**Self employed**

Self employed people carry out business activity on their own. Self employment includes contracting, working as a sole trader and small business owners.

Usually, a self employed person can start in business without following any formal or legal set up tasks.

**Tax summary**

If you're self employed you use your individual IRD number to pay tax. You pay tax on net profit by filing an individual income return.

You can claim back expenses for business activity that you carry out. You need to register for GST if you earn over $60,000 a year.

**What is an individual tax return - IR3?**

An individual tax return tells us:

* your total income from all sources
* any tax you've already paid
* how much you want to claim in expenses
* if you are due a refund or have tax to pay.

**Who needs to complete one?**

You need to complete an individual tax return at the end of the tax year if you received more than $200 (before tax) in income that we have not been told about. Commonly this includes income from:

* self employment
* overseas
* rental property including Airbnb and Bookabach
* 'under the table' cash jobs
* an estate, trust or partnership.

If this is the first year you need to complete an individual tax return you can do this in myIR.

If you filed an IR3 last year, we’ll let you know when it’s time to complete your individual tax return for this year. If you do not have myIR we’ll send you a paper return in the post.

You need to send us your return by 7 July unless you have a tax agent or an extension of time.

**RecordsTo Keep:**

It's important you keep accurate and complete records of your income and expenses for 7 years.

**Records of income**

You should keep these records of your income and expenses:

* tax invoices – everybody keeps these. It's important to keep them if you're registered for GST and you’re invoicing a customer, client or another GST registered person
* other invoices
* credit card sales – you’ll need to keep all copies of the vouchers and voucher schedules
* debit notes – if you're registered for GST and the price of your goods or services goes up after you issue your original tax invoice, you must provide clearly marked debit notes to your customers
* credit notes – if you're registered for GST and the price of your goods or services drops after you issue your original tax invoice, you must provide clearly marked credit notes to your customers
* cash register tape – you’ll need to keep this if your business makes a lot of cash sales and does not have to issue tax invoices for each sale. Record all cash sales on the tape.

**Records of expenses**

Records of expenses should include:

* tax invoices for purchases of more than $50 if you want to claim these in your GST return. You must get them when you buy goods or services for a business
* evidence of payment, for example invoices, cash sale dockets and till receipts
* evidence of credit card purchases, including credit card vouchers, payment receipts and monthly statements. Also keep the invoice issued at the time of purchase.