

Do I have to pay tax?

In most cases, yes! If you are over the thresholds for your personal circumstances, then you will need to pay and you can't just decide that you don't want to. There may be options available to you to pay less tax depending on your circumstances but you should plan to pay your taxes.

I have two jobs. Do I pay tax on both?

If you have more than one job all of your earnings should be reported to HMRC and you will pay tax on the combined total of your earnings. Depending on how much you earn you will typically pay a combination of income tax, NICs and the Health and Social Care Levy.

How often do I pay tax?

Your PAYE (Pay as You Earn) will be calculated using a self-assessment tax return and you'll generally pay tax once or twice a year. However, you'll see monthly tax contributions in your payslips.

Is tax different for different sources of income?

The different sources of income are summed together and all taxed according to the income tax rate for the different income taxes for different sources. Different income sources will also benefit from different allowances. For example, for someone employed by others, a standard Personal Allowance of £12,570 is included which is the amount of income you do not have to pay tax on.

If you're self-employed, you will pay tax on your profits at the same time as you pay tax on all of your other income for a tax year under Self Assessment.

What happens if I don't pay the right amount of tax?

You may not pay the right amount of tax for a number of reasons. One of the main reasons is if you are on the wrong tax code. If this happens and you have overpaid tax, HMRC may contact you to let you know you are owed a refund. If you have underpaid tax HMRC may contact you to discuss ways for you to pay it back. This could be through additional payments through future payslips or by making a one-off payment. None of this is automatic, so if you suspect your tax payments are wrong, you should contact HMRC. If you deliberately avoid paying tax, there may be fines or even imprisonment.

How do I pay tax if I'm self-employed?

If you are self-employed, reporting and paying tax is your personal responsibility. If you earn over the trading allowance of £1,000 you will need to first register with HMRC to receive a unique taxpayer identification. You will then need to make sure you complete a tax return - known as a self-assessment tax return. Some people are both employed and self-employed, which can make things a little trickier. HMRC will use records from your employer to calculate your tax bill but you will still need to let HMRC know if you have made money from another source. This self-employed income will be added to any employment income and your tax bill will be calculated on the total amount.

If I'm self-employed, what information needs to go on my invoice?

An invoice should have a unique identification number, your company name, the address and contact information for you or your company (if you have one), the company name and address of the customer you're invoicing, and a clear description of what you're charging for, the date the goods or service were provided (supply date), the date of the invoice, the amount(s) being charged, the VAT (value-added tax) amount if you charge this and finally, the total amount owed.

How do I sort out my own pension?

A personal pension, also known as a private pension, is a type of pension you can set up yourself. You can have a personal pension even if you already have a pension through your employer.

If you decide to open a personal pension, it's up to you to choose your provider, how much you're going to contribute (within the annual and lifetime limits), and how often you're going to contribute to it. As with a workplace pension, the government will also contribute to your personal pension through tax relief.

Why is my employment contract important?

Your employment contract sets out the terms and conditions of your employment. This can include details such as your working hours, salary, holidays, work location, etc. Your contract will also include a starting date and a notice period in case you want to leave your job.

When might I go to an employment tribunal?

An employment tribunal is a special court that considers disputes between employers and employees. If you have a dispute with your employer that you have not been able to resolve through the grievance process you may have a case that can be taken to an employment tribunal. Not all cases will be eligible and if you are unsure about your rights you should speak to an employment lawyer, Citizens Advice, or a union representative if you are a member of a union.

Am I entitled to anything on a zero-hour contract?

A zero-hour contract means you are not guaranteed any paid work, but that doesn't mean you are not guaranteed rights. You are still entitled to rights such as national minimum wage and holiday and sick pay. Your health and safety should also be protected in the workplace. You also have the right not to be discriminated against, including if you're pregnant.

Why might I have a side hustle?

Someone may have a side hustle to increase their income or take advantage of their skills and demand in the market. A side hustle could improve financial security while being personally fulfilling. Examples of side hustles include freelance graphic design, driver for ride-hailing companies, and computer programming.

How do I know if a side hustle is worth doing?

Whether a side hustle is healthy depends on why you do it. If it is purely for the money, you need to make more from it than it costs you to do (making a profit). Making a profit is good but if you are relying on your side hustle to be your main way to make money you will also need to budget for any everyday outgoings such as bills, rent, etc. to ensure you are making enough profit to make it worthwhile. However, you can do side hustles for enjoyment, training, or other rewards. For example, your side hustle could be really fun, could teach you new skills, or help the community. Whatever your reason for side hustling, you should always take care that it doesn't put your main source of income at risk.

How can I make sure my side hustle is healthy?

A side hustle is 'healthy' if the total gains you can take from the business cover the costs you put into the side hustle, as well as allow you to take some profits from it. Although a side hustle should be done in addition to your day job to gain/ train skills, a side hustle is likely to be enjoyable and shouldn't put you in a position of burnout.