were paid and the tax deductions in the 'Additional information' box.

If you have already claimed repayments of SC60 deductions during the year, still enter the total amount of SC60 deductions for the year in box 3.93 and send any outstanding SC60s for the year with your Tax Return. Enter the amount of repayment already refunded in box 17.1 on page 7 of your Tax Return.

Also include in box 3.93 any other tax deducted from trading income between 6 April 1996 and 5 April 1997.

**Summary of balance sheet**

**boxes 3.94 to 3.110** If you have accounts, and they include a balance sheet, copy the entries to the appropriate boxes. If you do not have a balance sheet, or your turnover was less than £15,000, leave these boxes blank.

Make sure that you have transferred all the figures to the summary, and that each is included **once** only. Do not include any figures not appearing in your balance sheet.

You should use your judgement to transfer the figures from your accounts to the most appropriate boxes. Depending on the circumstances of your business, certain elements in the balance sheet may appear either as assets or as liabilities. For example, a bank account with business funds in it will be an asset while an overdrawn account will be a liability. For the former, enter the balance in box 3.98. For the latter, enter the balance in box 3.102.

Other elements that might be affected in this way are most commonly the Capital Account balances and the net profit or loss. **Where a balance on the Capital Account is overdrawn, or the business made a net loss in the year, you should enter the amount in brackets.**

**Glossary**

**Balancing charges** Withdrawal of some or all of the capital allowances previously given. They arise when fixed assets stop being used in your business.

**Basis period** The period used to identify the profits taxable in any particular tax year.

**Capital allowances** Allowances against tax for the cost of certain fixed assets.

**Fixed assets** Assets such as buildings, plant and machinery, vehicles, etc. which you use in the business but do not buy and sell as part of your ordinary trading operations. For example, if you are a plumber, your van and your tools are fixed assets but your pipes, boilers, etc. are not (they are stock). The cost of buying fixed assets is called capital expenditure.

**Overlap profit and overlap relief** Overlap profits arise when basis periods overlap so that the same profits are taxable in two different tax years. Overlap relief deducts the overlap profits in a later tax year so that over the life of your business you do not pay tax on more profits than you earn.

**Stock** Raw materials used in your business and goods bought for resale, which you have on hand.

**Trade** Any commercial operation supplying goods or services to a customer for profits is likely to be regarded as a trade. If you are in doubt whether you carried on a trade, profession or vocation during 1996-97, you should ask your Tax Office or tax adviser.

The figure of net profit or loss appearing in your balance sheet should be the same as that entered in box 3.52.

The figure for net business assets (box 3.105) should be the same as the figure for the balance of your Capital Account at the end of the period (box 3.110).

**Particular trades****Authors and artists**

There are various reliefs available to authors and artists who may find that the pattern of their profits is irregular. These reliefs even out the profits by spreading receipts over several years. Your Tax Office or tax adviser will be able to provide details.

If you claim 'backwards spreading', enter the reduction in your profits for this year in box 3.56, tick box 22.5 on page 8 of your Tax Return and give details in the 'Additional information' box on that page of the amount spread back to last year and, if appropriate, the year before.

If you claim 'forwards spreading' of sums receivable this year, enter the reduction in your profits in box 3.56. Additions to your profits for this year as a result of forwards spreading claims made in previous years should be made in box 3.54. Give details in the 'Additional information' box on Page SE4.

**Farmers and market gardeners**

You will need *Help Sheet IR224: Farmers and market gardeners* from the Orderline which explains:

- the special rules for averaging profits over two years in some circumstances
- the herd basis for calculating profits which can be used by production livestock farmers
- capital allowances on agricultural buildings and works. Methods of farm stock valuation acceptable to the Inland Revenue are explained in *Help Sheet IR232: Farm stock valuation*.

**Foster carers and adult carers**

If you have an arrangement with your Tax Office for calculating your taxable profit, complete the following boxes in the Self-employment Pages (leaving the rest blank):

- boxes 3.1 to 3.10
- box 3.89 to show your profits
- boxes 3.90 to 3.92 for your Class 4 NIC, unless your Tax Office has told you otherwise.

**Trade creditors** Money you owe other businesses for goods or services you have received, but which remain unpaid at your accounting date.

**Trade debtors** Money you are owed for goods you have sold or work you have done that is included in turnover, but remains unpaid at your accounting date.

**Turnover** Turnover is all the money earned by your business before deducting any business expenses. It includes receipts in cash or in kind for goods sold or work done, commission, fees receivable, tips, insurance proceeds for stock and loss of profits, etc. But it does not include Enterprise Allowance (or Business Start Up Allowance) which should be included separately in box 3.88. Also, do not include amounts received from the sale of capital items, that is, assets which are of lasting use to the business, such as business premises, plant, machinery and vehicles.

Turnover should be included in your accounts when it is earned, even if you do not receive the money until later. Amounts you have earned but not received by the accounting date - your trade debtors - should therefore be counted as turnover. This will include goods you had delivered or services you had completed by the accounting date, even if you had not issued a bill by then. But make sure you do not count money you received which was included as turnover in an earlier period when it was earned.

**Work-in-progress** Partially manufactured stock you have on hand, or partially completed work on contracts under which you provide your service.

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