Working as self-employed or freelance

VERY IMPORTANT - PLEASE READ FIRST

Non EEA Students Visa restrictions

International students (non-EU) cannot set up a business or work on a self-employed or freelance basis in the UK whilst studying. This means they cannot register, trade or market their business for trade whilst they hold a student study visa.

(However, University of Sheffield Enterprise (USE) offer support to research, learn skills and test a potential business idea in readiness to register their business, if, following graduation, they are granted a Tier 1 Graduate Entrepreneur Visa. USE can offer support to set up a business in their home country whilst still a student.)

Most vacancies for part-time jobs and those that are advertised on Career Connect offer employment, however, sometimes vacancies are offered as self employed (also sometimes called freelance).

This document aims to explain the difference between employment and self employment and to explain the procedure needed if undertaking work on a self employed basis.

When you are employed you are working for someone else (an employer) and being paid a salary for this work. Your income tax and national insurance contributions are deducted from your salary by your employer so all the money you receive from your employer is yours to spend as you wish.

When you are self employed or working on a freelance basis you are responsible for paying all of your taxes and National Insurance contributions yourself. You will need to keep records of all your income and expenses and to submit these details to the tax office (Her Majesty’s Revenue and Customs - HMRC) every year by completing a tax return either online or paper based.

When you are self employed, the money you earn is seen to be your income and out of this you need to pay your taxes, after this the money, left is your “wage”. You may be able to claim any expenses you incur as a result of being self employed.

Some examples of areas where work may be offered as self-employed or freelance:

- Graphic Designer
- Music Tutor
- Personal Shopper
- Decorator
- Language Tutor
- Musician
- Journalist
- Translation/interpreting

Most students who are registered as self employed for a part-time job will be regarded as a sole trader by HMRC, trading by selling services or goods.

What counts as trading

- You are paid for a service you provide
- You sell regularly to make a profit
- You make items to sell for profit
- You sell online, at car boot sales or through classified adverts on a regular basis
- You earn commission from selling goods for other people

PTO

www.sheffield.ac.uk/careers
What do you need to do to become self employed:

1) **Decide on the nature of your trading business**
You will need to decide on the type of service that you will be providing eg web development; translation, mystery shopper

2) **Register with HMRC**
Anyone who becomes self-employed must register for income tax and National Insurance contributions with HM Revenue & Customs (HMRC). This can be done either online, by phone or by post, however it is far quicker and more convenient to sign-up online:

   https://online.hmrc.gov.uk/registration/newbusiness/introduction

3) **Set up a Government Gateway Account**
The Government Gateway is the website you use to register for online government services. It is an important part of the government’s strategy of delivering ‘joined up’ government, enabling people to communicate and make transactions with government from a single point of entry. Once you are registered as a Government Gateway User, you will be able to file your tax return online via the online form each year. You will use this account to communicate with HMRC and to submit your annual tax return. Sign up at:

   https://online.hmrc.gov.uk/registration/newbusiness

   You will receive a Unique Taxpayer Reference (UTR) which you will need whenever you communicate with HMRC

   When registering you will need to provide your **National Insurance Number (NINO)**

4) **Prepare an invoice**
When you are self employed you will need to submit invoices charging for the work that you have carried out. An invoice template is available for you to use at: **http://tinyurl.com/studentinvoice**

5) **Record your expenses**
If you incur any expenses when you are carrying out your self employment eg stationery, phone charges; travel expenses you can claim these when you submit your tax return, so you must record these carefully. An expenses template is available for you to use at: **http://tinyurl.com/studentexpenses**

6) **Submit an annual tax return**
Using your UTR you will be required to submit details of your earnings and expenses each year; this can be done online at: **https://www.gov.uk/log-in-file-self-assessment-tax-return/if-youre-already-registered**

**For further information:**
If you are planning to start your own business or need more detailed information about self-employment, please contact USE and see the resources at:

http://www.careers.dept.shef.ac.uk/inftree/SelfEmployment.php