

SELF EMPLOYMENT: EMPLOYED vs. SELF-EMPLOYED

Employment status affects the type of tax and National Insurance Contributions (NICs) you pay and how you pay it and affects your entitlement to benefits and may affect your employment rights:-

- It is based on the terms and conditions of the agreement you have with those who you work for.
- It is not defined in law but is instead determined according to principles established in the courts.

Employment status

In most cases you are employed if you work for someone and do not have the risks of running the business and will be self-employed if you are in business for yourself and are responsible for the success or failure of that business.

Otherwise, you need to consider the following questions for each job you have. If you answer 'yes' to more of the questions in one set than the other, you are more likely to fall into that category.

SELF-EMPLOYED	EMPLOYED
<ul style="list-style-type: none"> • Can you hire someone to do the work, or engage helpers at your own expense? <p>A self-employed worker would typically be responsible for completing a job themselves but able to send a replacement if they were unable to, for example due to illness.</p>	<ul style="list-style-type: none"> • Do you have to do the work yourself?
<ul style="list-style-type: none"> • Can you decide what work to do, how and when to do it and where to provide the work? <p>An employee is usually subject to a certain degree of control by their employer who is able to direct the worker in the performance of their duties.</p>	<ul style="list-style-type: none"> • Can someone tell you what to do, where and when to carry out the work and how to do it?
<ul style="list-style-type: none"> • Do you risk your own money; can you make a loss as well as a profit? <p>Individuals who risk their own money by buying equipment and materials, bearing running costs and paying for overheads are usually self-employed. Employees are not usually expected to risk their own capital.</p>	<ul style="list-style-type: none"> • Do you work a set amount of hours and are you able to get overtime pay or bonuses?
<ul style="list-style-type: none"> • Do you agree to do a job for a fixed price regardless of how long the job may take? <p>Both are further pointers to self-employment (risk and opportunity to profit) and employment (degree of control).</p>	<ul style="list-style-type: none"> • Can someone move you from task to task?
<ul style="list-style-type: none"> • Do you work regularly for a number of different people? <p>Self-employed individuals typically complete work for several customers under contracts of varying length whilst employees usually have a single contract with one employer.</p>	<ul style="list-style-type: none"> • Are you paid by the hour, week or month?
<ul style="list-style-type: none"> • Do you have to correct unsatisfactory work in your own time and at your own expense? <p>The self-employed individual usually bears the risk of undertaking work, including rectifying any errors.</p>	
<ul style="list-style-type: none"> • Do you provide the main items of equipment needed to do the job? <p>A self-employed worker generally provides whatever equipment is needed to do the job.</p>	

It is possible to be employed and self-employed at the same time, for example you could work full-time as an employee and run your own part-time business in the evenings and at weekends.