

How much money to set aside

When you start self-employment, you do not get your first tax bill for a while, so you need to think about how much money to set aside now.

The table below can help you to do this. It shows you how much money you might need to set aside to meet your Income Tax and Class 4 National Insurance contributions (NICs) bill. It doesn't take into consideration any Payments on Account you may separately have to make.

You will need to pay Class 2 National Insurance contributions separately – £2.50 per week for the tax year ending on 5 April 2012.

The information below uses estimated weekly/monthly profit figures and is based on a self-employed individual, who has no other income which should be taxed and who is entitled to a basic Personal Allowance. Profit is your income less expenses. It is assumed that you will make your accounts up to 5th April each year.

The exact amount of Income Tax and/or Class 4 National Insurance contributions due and payable can only be worked out once you have completed your Self Assessment tax return.

Table to help you work out the approximate Income Tax/Class 4 NICs to set aside each week/month

Estimated weekly profit (£ per week)	Approximate amount to set aside (£ per week)	Estimated monthly profit (£ per month)	Approximate amount to set aside (£ per month)
100	0	450	0
150	2	500	0
200	17	600	0
250	31	800	53
300	46	1000	111
350	60	1250	184
400	75	1500	256
500	104	2000	401
600	133	2500	546
700	162	3000	691
840	205	3656	897

You can find more information about this at the useful links listed below:

Understanding your Self Assessment statement, go to www.hmrc.gov.uk/sa/understand-statement.htm

Problems paying HMRC, go to www.hmrc.gov.uk/payinghmrc/problems/cantpay.htm