

Intermediaries and investment
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October 2018

Guide to self-employed applications

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Lending criteria and requirements

01

Sole traders, partnerships (including limited liability partnerships) and limited company directors

Up to 90% LTV

- Accountant's certificate from a suitably qualified accountant; **or**
- Self Assessment Tax Calculation Forms (SA302s) **and** Tax Year Overview (TYO) covering a minimum of 24 trading months; **or**
- Minimum of two years' full trading accounts.

Please note: we recommend an accountant's certificate for limited company directors rather than SA302s.

Over 90% LTV

- Minimum of three years' SA302s **and** three years' TYO; **or**
- Minimum three years' full trading accounts.

Please note: we cannot accept an accountant's certificate and we **ONLY** accept three years' full trading accounts for limited company directors. We'll also need three months' bank statements for each applicant.

Please note:

- For **all** self-employed applications, the most recent year-end **must not** be more than 18 months before the date of the application.
- **Treat your client as self-employed where:**
 - Their shareholding in a limited company (or combined shareholding of all applicants) is **20% or more**; or
 - They're employed in their own family business owning **20% or more**.

What do we accept?

- ✓ **Share of net profit** for sole traders/sub-contractors/partners.
- ✓ **Salary and dividends** for directors (director's loans can't be used).
 - We restrict the dividend to share of profit after tax for limited company directors.
 - If applicant's dividends exceed net profit, the figure used for affordability **must not** exceed the net profit figure. We **don't** accept retained profits.
- ✓ **Signed reference from the company accountant/independent partner** for a 'professional' (e.g. doctor/solicitor/accountant) partnership with eight or more partners. This must be on headed paper and include:
 - The firm's net profit for the last three years
 - The nature of the business
 - The year the business started
 - The applicant's percentage share of the net profit
 - The names and details of the person signing the letter.

Family businesses, contractors and umbrella companies

Employed in your own family's business

- Latest monthly payslip (no older than two months from application date) supported by YTD figures (if paid more frequently than monthly, then four weeks' payslips required which are no older than five weeks from application); **and**
- Bank statements showing latest three months' salary credits.

Sub-contractor

- We need the same income evidence as for sole traders/partners/limited company directors (see page 7).
- **No SA302s?** We can use 12 months' worth of acceptable CIS payment and deduction statements (the latest one must not be more than six months before the date of application).

PAYE contractors

- Evidence applicant has worked for the same employer for at least 12 months; **and**
- Minimum three months' payslips; **and**
- Latest P60.

Umbrella companies (always treat as self-employed contractors)

- Last two years' SA302s **and** TYOs (if PAYE, last two years' P60s); **and**
- Terms of contract (for the firm they are working for and not the umbrella company); **and**
- Evidence of future contracts.

- ✓ All contract income **must** be sustainable and income evidence and business accounts **must** demonstrate a positive trend of profitability.
- ✓ We request a **minimum of two years' income evidence**; however, where the most recent year's accounts show a drop in profit, we would suggest you provide three years' income evidence **and** an explanation for this.
- ✓ We reserve the right to request full accounts or additional income evidence on any case to establish the applicant's sustainable income.
- ✓ We'll consider taking last year's figures with supporting commentary and rationale from the accountant on the sustainability of that level of income.

 **Please use the 'General notes' section in Introducer Internet to provide an explanation on where profits are up and down.**

Use our affordability and Buy to Let calculators

- Quick and simple
- Tells you the maximum your clients could borrow



A guide to
completing our
accountant's
certificate

02

A guide to our accountant's certificate requirements



Accountant's certificate August 2018

Confirming income for all self-employed applicants

THIS MUST BE FULLY COMPLETED BY AN ACCOUNTANT WITH A QUALIFICATION ACCEPTABLE TO SANTANDER. PLEASE COMPLETE THIS FORM, PRINT IT OFF, SIGN AND RETURN IT TO THE APPLICANT(S) OR BROKER.

In ALL cases, please complete sections A and E, then:

- For sole trading self-employed applicants also complete section B
- For self-employed partners of a partnership business also complete section C
- For limited company director(s) (20% or more shareholding) also complete section D

You'll need to complete a separate certificate for each individual company

Section A – As the company's accountant, please clarify the following details 1

Name of applicant(s) whose income(s) is/are stated below

Nature of the business

Trading name (if applicable)

Name of the business

Business commencement/incorporation date

Please note:
We require information from the last three years' trading accounts and will only accept income declared in the UK for tax purposes. The most recent year-end must not be more than 18 months before the date of the mortgage application. If you cannot provide three years' figures please provide the reason:

Where two applicants derive income from the same business this form can be completed for both applicants, however, make sure the individual shareholding and income is clear.

Section B – For sole trading self-employed applicants 2

| | Dates of financial year end | | |
|-------------------------|---|---|---|
| | Last completed year | Year 2 | Year 3 |
| Annual turnover | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> |
| Gross profit before tax | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> |
| Net profit before tax | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> |

Section C – For self-employed partners of a partnership business 3

Percentage of business owned (must be entered as a percentage)

Applicant 1 % Applicant 2 %

| | | Dates of financial year end | | |
|---|------------------|---|---|---|
| | | Last completed year | Year 2 | Year 3 |
| Annual turnover | For the business | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> |
| Gross profit before tax | For the business | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> |
| Net profit before tax | For the business | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> |
| Net profit before tax attributable to applicant | Applicant 1 | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> |
| | Applicant 2 | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> |

- 1 Make sure the accountant has completed **all** fields in 'Section A', including business name and trading name. They also need to have completed the relevant section (B, C or D) depending on the self-employment type.
- 2 **Sole trader?** Make sure the accountant has completed **all** fields in the table in 'Section B'.
- 3 **Partners of a partnership business?** Make sure the accountant has completed **all** fields in the table in Section C, making sure the applicant's business ownership is entered as a percentage.

Important information

- Please make sure a **separate** certificate has been completed for each individual company.
- Three years' figures should be provided for all self-employed applicants. If your client has been trading for less than three years, two years' figures (minimum) is acceptable.
- **We only accept our standard accountant's certificate and reserve the right to request accounts if required.**

A guide to our accountant's certificate requirements

Section D – For limited company director(s) (≥10% or more shareholding) 4

Registered number of company Alphabet share structure Yes No

Number of shares held by Applicant 1 Applicant 2

Percentage of applicant's shareholding % %

| | | Dates of financial year end | | |
|--|------------------|-----------------------------|----------------------|----------------------|
| | | Last completed year | Year 2 | Year 3 |
| Annual turnover | For the business | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Profit on activities | For the business | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Profit (after tax and before dividend) | For the business | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Shareholders' funds | For the business | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Applicant's salary as director (A) | Applicant 1 | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| | Applicant 2 | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Applicant's dividend distribution* (B) | Applicant 1 | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| | Applicant 2 | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Applicant's total income (A + B only) | Applicant 1 | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| | Applicant 2 | <input type="text"/> | <input type="text"/> | <input type="text"/> |

* Show the net dividend figure for pre 2016/17 tax years.

Section E 5

Are there any adverse qualifications to the accounts? Yes No

If Yes, please provide an explanation in the box below.

Please provide comment and give your view in the box below of the ongoing ability of the business to trade where there is:

- any sharp increase/decrease of profit or turnover; or
- a negative shareholder's fund figure in any year; or
- a decline in the profit or turnover in the latest year.

6

I can confirm that the information provided in this form is an accurate reflection of the financial performance of the applicant's business.

Name Date

Accountant's qualification (must hold a UK accountant's qualification) Accountancy firm and full address

Signature 7 Postcode

8

Once this form has been fully completed, please print it off, sign it and return it to the applicant(s) or broker.

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- 4 **Limited company director?** Make sure the accountant has completed **all** fields in 'Section D'. Check the profit (after tax and before dividend) and make sure the dividends figure used for affordability isn't any higher than the applicant's share of this.
- 5 Make sure the accountant has completed **all** fields in 'Section E'.
- 6 Make sure the accountant includes a full explanation in 'Section E':
 - if there's any sharp increase/decrease in profit or turnover; or
 - if there's been a decline in the profit or turnover in the latest year; and
 - of the future sustainability of income moving forward.

'N/A' is not acceptable in any of the scenarios.
- 7 Accountant's qualification **must** be selected from the drop down list.
- 8 The form **must** be signed by a suitably qualified accountant. A company signature or a signature from the self-employed applicant is **not** acceptable.

Guide to self assessment
tax calculations
(e.g SA302s)

03

A guide to self-assessment tax calculations (e.g. SA302s)

HM Revenue & Customs **Self Assessment: Tax Calculation**

205077-000000000001-001
MRA SOMEONE
1 ANYTOWN ROAD
ANYTOWN
ANYWHERE
ANI 9CG

UTR
NNO
Date
Issued by:
HM REVENUE & CUSTOMS
ANY OFFICE
ANYTOWN
ANYWHERE
ANI 3YY

T2345 6780
AA12233A
01 May 2017

Telephone
Issue No:

T2345 678901
2017/001

Tax Calculation for 2016/17 (year ended 5 April 2017)

Thank you for your tax return.
We enclose our tax calculation based on the amounts shown in your tax return.
Our calculation shows the tax due under Self Assessment for 2016/17 is £15,065.78, payable in three amounts:
1st payment on account £6,298.22 due by 31 January 2018
2nd payment on account £6,928.22 due by 31 July 2018
Balancing payment £2,469.34 due by 31 January 2019
We also calculate the payments on account towards your tax bill for 2017/18 are:
1st payment on account £7,532.89 due by 31 January 2019
2nd payment on account £7,532.89 due by 31 July 2019
If your income for 2016-16 has gone down you can ask to reduce these payments on account.
Find form SA303 Self Assessment: claim to reduce your payments on account at gov.uk/understand-self-assessment-statements/change-your-payments-on-account
Please note the total amount due by 31 January 2018 is £10,002.23. We will add this amount to your SA300 Self Assessment Statement.
The above figures do not take into account any payments you may have made towards amounts due on these dates, or any other amounts which may be outstanding or becoming due.
You will receive an SA300 Self Assessment: Statement nearer the due date telling you how much to pay.
Please note we charge interest and penalties on payments made after a due date.
You can find out how to pay us at gov.uk/pay-self-assessment-tax-bill
If you are registered for Self Assessment: Online, log in at online.hmrc.gov.uk and use the 'View account' pages to see what you owe.
This tax calculation is based on figures in your tax return, before it has been checked. It is not our confirmation that your return is complete or correct. If, at a later date, your return is found to be incorrect, your tax calculation will be amended accordingly.
The amount of Student Loan repayments included in this calculation will be reported to Student Loans Company and credited to your Student Loan account.
We have sent a copy of this notice and calculation to your agent. We will write to you and your agent again if we have any questions about your tax return. Please let us know if there is anything you do not agree with or do not understand in our calculation. Our telephone number is shown above.

SA 302 Page 1 HMRC 05/13

Self Assessment: Tax Calculation

205077-000000000001-001
MRA SOMEONE

UTR T2345 678901
NNO AA12233A
Date 01 May 2017

Tax Calculation for 2016 - 17 (year ended 5 April 2017)

Income received (before tax taken off)

| | |
|--|----------------|
| Pay from all employments | £33,254 |
| Profit from self-employment | £46,800 |
| Interest received from UK banks and building societies | £2,464 |
| Total Income received | £82,700 |
| minus Personal allowance | £8,440 |
| Total Income on which tax is due | £73,260 |

How I worked out your Income Tax

| | | | |
|--|----------------|---------|------------|
| Pay, pensions, profit etc. | £32,300 | @ 20% = | £6,460.00 |
| | £38,604 | @ 40% = | £15,441.60 |
| Interest received from bank of building society etc. | £0 | @ 10% = | £0.00 |
| | £2,646 | @ 40% = | £1,058.40 |
| Total Income on which tax has been charged | £73,280 | | |

Income Tax charged £17,086.00

plus Class 4 National Insurance contributions

| | | | |
|---|---------|--------|------------------|
| | £33,695 | @ 9% = | £3,032.55 |
| | £5,350 | @ 2% = | £107.00 |
| Total Class 4 National Insurance contributions due | | | £3,139.55 |

plus High Income Child Benefit Charge £5,000.00

Income Tax and Class 4 National Insurance contributions £31,041.55

minus Tax deducted

| | |
|--|------------------|
| From all employments, UK pensions and state benefits | £5,029.80 |
| CE vouchers and profits | £10,421.00 |
| Interest received from UK banks and building societies | £524.9 |
| Total tax deducted | £15,975.7 |

Income Tax and Class 4 National Insurance contributions due £15,065.78

Page 3

- 1 The HMRC logo must be shown.
- 2 The unique tax reference must be shown.
- 3 Customer's name and address must be shown.
- 4 The tax year must be shown.
- 5 SA302 must be shown on the form.

Important information

- We accept forms produced by HMRC approved commercial software.
- If the form is produced online, it needs to say "Your tax return is 100% complete".
- We **can't** accept income that shows 'profit from UK land and property'.
- Where there is more than one company, we **can't** accept SA302s – we must have an accountant's certificate for each business.
- If using an accountant, we'd prefer to receive **our accountant's certificate**. When we receive SA302s, we'll also make additional checks, e.g. a search on Equifax which could result in us asking for an accountant's certificate.

Guide to Tax Year Overviews

04

A guide to Tax Year Overviews

The screenshot shows the HM Revenue & Customs Self Assessment Tax Year Overview page. Callout 1 points to the HMRC logo. Callout 2 points to the customer's name and address. Callout 3 points to the Unique Taxpayer Reference (UTR). Callout 4 points to the SA302 form identifier. Callout 5 points to the tax summary table.

HM Revenue & Customs Help Close
Information as at 01 May 2017
Ms A N Other
Unique Taxpayer Reference (UTR): 12345678910

Self Assessment
Select taxpayer
At a glance
About you
Ask a question
View account
Tax years
Surcharges
Interest
Penalties
Payments/Credits received
Repayments
Tax return options
Reduce payments on account
Request a repayment
View statement
FAQs
Business help and education emails

Tax years
Tax year overview
Please select the appropriate tax year you wish to view a summary for from the drop-down menu and click 'Go'.
Tax year ending: 05 Apr 2017 Go
You can also view tax returns due/received by following [Tax return options](#).

Tax year ending 05 Apr 2017.
This is a copy of the information held on your official online Self Assessment tax account with HM Revenue and Customs. If you want to print this information for your records, use the print facility on your browser.
Please note: To view a breakdown of an amount, follow the appropriate link in the 'Description' column.

| Description | Amount (£) |
|-----------------------------|------------------|
| Tax | 16,140.60 |
| Surcharges | 0.00 |
| Interest | 0.00 |
| Penalties | 0.00 |
| Sub total | 16,140.60 |
| Less payments for this year | 15,059.40 |
| Less other adjustments | 0.00 |
| Total | 1,081.20 |

SA302 Page 1 of 1 Printed 01/05/2017

- 1 The HMRC logo must be shown.
- 2 Customer's name and address must be shown.
- 3 The unique tax reference must be shown.
- 4 SA302 must be shown on the form.
- 5 It must show how much tax is due and has been paid for the tax year.

Important information

- o The TYO must match the corresponding SA302 for income and tax.
- o Overdue tax is not acceptable.

Where to get
more help?

05

Where can you get more help?

Visit our Santander for Intermediaries website > Literature to access our Introducer Internet guides



Speak to your dedicated contact. Enter your Introducer Internet code into the dedicated contact search on our homepage to find their details.



Call our Introducer Internet help desk if you need technical support on 0800 085 1198.



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