



Key tax advice for 'gig' economy workers

The 'gig economy' has been mentioned a lot in the news over the last year or so. It describes a flexible labour market which offers short-term contracts, freelance working, agency work or zero-hours contracts - with the worker getting paid for each 'gig' they do. Research suggests that there are an estimated 5 million people working in the UK's gig economy for companies such as Deliveroo and Uber, or for example selling items online. For tax purposes though these workers are classed as 'self-employed' and so may need to pay income tax and Class 2 & 4 NICs. However, many of those involved in the gig economy may not have previously engaged with the tax system and had to fill in a tax return before. This can therefore result in non-compliance or under-reporting.

The first step is to see if you need to register as self-employed. This can be done by visiting the HMRC website. You can check at this point whether what you do puts you into the realms of self-assessment or it is just classed as miscellaneous income (i.e. below the £1,000 trading allowance).

Once registered, ensure that you keep all your receipts and invoices in one place and record what you have been paid and when. As you only have to fill out a self-assessment once a year it is a good idea to update your records, preferably on a spreadsheet or similar, on a weekly or monthly basis so that you do not have a full year to do in one go. It is also a lot easier to deal with queries when they are fresh in your mind rather remembering things from months ago.

Expenses can be claimed against the money you are paid if you can prove that the expenditure was 'wholly, necessarily an exclusively' due to a result of your work, for example fuel for journeys made as an Uber driver or additional running costs if you work from home. Visit <https://www.gov.uk/expenses-if-youre-self-employed> for a full listing of what to consider. Keep all receipts to back up any claims made.

It is also important to remember that you don't automatically pay tax on a monthly basis through your wages - if you are self-employed you will get a tax bill once a year and also may have to pay additional tax as a 'payment on account' for the next tax year. Therefore we would recommend you to plan for this by putting money aside each month as otherwise you could be in for an expensive shock on 31 January!

If you need any further advice on this topic or you think you may need some help completing your self-assessment please seek professional advice from an accountant.

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