Cranleys
CHARTERED ACCOUNTANTS



CRANLEYS' CLEVER CHECKLISTS · No. 18 · BUSINESS TAX

Self-Employment and Partnerships Checklist 2026/27

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.



By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

THE QUICK ANSWER

Sole traders can use the £1,000 trading allowance or claim actual expenses, whichever gives the lower profit. Making Tax Digital for Income Tax starts from April 2026 for turnover over £50,000, then £30,000 in 2027 and £20,000 in 2028. Partnerships file their own return, and platform income is reported to HMRC.

THE KEY FIGURES

2026/27 figure	Amount
Trading Allowance	£1,000
Making Tax Digital for Income Tax	over £50,000 from April 2026, £30,000 from April 2027, £20,000 from April 2028
Self Assessment deadlines	31 October paper, 31 January online and payment
Payments on account	31 January and 31 July
Class 4 National Insurance	6% to £50,270, then 2%

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The checklist, box by box

	The check	What to do	Keep as evidence
☐	**Allowance or expenses?**	The £1,000 allowance replaces expenses for that income. If real expenses are higher, claim them instead.	Expense records
☐	**Which accounting basis?**	Cash basis is the default for small businesses. Tax is on the tax year basis since 2024/25.	Accounts, transitional overlap profits
☐	**Are you in Making Tax Digital for Income Tax?**	Check combined business and property turnover against the thresholds. Digital records and quarterly updates follow.	Software set-up, HMRC sign-up
☐	**Is partnership profit split correctly?**	A partnership return shows the profit. Each partner reports their share. Salaried member rules can apply to LLPs.	Partnership return, profit sharing agreement
☐	**Is platform and side hustle income declared?**	HMRC receives data from digital platforms. £1,000 may cover occasional sales, regular trading is taxable.	Platform statements
☐	**Are payments on account right?**	Based on last year's bill. Reduce them only on a reasonable estimate.	Payment schedule



MY PRO TIP

claim the expenses, not the allowance, if expenses are bigger.

A worked example

A freelancer has turnover of £40,000 and genuine expenses of £8,000. Claiming expenses gives a profit of £32,000. Using the £1,000 allowance would give a profit of £39,000. At income tax of 20% and Class 4 of 6%, that is about £1,820 more tax on £7,000 extra profit. Claim the expenses.

The trap to avoid

Forgetting platform income. HMRC receives platform reports, matches them to your return and writes to you.

The case that matters

Edwards v Bairstow [1956] AC 14: a leading case on whether an isolated deal was trading, still behind the badges of trade tests.

Test your accountant

One question that tells you if you have the right adviser:

Am I in Making Tax Digital for Income Tax, and which accounting basis suits my business?

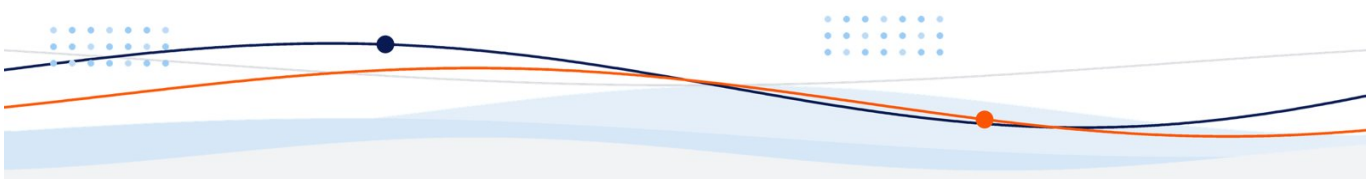
What has changed recently

- Making Tax Digital for Income Tax began for qualifying sole traders and landlords from April 2026.
- Thresholds fall to £30,000 in April 2027 and £20,000 in April 2028.
- Incorporating can change the picture. See the corporation tax checklist.

Questions I get asked

What is the trading allowance?

£1,000 of trading income can be tax free if you do not claim expenses. It is a choice, not an extra.



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Who has to use Making Tax Digital for Income Tax?

From April 2026 those with qualifying income over £50,000. From April 2027 over £30,000 and from April 2028 over £20,000.

When are self assessment payments due?

31 January for the balance and first payment on account, and 31 July for the second payment on account.

Do I need to declare income from selling online?

If you are trading, yes. Platforms share data with HMRC.

The 9 CAD Keys link: Clarity

Clarity is knowing your profit month by month, not once a year. MTD makes that discipline compulsory for more businesses.

Colin's 9 CAD Keys. CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

Tick these next

Tax checklist 03
National Insurance Checklist 2026/27

Tax checklist 12
Corporation Tax and Close Companies Checklist 2026/27

Tax checklist 19
Property and Landlords Tax Checklist 2026/27

Tax checklist 22
HMRC Compliance, Enquiries and Penalties Checklist 2026/27

Go deeper: my books

For this topic, start with **Business Tax Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

Keep the nest tidy and the receipts in order.

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Scan to read online, tick it on screen and take the Scorecard



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