



self-employment



what is it?

It's working for yourself rather than for someone else. It's a type of worker self-management - others include co-ops, partnerships or employee-owned businesses. It's just you, so success or failure is entirely down to you. Depending on your personality, this might be attractive or terrifying.

Why is self-employment a low-impact topic? Self-employment is part of a non-corporate economy, and if we are to live sustainably on this planet (essential if we're going to survive), we have to develop an economy that isn't dominated and steered by the corporate sector. Also, we're most interested in jobs that help provide the essentials of life for communities. Currently, that will require some re-training. If we don't provide things for ourselves in our communities, then we'll all have to get those things from the corporate sector.

Sole trader: there's no distinction between the individual and the business, and so you're liable for any debts or losses accrued. Very little paperwork (but you have to register with HMRC) and you can use your personal bank account rather than a business bank account, so it's the easiest and cheapest way to start out.

Limited company: you can start a limited company on your own. It means that you're not officially self-employed, but if you're on your own, finding employment for yourself and in control of your own work, then in reality, you are. This only works if you own all, or a majority of, the shares (or you set up a company limited by guarantee, with no shares) - otherwise you'll be giving up control and ownership. You have to register your company with Companies House. One advantage of being a limited company is that it is a separate entity, and you are not personally liable for debts or losses; also, the 'Ltd.' at the end of your company name may appear more professional to some potential customers.



Depending on your trade, you could have a home / garage workshop and avoid the dreaded commute.



The number of self-employed in the UK has risen from 3.25 million to 4.75 million this century. Source: Office for National Statistics.

In partnership: two or more self-employed people can form a partnership (which may just require a contract) or a limited liability partnership (LLP, which combines aspects of partnerships and limited companies) or a producer co-op, which involves a specific legal entity that enables self-employed people and small businesses to co-operate to market and sell products and services.

Freelancer: coined by Sir Walter Scott in *Ivanhoe*, it refers to medieval mercenaries who weren't tied to a feudal lord, but were free to tout their lance wherever they liked. A subset of self-employment, not precisely defined, but more about doing work for a big company rather than selling to the public. You'll sometimes work in-house for a company, but you won't be on the payroll, so unlike other people working in the same place, you'll be responsible for your own taxes and won't receive sick pay etc. This usually means that you'll receive a higher hourly rate. Freelancing is generally not so interesting from a low-impact perspective, as the work usually involves helping to make profit for a large company rather than providing goods and services for your community.

'Sharing'?: we're not talking about the kind of 'self-employment' typified by the new 'sharing economy'. Uber drivers, for example, are not provided with vehicles, insurance, minimum wage, job security, sickness, holiday or maternity pay, but have 25% of their income extracted for a platform that could be provided by a drivers' co-op. Platform co-ops could become very beneficial to self-employed people, allowing them to remain self-employed, but collaborating on mutually-owned platforms to meet customers without people who do no work extracting money from them.



Not everyone wants to climb the corporate ladder; many would prefer to feel genuinely useful by providing essential goods and services for their community. In the modern world, this might require re-training; but there's a lot of goodwill out there for independent traders – plenty of people are sick of chains and brands, and are happy to pay a premium for locally-produced goods, especially if they're also produced sustainably.

what are the benefits?

For individuals: more interesting and satisfying work. Most people wouldn't carry on doing their job after retirement, but often take up growing food, DIY, pottery, woodworking etc. Why not do those things for a living, if that's what you enjoy?

You don't have to take orders, and there are no owners or shareholders extracting value from your work; and you have the flexibility to fit your work around other commitments, like childcare.

You might be able to work from home, which means cutting out a tedious, polluting commute.

You might be able to deduct expenses (tools, travel, phone bills) from your tax liability. However, you won't be entitled to the national minimum wage; and if you go on holiday, or you're unable to work through illness, you won't get paid.

For society: self-employment helps build the non-corporate economy. This keeps money in the community, and creates more jobs. It can shorten supply chains, which is good for the environment, and it helps create interesting communities and unique products & services. Small businesses can also offer a personalised service that it would be difficult for a corporate employee.

what can I do?

Buy from self-employed people: who don't have corporate economies of scale (and can't avoid tax, employ sweatshop labour or get favours from politicians), and so their prices are often higher. What you get is higher quality, but it's more than that. If you're aiming to become self-employed yourself – especially to produce quality goods and services for your community – receiving a fair price is essential. In the end, if a loaf of bread costs 50p or a t-shirt £2, then people are being exploited and the environment is being damaged.

Become self employed: decide what you want to do; get training. Is there a market? What are the benefits / pitfalls? Maybe reduce outgoings by downshifting first. Decide on sole trader or limited company. Sole traders have to register with HMRC for income tax and national insurance within 3 months of starting trading. There's no fee for sole trader registration (there is for a limited company). You have to submit a self-assessment tax return every year, and pay income tax, NI, and depending on turnover, register for VAT.

See our links page for information on start-up, insurance, taxes, invoicing, advertising, websites etc. If you start off as a sole trader, you can easily switch to a limited company at any time.

Finally, if having control over your own life is good for you, then it's good for others too. If you're self-employed and grow to take other people on, then consider taking them on as equal partners, by forming a co-op.

Networking: local groups can be formed, of like-minded people who would prefer to purchase from local businesses, who would themselves commit to trading with each other – to be local consumers as well as producers, or 'prosumers', if you like. These kinds of groups could develop the basis of an alternative economy, with collaborative credit as the means of exchange (see lowimpact.org).

resources

- see lowimpact.org/self-employment for more info, courses, links & books, including:
- C Rickman, *Small Business Start-up Workbook*
- Hugh Williams, *Self-employment Kit*
- Steve Gibson, *Going self-employed*
- gov.uk/working-for-yourself: government advice
- gov.uk/business-support-helpline: govt. helpline
- bytestart.co.uk/business-structures.html: which business structure should you choose?

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