

**Office of Tax Simplification: 2nd Report on the Business Life Cycle
Response from the Low Incomes Tax Reform Group (LITRG)**

1 Executive Summary

- 1.1 We welcome the opportunity to respond to this further report on the Business Life Cycle. Our response focuses on areas which we consider will affect small, unrepresented businesses with generally low-profit margins.
- 1.2 Communications on major changes for small businesses should be substantially improved. We are concerned that HM Revenue & Customs' (HMRC) communications strategy for Making Tax Digital for VAT will be too late to enable many small, unrepresented businesses to be ready before April 2019.
- 1.3 We recommend that HMRC's tailored information about a business be used to provide a personalised annual timetable of when payments and filing of returns are due for all the taxes a business is registered for. This should result in fewer errors as businesses could check when their many different payment dates and returns for quarterly VAT, monthly/quarterly PAYE, corporation tax and income tax are due.
- 1.4 We strongly urge HMRC to provide free basic software for small businesses who will need to comply with the Making Tax Digital for VAT programme and that HMRC's Basic Payroll Tool be re-designed to produce a payslip – this would simplify the payroll process.
- 1.5 The search function on the GOV.UK website must be improved to enable business-owners, who may not be able to afford professional advice, to find the relevant tax information they need quickly. Often a search will result in a high number of wide and diverging results, which is off-putting. It is likely to discourage people, who are already busy running their businesses,

from spending time looking through all the identified results to find the one that is most appropriate.

- 1.6 Although we are generally supportive of HMRC's digital agenda, they have a duty to ensure that there are good and effective non-digital methods available to allow small businesses to participate in their tax affairs with confidence.
- 1.7 It is essential that the consequences of introducing changes in one area of the tax system are not looked at in isolation and in particular the interaction between tax and benefits should always be considered and steps taken to mitigate any unintended consequences. An example of where simplification would benefit self-employed universal credit claimants would be the full alignment of the cash basis used for tax purposes with the cash basis used by the Department for Work and Pensions (DWP). By aligning these two methods it would simplify the system for some self-employed claimants as these claimants would only need to understand one set of rules, which should reduce errors on both universal credit monthly claims and self assessment tax returns.

2 About Us

- 2.1 The Low Incomes Tax Reform Group (LITRG) is an initiative of the Chartered Institute of Taxation (CIOT) to give a voice to the unrepresented. Since 1998 LITRG has been working to improve the policy and processes of the tax, tax credits and associated welfare systems for the benefit of those on low incomes. Everything we do is aimed at improving the tax and benefits experience of low-income workers, pensioners, migrants, students, disabled people and carers.
- 2.2 LITRG works extensively with HMRC and other government departments, commenting on proposals and putting forward our own ideas for improving the system. Too often the tax and related welfare laws and administrative systems are not designed with the low-income user in mind and this often makes life difficult for those we try to help.
- 2.3 The CIOT is a charity and the leading professional body in the United Kingdom concerned solely with taxation. The CIOT's primary purpose is to promote education and study of the administration and practice of taxation. One of the key aims is to achieve a better, more efficient, tax system for all affected by it – taxpayers, advisers and the authorities.

3 Introduction

- 3.1 We welcome this opportunity to comment on this second phase of work considering ways to simplify the business life cycle for smaller businesses. These businesses will often be owner-managed or family businesses with limited help or involvement from professional advisers. Some businesses may receive no professional tax or employment law advice.

- 3.2 Although we are not business owners nor do we provide direct advice to businesses, for this response we have used our experience of assisting small businesses which are usually self-employed individuals, maybe with a few employees, and possibly VAT-registered although with modest profits (for example, seasonal businesses such as cafes and restaurants). If the business has limited resources for professional help but does not feel able to competently deal with all the taxes they need to comply with themselves, then they will often deal with VAT returns and possibly payroll without professional advice. However, they will usually engage an adviser to deal with company accounts and tax returns if they are a limited company or self-employed accounts and self assessment tax returns if they are unincorporated, provided they can afford it.
- 3.3 As explained in paragraph 3.2, although we do not operate an advice service to the public, we are often contacted with specific queries from low-income and unrepresented taxpayers via our various websites¹. The appendix to this response contains examples of questions we have received from unrepresented self-employed taxpayers who are trying to understand the tax system and their tax and National Insurance responsibilities.
- 3.4 Due to the wide scope of this report and call for evidence we have focused on the areas which we consider affect small, unrepresented businesses with generally low-profit margins and where we feel we can add most value. We have also commented on other issues in sections 10 and 11, which are not mentioned in the call for evidence, but we wish to highlight to the OTS to consider as part of their report.

4 HMRC online services – Questions 14 & 15:

Do you use HMRC's online Personal Tax Account or Business Tax Account? a) What works well? b) What could be improved?

What is your experience of accessing HMRC's online services (for example, filing VAT, ITSA, PAYE, or CT returns online)? a) Which services do you use? b) Do you find them simple and quick to use? c) What works well? d) What could be improved?

- 4.1 As explained in section 3 we are not business owners nor do we provide direct advice to businesses; we have answered these questions based on our work with low-income and unrepresented self-employed individuals and small businesses.
- 4.2 The development of the personal tax account (PTA) and business tax account (BTA) are potentially positive developments for those taxpayers who are confident to 'self-serve'. However, navigating around the PTA is not as clear as it could be, and we are concerned that some of the information may be confusing and possibly misleading (for example, where the

¹ LITRG run four websites: <https://www.litrg.org.uk/> ; <https://revenuebenefits.org.uk/> ; <https://disabilitytaxguide.org.uk/> and <https://www.taxguideforstudents.org.uk/>

PTA shows a hypothetical tax code¹). The interaction between the PTA and the BTA is also not as good as it could be, so self-employed individuals have to switch between the BTA and the PTA to fully understand their tax position, which can also cause confusion.

- 4.3 Working together between different government departments on IT projects should be encouraged where the end result means less time is spent on administration by small businesses. An example of where we consider this has worked effectively for unrepresented businesses is the filing of simple company accounts on the Companies House website which then links into the corporation tax return (CT600).
- 4.4 Given HMRC's current focus on digital services, it is imperative that there are good and effective non-digital methods available to allow small businesses to participate in their tax affairs with confidence. Therefore, there must be non-digital alternatives to provide information to taxpayers, file tax returns and make claims to HMRC for relevant tax reliefs.

5 Paying Tax – Question 16

What is your experience of paying tax? a) Is this a simple process? b) Is it a quick process? c) Do you have any suggestions for improvement?

- 5.1 The Budget Payment Plan (BPP) should be promoted more because some self-employed taxpayers would like to pay their tax on a regular or monthly basis but it can be difficult to find information or HMRC support to get this to work.
- 5.2 There are so many different payment dates for small businesses to keep track of, many of which fall at different times – quarterly VAT, monthly/quarterly PAYE, corporation tax and income tax. It is understandable why small businesses may accidentally miss one or get muddled up. HMRC's tailored information about a business could be used to provide a personalised annual timetable of when payments and filing of returns are due for all the taxes a business is registered for; this could be shown as part of the BTA.
- 5.3 In our experience the delay in sending payslips for income tax self assessment can cause concern and confusion amongst taxpayers who prefer not to pay online. Promotion of the self assessment payslip tool could help encourage these taxpayers to produce their own payslip if they want to make a cheque payment before January and this would also save on HMRC administration as no payslip would be required to be sent in January.

¹ The PTA uses payroll information to update and show 'hypothetical' PAYE codes allocated to current employments. However, these PAYE codes are not passed to employers, they are only shown on the PTA which can cause confusion for taxpayers who have more than one employment and fluctuating wages.

6 Guidance – Question 17

Do you use HMRC guidance to help with your business's or your clients' tax affairs? a) If not, why not? b) If yes, what do you find helpful, and what could be improved?

- 6.1 Tax is a challenging subject to engage with small businesses. The reality is that running a business is time-consuming and keeping up with changes to the tax system is a low-priority for many business owners. This can cause particular issues for low-profit making businesses who may not be able to afford any professional tax advice and so must rely almost entirely on Government guidance. In our experience there is a significant problem with HMRC successfully engaging with unrepresented businesses about tax developments such as the proposed (and now aborted) changes to Class 2 National Insurance contributions (NIC) and Making Tax Digital for Business (MTDfB).
- 6.2 Communications on major changes for small businesses should be substantially improved. HMRC have numerous mediums to reach small businesses such as short-films, webinars, guides and bulletins, however, they need to focus on delivering this information to who needs it and in a timely manner. For example, one of HMRC's biggest programmes of change to our tax system is about to begin in April 2019 with the Making Tax Digital for VAT initiative, however HMRC have only begun writing to those VAT-registered businesses to whom they expect it to apply during November 2018 and our understanding is that 100,000 businesses will not be contacted by HMRC until January 2019. This is clearly very short notice and does not give businesses very much time to get prepared for the new regime at all. This is particularly relevant to unrepresented businesses as they will not have been introduced to the concept and basic requirements of the new system by an agent or accountant.
- 6.3 Many small businesses are inundated with emails and often do not have time to search for advice in a specific area. A more targeted approach would have the benefit of improving businesses' tax knowledge and therefore may reduce errors on tax returns. For example, a letter and follow-up email containing the link to the online course on 'tax advice for childminders'¹ could be sent to all registered childminders.
- 6.4 Many unrepresented businesses rely on GOV.UK as their only source of tax information and while we acknowledge that improvements have and are being made since the website was launched, problems still remain. We agree with many of the recommendations in the recently published OTS report 'Guidance for taxpayers: a vision for the future'².

¹ On the GOV.UK website:

http://www.hmrc.gov.uk/courses/syob3/cm/HTML/cm_menu.html?utm_source=HMRC-DSBA-Partner&utm_campaign=Mar-Campaign-Partner&utm_medium=Email&utm_content=cm

² Link to the OTS report 'Guidance for taxpayers: a vision for the future':

<https://www.gov.uk/government/publications/guidance-for-taxpayers>

- 6.5 One particular area of concern is the search function. The wide and diverging search results are off-putting and are likely to discourage people, who are already busy running their businesses, from spending time looking through all the identified results to find the one that is most appropriate.
- 6.6 For example, when entering 'childminders and tax' in the GOV.UK search function there are 49,940 results. HMRC offer an online course¹ giving tax advice for childminders and that course is not included in the first five pages of results (we did not carry on searching for it after the fifth page as there are 2,497 pages of results). We would expect the online course to be listed at or near the top of the results to help childminders understand their tax obligations.
- 6.7 Some HMRC guidance is still being held on the old HMRC website (www.hmrc.gov.uk) and as this is not a secure website it may deter businesses from using links to this information.

7 Becoming an employer – Question 18

If your business (or a business you advise) has employees, how does being an employer impact on the administrative burden?

- 7.1 We are interested to see if the OTS will consider at what level additional administration may stunt growth and actually discourage businesses from expanding. Sole traders and partnerships may consider it simpler to not employ staff even if this results in stunting the growth of their business because they find employment law and PAYE processes too daunting to undertake. Unfortunately, this may result in further complications such as encouraging workers to be treated as self-employed when they should be employees.
- 7.2 Taking on employees without appropriate professional advice, from both a tax and an employment law position, can become very burdensome. Recently there have been several significant changes which can be costly financially and, in the time, spent understanding and administering them. In particular, the auto-enrolment pension requirements have been a fairly major addition and cost to employer responsibilities.
- 7.3 We recommend that HMRC's Basic Payroll Tool is re-designed to produce a payslip, this would simplify the payroll process. Currently although the tool can be used by employer's with a small number of employees, no payslip is produced, this increases the time and

¹ On the GOV.UK website:

http://www.hmrc.gov.uk/courses/syob3/cm/HTML/cm_menu.html?utm_source=HMRC-DSBA-Partner&utm_campaign=Mar-Campaign-Partner&utm_medium=Email&utm_content=cm

complexity for employer's to produce a payslip. We have produced a tool¹ for care and support employers which enables payslips to be generated, this was fairly inexpensive to develop, and we fail to see why HMRC are unable to provide similar assistance to small businesses.

8 Business losses – Question 20

Has your/your clients' business made a loss in any recent year(s)? a) Did the tax system help offset the losses? b) How have you found the process of recording the loss for tax purposes?

- 8.1 There are many ways tax relief can be obtained for losses within the tax system and this is one of the areas which unrepresented taxpayers struggle to deal with. The complexity of the various claims together with the mechanism for actually making the claims can be mindboggling, and we think it is unlikely that the most beneficial claims are made by many unrepresented self-employed claimants.
- 8.2 We consider that a significant number of unrepresented businesses use the cash basis but probably do not formally elect to do so on their tax return. The introduction of the cash basis was a sensible and pragmatic approach to simplifying the method of accounting for most small businesses. However, we are concerned that there is poor awareness amongst unrepresented businesses that it is possible, and indeed sometimes beneficial, to change between the two accounting methods depending on circumstances. A typical scenario would be a loss-making business changing from the cash basis to the accruals (traditional accounting) basis. HMRC should consider how they can educate small businesses on the advantages and disadvantages of using the different accounting bases.

9 Making Tax Digital (MTD) – Question 22

From April 2019, VAT registered businesses with a turnover exceeding the £85,000 threshold will need to keep VAT records digitally and file their VAT returns using MTD compatible software. a) Were you aware of the MTD programme? b) Do you keep records i. Digitally ii. On paper iii. Both digitally and on paper? c) Do you know what may be expected from your business (or your clients' businesses) under MTD? d) Are you or your clients prepared for future MTD requirements?

- 9.1 The MTD programme has been in development for several years now, however it is only very recently that the pilot of the new Making Tax Digital for VAT regime has been opened up

¹ <https://disabilitytaxguide.org.uk/paying-wages/reporting-payee-in-real-time/rti-software/hmrc-basic-payee-tools/payslip-tool>

more generally to straightforward businesses to join. If they sign up to the pilot, this will enable them to test their software ahead of mandation in April 2019, but as this is now approximately four months away, this is far from satisfactory. (Other businesses, including those using the simplified Flat Rate Scheme for VAT – which is used by many smaller businesses – will not be able to join the pilot programme until January 2019 at the earliest.)

- 9.2 However, there is still a substantial lack of awareness of the MTD for VAT programme amongst unrepresented businesses. HMRC's main communications plan for MTD for VAT began in November 2018 so hopefully this will be effective and raise awareness quickly, but time to organize business affairs to become compliant by April 2019 is running out.
- 9.3 Many small businesses do **not** keep digital records and so the move to the new system will be a major change and cause significant upheaval and cost, in both time and money. We anticipate that some may want to apply for exemption from MTD for VAT but HMRC have not yet finalised the process for doing this. Again, this is very unsatisfactory as time will become very pressing if a business applies for exemption but is turned down and then has to reorganise their affairs to become compliant by April 2019. If an appeal¹ is made against the decision to refuse exemption this will extend the process still further.
- 9.4 We continue to strongly urge HMRC to provide free basic software for small businesses to help them with this new VAT programme. We were pleased to see that the House of Lords Economic Affairs Committee's Making Tax Digital for VAT: Treating Small Businesses Fairly report² also called for free software to be provided to reduce the burden on small businesses.

10 Other issues- understanding of tax issues

- 10.1 In our experience there is a significant issue with educating business-owners on private vs business tax affairs. Unfortunately, many traders find it difficult to separate themselves from the business. The effect of this is more of a problem with limited companies than with self-employed businesses as for the latter it can be dealt with by private-use adjustments, disallowing personal expenditure and treating these costs as drawings. For companies, where the business-owners struggle to acknowledge what assets belong to the business, this can result in problems with overdrawn loan accounts for the directors and participators, which can lead to an additional corporation tax charge or in some cases dividends being distributed illegally.

¹Exemption from MTD for VAT- it is not yet clear what the rights for appeal will be nor the process for appeal.

² Link to Economic Affairs Committee -Making Tax Digital for VAT: Treating Small Businesses Fairly : <https://publications.parliament.uk/pa/ld201719/ldselect/ldeconaf/229/22902.htm>

- 10.2 For many small businesses who cannot afford professional tax advice, trying to understand the concepts of a basis period and overlap profits can be very difficult. As both of these may need to be considered when working out the business' tax position at some stage, it undoubtedly often makes the process challenging. Many small businesses, which would include the self-employed, small partnerships and small owner-managed companies or small close companies, would benefit from having a default year-end of 31 March (or 5 April) which they could choose to opt-out of if they prefer to do so.
- 10.3 Having a default year-end would still enable businesses to change it to a more appropriate year-end if it worked better with their business life cycle and work pattern. However, the advantages of having a default year-end which automatically ties in to the end of the tax year are: no overlap profits will arise; and there will be a greater level of understanding in how the business accounts fit in with the corresponding tax year (not only for self-employed taxpayers completing self assessment tax returns but also for owner-managed companies as the company's year-end will correspond to the end of the tax year for any bonuses or dividends distributed). It will also be advantageous when introducing MTD for income tax purposes as it will be simpler for businesses who will need to make quarterly returns if they have a 31 March year-end because it will then be coterminous with the tax year.
- 10.4 Previously, when we have suggested a default year-end of 31 March to HMRC, it has been dismissed because HMRC like to give taxpayers a choice and they are unable to provide a suggested approach to businesses. However, an opt-out approach would still enable the business to have a choice and would be similar to the recently introduced cash basis approach for rental property owners, where the default approach is to use the cash basis, but this can be changed on the self assessment tax return so that the traditional accruals basis can be used instead.
- 10.5 Many businesses consider VAT difficult to understand and apply correctly. Unfortunately, the recent changes to the flat rate scheme (FRS) which introduced the concept of 'limited cost trader', will probably encourage more businesses to use the standard VAT registration which may result in more errors and possibly greater non-compliance as the FRS is easier to understand. To assist with this, it would be helpful to have more training available along with better signposting on GOV.UK for unrepresented businesses which are newly VAT-registered.
- 10.6 There is often confusion over the different thresholds for different classes of NIC and tax. The unrepresented business owner may struggle to fully comprehend when they need to pay income tax and Class 4 NIC or Class 1 employers NIC if they take on staff. Confidence in understanding these thresholds is important for example, when calculating cash flow and deciding whether the business can afford to expand and take on an employee(s).
- 10.7 Another very common problem which can arise in relation to VAT registration, is that it is not generally well understood that VAT works on a rolling 12-month cumulative basis and **not** by considering each accounting year. For example, when considering whether they need to be VAT registered, many small businesses look at their turnover once a year in their

annual accounts and therefore do not monitor it on a 12-month rolling basis. This can lead to non-compliance and penalties when businesses register for VAT too late.

- 10.8 The Annual Investment Allowance is helpful in that it is a simple to use and easy to understand, however, we would have preferred that it was kept at the same level and not amended as announced in the recent Budget. Although this change to the threshold is highly unlikely to affect many small businesses, previous changes have led to much complexity for affected businesses.
- 10.9 The trading allowance is an example of what should have been a fairly straightforward allowance which small businesses or individuals testing the market to decide whether they want to commit to self-employment, could use. For a relatively small allowance the legislation and guidance considerations have been quite complex. The allowance is not always straightforward when considering other tax and tax-related benefits.
- 10.10 For example, a self-employed taxpayer who would benefit from full relief of the trading allowance would not usually need to complete a self assessment tax return, however if they wish to voluntarily pay Class 2 NIC then they will need to do so. It is questionable whether an unrepresented taxpayer would know to do this, and consequently this may cause problems with their National Insurance contribution record in the future (see our comments at paragraph 11.2 below regarding the interaction of benefits and the trading allowance).

11 Other issues – interaction with tax credits and universal credit

- 11.1 It is essential that the consequences of introducing changes in one area of the tax system are not looked at in isolation and are considered with regard to all connected areas to ensure there are no unintended complexities or unfairness. An example of this are changes to the tax system which may affect tax credits or universal credit.
- 11.2 For example, the new trading allowance is treated differently under tax credits than under universal credit, this is because tax credits follow the self assessment tax rules so if the trading allowance has been deducted it will also be deducted from income used to calculate tax credits. In the case of universal credit the trading allowance is ignored and so the universal credit award is calculated on using a self-employment monthly profit figure which may differ from the one that is used for annual tax purposes (and would have been used for tax credit purposes). It is important that claimants understand that these rules are different depending on whether you are entitled to tax credits and universal credit, so that errors are not made when making claims or completing tax returns.
- 11.3 There are also additional complexities when considering universal credit and tax which we consider could be simplified to help self-employed universal credit claimants. An example would be the alignment of the cash basis rules for tax with the cash basis rules for universal credit. For universal credit purposes, the DWP operate a crude cash basis for calculating monthly profits from self-employment. However, the universal credit rules for working out

self-employed earnings are different to the ones introduced by HMRC. There are a number of differences which are summarised in our 2017 report 'Self-employment claimants of Universal Credit – lifting the burdens'¹ such as the method of giving loss relief, the treatment of refunds of income tax and National Insurance, the choice of using the simplified expenses rules, and not least the period over which profits are assessed – the HMRC method operates on a yearly basis, the DWP monthly. By aligning these two methods it would simplify the system for some self-employed claimants as these claimants would only need to understand one set of rules, which should reduce errors on both universal credit claims and self assessment tax returns. However, some businesses cannot use the cash basis for tax purposes or may benefit from using the accruals basis instead (for example, if they have tax losses) so alignment would not help all self-employed universal credit claimants.

- 11.4 Another concern regarding the interaction of tax and benefit policy is that it is possible to be defined as self-employed by HMRC for tax purposes but not carrying on a trade or vocation or profession by the DWP for universal credit claims. This is likely to cause confusion and uncertainty for claimants.

LITRG
29 November 2018

¹ Link to ' Self-employment claimants of Universal Credit – lifting the burdens' :
<https://www.litrg.org.uk/sites/default/files/Self%20Employment%20report%20FINAL%20for%20release.pdf>

APPENDIX: ANALYSIS OF EMAIL QUERIES RECEIVED BY LITRG IN PERIOD AUG 2017 TO OCT 2018 AND EXAMPLES OF QUESTIONS ASKED**Self-employed and tax return issues (13 queries)**

“If someone registered self-employed in October 2017, when completing the tax return, do they just complete it for the six months from October 2017 till 5th April 2018?”

“Hello, I just wanted to find out that I became self-employed in June 2017 so will I send my tax return details from June 2017-June 2018 or June 2017- 6 April 2018. Thank You”

“I became 'self-employed' for 3 weeks whilst training for a sales company in February, I received zero pays from that company. I have now got full time employment within a Retail company therefore am no longer self-employed, I have received a 'tax return' letter. What is my next step?”

“I am currently self-employed part time as a music teacher, my annual profit on my tax return is usually quite low, around £1500. In April I am going to attempt to start selling my ceramics. HMRC have told me that I will need to enter these on next years tax return as 2 separate self-employed businesses and that I will not be able to hold my losses for my ceramics (I will need to buy some equipment) against my profits for my music work. Is this right? Can I not just enter 1 self-employed tax return under my name with the description 'creative work'? I assume this can be changed at any time as it is not a business just a description of my self-employment. Sorry to be asking this so far in advance but I am on working tax credits and like to update them with my real time earnings so my payout don't get effected at the end of the year. Obviously my profits/losses would make a difference to any support they give me.”

Registering as self-employed (4 queries)

“Good day. I am a newly registered as self-employed. I registered late April 2017. When will my first payment be due? Many thanks.”

“Hello, I am currently unemployed and considering to start learning new skills to change my career. And I will start a course soon this year. My question is regarding Self-employed registration and tax reports. I have just finished some freelance jobs which will make around £1300. I have not registered as a sole trader / self-employed yet. The reason is I am considering to start my study this year soon, not planning to be a freelancer. Therefore I will not take more freelance jobs in the future. Do I still have to register/ report myself to HMRC? It'd be so helpful to hear back from you soon.”

Self-employed and foreign/overseas issues (4 queries)

"I have been a sole trader for the past year. I am due to Leave the country and emigrate to Australia with in the next 6-8 wks. I realise I may owe some tax and NI but don't know how I would go about paying it should I need to. Can someone please help or send me the correct form needed. Thank you"

National Insurance and self-employment (7 queries)

"Hi, I recently received a pension forecast and was shocked to find that in the years when I'd been self-employed and had obtained a small earnings exception certificate that I had no NI credits. I had mistakenly assumed that the NI credits would be paid for me and I was excepted from paying them on the grounds of low income. I had read on the form that "your pension may be affected" but I thought "why should it be if I'm exempted from paying?" so I didn't look into it further. If the wording had been "your pension WILL be affected" I would have checked it out. So I feel that the form was not clear and I'm wondering if I can contest the decision to grant me no credits for those years on the basis of being poorly informed. I assumed that I didn't have to pay the contributions because I couldn't afford to pay and they were exempting me on the grounds of inability to pay them. It didn't make sense to me that they were then saying that I should have paid them"

"Interesting reading on the new NI proposals. Can't find my issue. I've been self-employed and class myself as semi retired at 63, I've accumulated 44yrs Contributions and still pay the 2.80per week Ni Class 2. But I don't even know and can't find out if I need to carry on paying this contribution. My earnings now at this stage of life are well below my personal allowance and rely on some smaller pensions that I've cashed in. If you can shed some light on this it would be appreciated."

Interaction of benefits (including universal credit) and self-employment (5 queries)

"Hi, I'm really really struggling to find any help and support or specialist accountancy and tax advice for someone that is on ESA and doing self-employment through permitted work. Specifically around the issue of tax. What is taxable in relation to benefits and what isn't. I have direct payments, PIP, ESA, Council Tax and all sorts of things, as well as earnings from permitted work. Any advice as to a specialist firm or charity?"

"Hi I am looking at starting up my own dog grooming business. I am hoping to work 20 hours a week. I have been told that I will be able to remain under the old scheme of working tax credits as I am I single working mother...but once the business has been running for a year it will be switched to universal credits. Working 20 hours a week after business expenses I will come home with around £160 pw. What will change after the year and how will universal

credits effect me being self-employed? If you could please advise me as it's a great worry as it is a deciding factor to whether I will go self-employed or find employment elsewhere.”

VAT and self-employed (1 query)

“Hello, I am planning to sell on ebay.co.uk and I had a debate with other sellers. Do I need to register for VAT from the beginning or just when I reach £85,000 in a 12 month period? Some of them says the threshold is relevant only if I have a company. Is it true? I would appreciate a lot your response.”