

Being self-employed may well be a sign of desperation, ...

Published: January 13, 2026, 3:49 am

I [drew attention to some new HMRC statistical data](#) yesterday: now it is time to look at some more, just published, this time relating to the [number of people with self employed earnings and what they report that they make](#). The base data, to which I have added the right hand five columns, is as follows (click the image to get enlarged versions):

The data reveals that just over 5.6 million suggests that they are self employed but that of these the vast majority who make no income as a result have significant other earnings, suggesting that these are hobby businesses at best, and that until self-employed earnings average £5,000 a year they do not, on average, make up more than 50% of the earner's income. This may come as no great surprise: it is very hard to live on £5,000 a year. But for the purpose of the analysis that follows I will ignore those earning less than £5,000 profit from self-employment as this is unlikely to be their main economic activity.

For those earning £5,000 and above the data is plotted as follows:

The impression given is, however, a little misleading. The top two bands of income represent just 6.6% of the sample. If they are eliminated the remaining 3,134,000 self employed people have income as follows:

Those in the bottom four income brackets represent 71% of the people likely to be full time self employed in the UK and all make less than average UK earnings, in total. On self employed earnings alone 85% of the full time self employed make less than median UK earnings.

Three conclusions follow. The first is that there may be systemic under-declaration of

income here.

Second, alternatively, self employment is a poor economic option for many people.

Third, in that case its massive increase in recent years is a sign of economic desperation and not of an outbreak of entrepreneurial vigour.

And, for the record, there are 96,000 self employed people (about a quarter of them likely to be GPs) who are doing quite well.