

Tax and national insurance factsheet for Shared Lives carers

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2025

# Registering for tax and national insurance

As a Shared Lives carer you are self-employed and are responsible for your own tax and national insurance.

* You will need to register as a self-employed person for tax and national insurance with HMRC when you are ready to start offering a Shared Lives arrangement.
* You can do this online at: [www.gov.uk/register-for-self-assessment](http://www.gov.uk/register-for-self-assessment) or by phoning HMRC on 0300 200 3310 (Don’t answer any of the questions on the automated service and you will eventually be put through to an advisor who can register you).
* HMRC will send you a Unique Taxpayer Reference (UTR) number which you will need before you can complete your tax return.
* If you want to fill in a paper self-assessment form rather than completing your return on-line you can request one to be sent out to you by phoning 0300 200 3310
* If you are the only Shared Lives carer in your household, you register as a ‘sole trader’: if you are a joint carer, and the payments you receive are in both your names, you will each need to register. This will mean you will share both the qualifying allowances which are explained below.

Once you are registered as self-employed, you’ll be asked to send in a tax return each year, covering the period 6 April the previous year to 5 April in the current year.

You have until 31st October following the end of the tax year to send in a paper tax return, or until 31st January following the end of the tax year to send in your tax return online. If you register online you will usually be sent email reminders to prompt you to send in your tax return on time.

# Qualifying care relief

As a Shared Lives carer you can claim ‘qualifying care relief’ and it is available whether you offer longer term shared lives arrangements, respite, shared lives day support or any combination of the three.

Currently this tax allowance means that you can claim (for 2024-25) £19,360 as a Shared Lives household per annum in addition to £485 a week for each individual you support for a week or part of a week (the number of individuals Shared Lives carers can support as part of your household at any time is 3 in England and Wales and 2 in Scotland.

There are 2 methods of calculating any income tax you may be liable for as Shared Lives carers:

* The simplified method – You pay tax on the income you have received as a Shared Lives carer during the financial year minus your ‘qualifying amount’ (see below for further information) This is the method which most Shared Lives carers choose to use.
* Profit method – where you pay tax on your Shared Lives income during the

financial year minus any eligible expenses and capital allowances as a Shared Lives carer. If you use this method, you need to keep detailed records of all your expenses relating to your role as a Shared Lives carer throughout the tax year and keep any receipts as evidence for HMRC.

## How does qualifying care relief work?

If the amount of money you receive as a Shared Lives carer (your ‘receipts’) in the tax year is less than your ‘qualifying amount’ you will not pay income tax on your Shared Lives income for that year. However, any Shared Lives income you have received for that tax year that is over your ‘qualifying amount’ is your ‘profit’ and you will pay income tax on that ‘profit’.

## What is your qualifying amount?

Your ‘qualifying amount’ consists of two parts which should be added together:

* an annual fixed amount of £19,360 per Shared Lives household.
* plus a weekly amount of £485 a week for each person you support as a Shared Lives carer (maximum 3 people supported by one Shared Lives household at any one time in England, Wales and NI and 2 in Scotland).

Please note

A week runs from Monday – Sunday and the full weekly allowance of £450 is applicable for any part-week that you support an individual:

* Lisa stays Monday – Thursday: Qualifying amount applicable = £485

Sayid stays Friday – Tuesday: Qualifying amount applicable - £970, because Sayid stayed over two weeks i.e. Sayid stayed Friday, Saturday and Sunday of week one and Monday and Tuesday of week two.

## What counts as your Shared Lives income (your receipts)?

Your total receipts are:

* the payments you receive (including any payments you receive to cover respite) from your Local Authority, HSS Trust, Health Service body or Shared Lives scheme for providing the Shared Lives arrangement(s) for the individual(s) you support
* Rent (this will often be paid through Housing Benefit) you receive from any

person(s) living with you in a Shared Lives arrangement

* Any payment you receive from the individual(s) e.g. for food and utilities
* Any additional monies you receive towards petrol etc. from an individual that you support or from your Shared Lives Scheme.

### Example 1 - Jane

Jane is a sole Shared Lives carer for Tony and Mike. They have lived with her for the full financial year. Jane’s ‘qualifying amount’ would therefore be:

£19,360 – fixed amount

+2 x £485 per week for Tony and Mike – weekly amount (£970 x 52)

= £69,800 Annual Qualifying amount

During the tax year Jane has received in total £325 per week for caring for Tony and

£325 per week for caring for Mike. This is made up of £90 rent (through housing benefit) for each person £55 service user contribution from each person for food and utilities and a £180 payment for each person from the Local Authority.

Jane’s total Shared Lives income (her ‘receipts’) would therefore be:

£33,800 = (£325 x 52 x 2) for caring for Tony and Mike

Using qualifying care relief, Jane would not be liable to pay any income tax on her Shared Lives income because this financial year her Shared Lives income (her receipts)

£33,800 is less than her ‘qualifying amount’ of £69,800 and so she has no profit.

### Example 2 – Shanice and Tom

Shanice and her husband Tom share their lives with Molly and Elsa.

* Elsa has lived with them for many years
* Molly joined the family on 2nd June this year.
* Shanice and Tom also provide short break support for Jordan who spends 2 weeks per year with the family, staying from Wednesday – Tuesday (for tax purposes this would mean Shanice and Tom can claim the weekly amount tax allowance for 4 weeks as Jordan stays for *2 part-weeks each time he visits* the family)
* Shanice and Tom are both registered with HMRC and therefore share the £19,360 fixed amount and weekly amounts.

Their qualifying amount is:

£19,360 fixed amount - shared between Shanice and Tom

+ £25,220 for Elsa (52x£485)

+ £21,340 for Molly (44 weeks x £485 as Molly did not join the family until 2nd June)

+ £1,940 for short break support for Jordan (4 weeks\* x £485)

£67,860 Qualifying amount for Shanice and Tom (half each)

Shanice and Tom receive two payments of £750 per week for caring for Elsa and Molly (made up of £110 rent (through housing benefit) for each person, a £60 service user contribution from each person for food and utilities and a £580 payment for each person from their independent Shared Lives Scheme.

They have received payments amounting to £600 for Jordan’s short break support Their total Shared Lives income (their ’receipts’) is:

£39,000 - £750 x 52 for caring for Elsa

+ £33,000 - £750 x 44 for caring for Molly

+ £ 600 for caring for Jordan

£72,600 – Total Shared Lives income (to be split equally)

So for Shanice and Tom their total Shared Lives income is £72,600 and their ‘qualifying amount’ is £67,860 so their taxable income will be £4,740/2 =£2,370 each.

### Example 3 - Pauline

As a Shared Lives Carer, Pauline offers day support in her own home and also some respite care. Over 40 weeks of the year she has supported James Lola and Marvin for three half days a week Monday to Wednesday and Paul and Jamil for one full day a week on Thursdays. Over eight of these weeks, Pauline has also provided Friday -

Sunday respite for Amy and Gemma and during periods when she has not been providing day support, she has provided two full weeks of respite for Jane.

Pauline’s ‘qualifying amount’ restricted for the max of 3 placements per week is as follows:

£19,360 fixed amount

+ £77,600: 32 weeks x 5 people x £485 = £77,600 (Restricted to max 3 = £46,560)

+ £27,160: 8 weeks x 7 x £485 = £27,160 (Restricted to max 3 = £11,640)

+ £ 970: 2 weeks x £485 = £970

= £78,530 restricted as Pauline can only claim for a maximum of 3 people

Pauline has received payments of £30 per person for each half day she has provided day support and £60 per person when she has provided support for full days. For the respite she has provided, Pauline has received payments of £52 a night.

Pauline’s Shared Lives income (her receipts) over the financial year is therefore:

32 weeks x £390 (£90 each for James Lola and Marvin and £60 each for Paul and Jamil)

= £12480

+ 8 weeks x £390 +£208 (£390 for day support and £104 each for weekend respite for Gemma and Amy) = £4784

+2 weeks x £364 (respite for Jane) = £728

Total Shared Lives income: £17,992

So for Pauline since her total Shared Lives income is £17,992 and her restricted ‘qualifying amount’ is £78,530 she has no profit and therefore no income tax to pay on her Shared Lives income this year.

### Example 4 – Sharon and Sheila

Sharon and her wife Sheila share their lives with Mary and Elaine**.**

* Mary and Elaine have lived with them for many years
* Mary and Elaine both have high support needs

Sharon and Sheila are both registered with HMRC and therefore share the £19,360 fixed amount and weekly amounts.

Their qualifying amount is:

£19,360 fixed amount - shared between Sharon and Sheila

+£50,440 for Mary and Elaine (52 x £485 x 2 = £50,440)

£69,800 Qualifying amount for Sharon and Sheila (half each = £34,900)

Sharon and Sheila receive two payments of £750 per week for caring for Mary and Elaine (made up of £110 rent (through housing benefit) for each person, £60 service user contribution from each person for food and utilities and a £580 payment for each person from their independent Shared Lives Scheme.

Their total Shared Lives income (their ’receipts’) is:

£39,000 - £750 x 52 for caring for Elaine

+ £39,000 - £750 x 52 for caring for Mary

£78,000 – Total Shared Lives income (to be split equally - £39,000)

So, for Sharon and Sheila since their total Shared Lives income is £78,000 and their

‘qualifying amount’ is £69,800 their taxable income will be £8,200/2 =£4,100 each.

## Qualifying care relief and other income

If for the relevant tax year, your Shared Lives income is less than your ‘qualifying amount’, the full amount of your personal allowance will be used against any other income shown on your tax return.

If for the relevant tax year, your Shared Lives income is more than your qualifying amount you still may not pay tax for that year because HMRC will deduct your ‘personal allowance’ from your Shared Lives ‘profit’ and any other ‘income’ you show on your tax return.

It is important to remember that qualifying care relief does not affect any income you may have from other sources, for example, from employment or from investments. Such other incomes will be taxed in the normal way.

## Completing your tax return

If you have received the SA200 Short Tax Return and wish to take advantage of the qualifying care relief, please phone the Self- Assessment Helpline on 0300 200 3310 and ask for form SA100 Tax Return to be sent to you or you can complete the SA100 Tax Return online.

The following guidance is for Shared Lives carers who wish to take advantage of Qualifying Care Relief and have received a paper SA100 Tax Return.

Self-employment pages are supplementary to the main tax return, and you should request these when you request a paper tax return. Make sure you complete the Self- employment (short) pages – form SA103S as these are much easier to complete.

Enter the following details on the Self-employment (short) pages:

If your total receipts from qualifying care are not more than your qualifying amount

* Enter ‘Qualifying carer’ in box 1, put ‘X’ in box 4 and enter zero, ‘0’, in box 31
* Leave the rest of the Self-employment (short) pages blank
* Add a note to the Return detailing the make-up of the total Shared Lives income and the qualifying care relief calculated for the year

If your total receipts from qualifying care exceed your qualifying amount and you use the simplified method

* Enter ‘Qualifying carer’ in box 1 and fill in boxes 2 to 8, as appropriate
* Enter your total receipts in box 9, your qualifying amount in box 20 and the net amount (profit) in boxes 21 and 31.
* Add a note to the Return detailing the make-up of the total Shared Lives income and the qualifying care relief calculated for the year

# National insurance

When you register as self-employed with HMRC you are also automatically registered for national insurance.

From 2024-35 as a self-employed person, you are no longer required to pay Class 2 NI contributions.

Those with Shared Lives income over £6,725 will qualify for state benefits.

If your profits from your Shared Lives income is less than £6,725 you will not qualify for state benefits and may therefore wish to make voluntary Class 2 contributions (at a rate of £3.45 per week for 2024-25) to qualify for state benefits such as state pension.

If your profits from Shared Lives income together with any other self-employed income are over £12,570 in 2024-25 you will be liable to pay Class 4 National Insurance contributions.

You will be informed about any National insurance contributions owing with the information you are given by HMRC about any tax you are due to pay.

# FAQs

### Is qualifying care relief a payment?

No this is a tax allowance. It means you can receive payments up to this amount without paying tax

### What if I am also a foster carer, do I get two £19,360 fixed amounts?

No, if you are both a Foster carer and Shared Lives carer, you will receive only one

£19,360 fixed amount allowance but can claim £405 per week for each foster child you support under the age of 11 and £485 for each foster child aged 11 or over and each individual you support in a Shared Lives arrangement.

### What if I become a Shared Lives carer part-way through the tax year?

You will be entitled to the relevant percentage of the £19,360 fixed tax allowance for that year i.e. if you became a Shared Lives carer in October, you would receive £9,680 tax allowance.

### What if I support many individuals in different ways throughout the year?

It is important to keep detailed records so that you can work out your tax allowance on a weekly basis.

### If you are a member and you need assistance, please contact:

* Shared Lives Plus carer helpline on 0151 227 3499 (a message will be taken and one of the support team will call you back)
* ARAG Tax advice helpline 0117 9171 698 for general tax advice.
* Pat Lewis, BK Plus 0121 828 6058 for general tax and benefits advice which is part of your membership or for BK Plus to complete and submit your tax return for you Share Lives Plus members will be charged a reduced rate of £160 inc. VAT.
* Sue Stephens / Donna Newall at Mitchell Charlesworth Accountants on 0151 236 1494 where you can ask for your tax return to be completed and submitted for you. (As a member, you have a reduced rate - currently £250 plus VAT)