

THE PAID HOUR · PREMIUM COURSE

UK Freelancer HMRC Tax & Expense **Mastery**

Every deduction you are legally owed, every deadline, in one place — updated for Making Tax Digital and the 2026 dividend change.

EDITION 2026/27 · FREE UPDATE AT EVERY BUDGET

FREE SAMPLE · MODULE 1 OF 9

The opening module of the full course — complete and unedited.

The full edition (9 modules, 11 working templates) is at thepaidhour.com.

The Paid **Hour**

thepaidhour.com · by Syed Esrak Ahmmed · 9 modules · 11 working templates

What's inside

Nine modules that take you from "am I even a business?" to a 12-month operating calendar — plus 11 templates in the accompanying pack that do the boring part for you.

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HOW TO READ THIS

Work through M1–M2 once, this week. M3–M5 are reference — come back every time you spend money. M6–M7 matter at each quarter end and each January. M8–M9 are your insurance policy. Every figure in this course is for the **2026/27 tax year** and carries its source; when a Budget changes anything, you get the updated edition free.

General information for the 2026/27 UK tax year, correct at date of publication (August 2026). Not tax advice. Your circumstances may differ. Figures change at each Budget — check the update page at thepaidhour.com.

01 Position yourself correctly

OUTCOME — by the end of this module you know exactly which obligations bite you: whether you must register, whether you must file, and whether MTD applies. Most freelancers get one of these three wrong.

You sold a logo for £250 in May. Then a website for £900 in July. Somewhere between those two invoices you became, in HMRC's eyes, a trader — and a clock started ticking that most people don't hear until a penalty letter arrives. This module is about hearing the clock.

Are you actually trading?

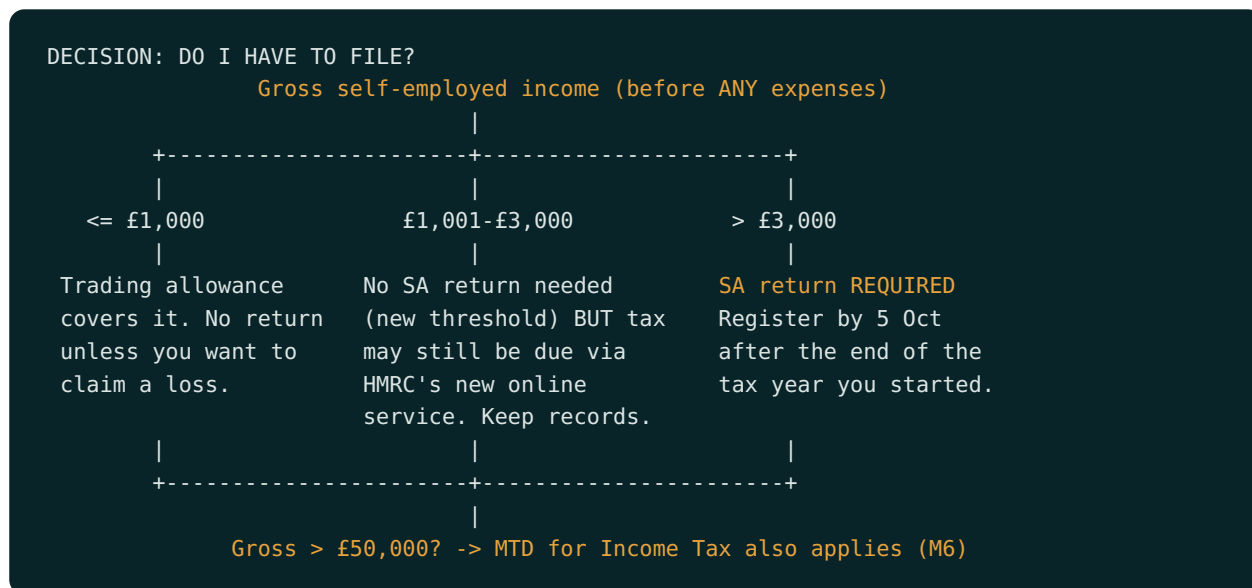
HMRC doesn't care what you call yourself. It applies the **badges of trade** — a set of tests built up from decades of case law. In plain English, you're probably trading if several of these are true:

- You do it **repeatedly**, not as a one-off clear-out.
- You **intend to make a profit** — you set prices, you chase payment.
- You **advertise or take commissions** — a portfolio site, an Upwork profile, a "DM for rates" bio all count.
- You buy things **in order to** sell them or sell your time using them.
- The work is connected to **skills you sell** — a developer selling dev work, a designer selling design.
- There's **organisation** behind it: invoices, a business bank account, records.

Selling your old sofa on Marketplace is not trading. Doing three paid Figma projects for three different clients is. If you're in the grey zone, the money decides it — see the flowchart below.

Source: HMRC BIM20205 (badges of trade), gov.uk — checked August 2026.

Do you have to file a return?



Three things in that chart trip people up, so let's say them slowly.

First: it's gross, not profit. The £1,000 trading allowance, the £3,000 filing threshold and the £50,000 MTD threshold are all tested on your *turnover before expenses*. You can make a loss and still be over a threshold. Honestly, most people get this wrong because HMRC's own pages bury the word "gross" three paragraphs down.

Second: the £3,000 threshold is new. The Self Assessment filing threshold for trading income is being raised from £1,000 to £3,000 gross (phased in). Below it you may escape the *return*, but not necessarily the *tax* — HMRC has a simpler online service for reporting small amounts. Don't read "no return" as "no tax".

Third: the trading allowance is a trap for real businesses. Claim the £1,000 allowance and you **cannot** claim any expenses. If your costs are over £1,000, claiming actual expenses beats the allowance. Freelancers with software subscriptions, kit and insurance almost always pass £1,000 of genuine costs — run the numbers both ways once, then stop using the allowance.

Source: gov.uk — tax-free allowances on property and trading income; Autumn 2024 announcement of the £3,000 reporting threshold — checked August 2026.

Registering: 15 minutes, once

- 1 **Create a Government Gateway account** at gov.uk if you don't have one. Save the user ID somewhere permanent — recovering it later wastes weeks.

- 2 Register for Self Assessment** (form CWF1 online) as self-employed. Deadline: **5 October** after the end of the tax year in which you started trading. Started September 2026 → register by 5 October 2027. Do it now anyway.
- 3 Wait for your UTR** — the 10-digit Unique Taxpayer Reference arrives by post in roughly 10 working days. It's your tax identity for life; file it in your records folder (M2).
- 4 Diarise the five dates** in the table below. Actual calendar entries with alerts, not intentions.

Date	What	Miss it and...
5 Oct	Register for Self Assessment (first year only)	"Failure to notify" penalty, % of tax due
31 Oct	Paper return deadline	£100 fixed penalty
31 Jan	Online return + balancing payment + 1st payment on account	£100, then daily penalties from 3 months; interest on tax
31 Jul	2nd payment on account	Interest accrues daily
7 Aug / Nov / Feb / May	MTD quarterly updates (if mandated — M6)	Penalty point; points become fines

Sources: gov.uk Self Assessment deadlines; HMRC MTD for Income Tax guidance — checked August 2026.

DO THIS NOW

Register (or confirm you're registered), save your Gateway ID and UTR into your /04-Tax folder, and put all five dates in your calendar with a 1-week and a 1-day alert. Fifteen minutes, and half this course's penalties can never touch you.

END OF FREE SAMPLE

That was Module 1.

8 more modules come with the full course.

You've just read "Position yourself correctly" in full — nothing cut, nothing teased. Here is what the paid edition adds.

The remaining modules

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|-----------|---|
| M2 | The record system — folders that survive an enquiry and feed MTD |
| M3 | Expenses — the wholly & exclusively test and 15 categories |
| M4 | Home and vehicle — flat rate vs actual, with the break-even maths |
| M5 | Capital items — kit, AIA and disposals |
| M6 | MTD for Income Tax — quarterly updates, live since April 2026 |
| M7 | The return and the payments — boxes, payments on account, SA303 |
| M8 | Enquiry-proofing — retention, penalties, defence file |
| M9 | The 12-month operating calendar |

Plus the template pack: 11 working templates — spreadsheets and documents you fill in, not examples you retype. Edition 2026/27, with a free updated edition at every Budget.

Get the full course

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