How to Prove Your Income When Applying for a Self-Employed Mortgage

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If you're self-employed, getting a mortgage isn't impossible – but it does mean jumping through a few more hoops. Not because lenders are out to make life difficult, but because they need to see consistent, verifiable proof of what you actually earn.

Employees can hand over payslips and be done with it. Self-employed applicants? Not quite so simple. You'll need to show your income in other ways – and that's where SA302s, tax returns, and company accounts come in.

Let's break it all down properly, without the usual jargon or scare tactics.

Why lenders care so much about proof of income

From a lender's point of view, it's about risk. When they assess a mortgage application, they're really asking one question: *Can this person keep up with the repayments?*

If you're self-employed – whether that's as a sole trader, a company director, or a freelancer – your income can vary. One month you're swamped, the next it's quieter. Lenders don't mind that, as long as you can show a stable pattern over time.

What they're looking for is evidence. Paperwork that paints a reliable picture of your earnings. Not projections or promises, but real numbers.

The main ways to prove your income

Exactly what you'll need depends on how you run your business, but in most cases, it comes down to four key things:

Proof of income type	Who it applies to	What it shows
SA302s	Sole traders and limited company directors	Annual income confirmed by HMRC
Tax year overviews	Same as above	Confirms the SA302 matches what was submitted
Company accounts	Limited company directors	Shows business profits and salary/dividends
Accountant's reference or certificate	Where applicable	Professional verification of income

Let's unpack each one.

SA302s – what they are and how to get them

An SA302 is an HMRC document that summarises your total income, tax due, and how it was calculated for a given year. Think of it as a snapshot of your official earnings.

You can get your SA302s directly from your HMRC online account. Most lenders want the last two or three years' worth, depending on how long you've been trading.

Tip: If your accountant files your returns through specialist software rather than your online account, you'll need to request them through HMRC's self-assessment team. It's usually straightforward – just takes a few days.

Why lenders like them: SA302s are issued by HMRC, so they're seen as reliable proof of declared income.

Tax year overviews – the partner document

The tax year overview works hand-in-hand with your SA302. It shows the amount of tax you owe (or have paid) for that year and confirms the figures you submitted to HMRC.

Lenders ask for both because they want to make sure your income numbers match what's officially recorded. A mismatch can cause delays – or, worse, a rejection.

Company accounts – for limited company directors

If you're running a limited company, lenders may not focus solely on your personal income. They'll often want to see your **company accounts** too, especially if you take a small salary and the rest as dividends.

Company accounts show:

- Turnover (total revenue)
- Gross and net profits
- Salary and dividends paid
- Corporation tax liability
- Retained profit in the business

Some lenders will base their decision on your **salary plus dividends**, while others will also consider **net profit** or **retained profit** – which can make a big difference to how much you can borrow.

Example:
Let's say your salary is £12,000, dividends £30,000, and your company retains £20,000 profit. One lender might only count £42,000. Another could include that retained profit and assess you on £62,000. Same business, different outcome.

This is why having a broker (or adviser) who understands self-employed lending criteria is so valuable. Not all lenders view your figures the same way.

Accountant’s certificates and references

Many lenders will accept an **accountant’s certificate** instead of full accounts, especially for smaller applications or contractors with clear income patterns.

This is a form your accountant fills out confirming your income over one or more years. Some lenders even have their own templates, which must be completed by a certified or chartered accountant (ACA, ACCA, CIMA, etc.).

Why they like it: it’s an independent confirmation from a qualified professional that your earnings are accurate.

What if you’re newly self-employed?

This is where things get tricky. Most lenders want at least **two years** of accounts or SA302s – three is better. But there are exceptions.

If you’ve been self-employed for just **one year**, a handful of lenders may still consider your application, especially if you:

- Have a strong trading history before going self-employed (e.g. same line of work)
- Can provide a full year’s accounts and SA302
- Show consistent income or growth month-on-month

Some will also consider **future contracts** if you’re a contractor or consultant – for example, proof of ongoing work with a reputable company.

So yes, it’s harder. But not impossible.

How lenders assess affordability

Once your documents are in, lenders will calculate an average income. Usually, it’s the **average of your last two or three years** (whichever is lower).

Example:

Year	Declared income	Used for calculation
2021/22	£45,000	
2022/23	£55,000	
2023/24	£60,000	**Average: £53,333**

They’ll then apply a multiplier (often around 4–5 times your income) to determine your potential borrowing limit.

So, using the above, you might borrow roughly £213,000–£266,000 – depending on lender policy and other commitments.

But that’s just the start. They’ll also check:

- Your **credit score and credit history**
- **Business stability** and trading trend
- **Existing financial commitments** (loans, credit cards, childcare)
- Your **deposit size**
- The **type of property** you’re buying

Some even analyse business bank statements to see cash flow patterns – particularly if your income fluctuates throughout the year.

Common mistakes self-employed applicants make

1. **Leaving it too late to prepare paperwork.**
   If your tax returns aren’t filed or up to date, you’re stuck. You’ll need those SA302s to apply.
2. **Minimising income for tax reasons.**
   It’s tempting to reduce your taxable income, but it can hurt your mortgage

chances. If your accounts show low profits, lenders assume you earn less – even if you know otherwise.

3. **Mixing business and personal accounts.**
   Keep them separate. Lenders prefer clarity, not detective work.
4. **Changing accountants mid-process.**
   It's fine if you must, but it can cause delays when lenders request clarifications.
5. **Assuming all lenders think alike.**
   They don't. Some focus on dividends, others on net profit. The difference can be tens of thousands in borrowing capacity.

A word on contractors and freelancers

If you're a contractor – say in IT, construction, or media – lenders might treat you slightly differently. Instead of looking at your yearly income, they may use your **day rate** to calculate affordability.

For example:
If you earn £350 a day and typically work five days a week for 46 weeks, your annualised income could be calculated as £350 × 5 × 46 = £80,500.

That's often higher than what your tax return shows after expenses. But to qualify for this treatment, you'll usually need:

- At least **6–12 months** of contracting history
- A current **contract** and ideally one renewed previously
- Evidence of **no long employment gaps**

Freelancers working across multiple smaller clients? Lenders will usually default to the standard SA302 route instead.

Self-employed mortgage myths

Let's tackle a few persistent myths while we're at it.

“You can’t get a mortgage if you’re self-employed.”
Nonsense. You can – it just takes more documentation.

“You need three full years of accounts.”
Not always. Two is standard, but one can work in certain cases.

“Lenders won’t understand irregular income.”
They do. Many specialise in it now – the market’s full of self-employed borrowers.

“You’ll always pay higher rates.”
Not true. Once approved, you’ll usually get the same rates as employed applicants with similar credit profiles.

How to make your application stronger

You can’t control every factor, but you can give yourself the best shot:

- **Keep accounts up to date** – file early, not at the deadline.
- **Use a qualified accountant** – preferably one lenders recognise.
- **Build a good credit history** – pay bills on time, avoid maxing out credit cards.
- **Save a decent deposit** – the bigger it is, the better your options.
- **Show business stability** – lenders like steady or upward trends, not erratic figures.

If possible, try to **avoid big changes** (like switching from sole trader to limited company) right before applying. It can reset your financial history and complicate the picture.

What lenders really want to see

Strip away the forms and figures, and lenders are really looking for three things:

1. **Consistency.**

They want to see steady income, even if modest. A gradual upward trend is gold dust.
2. **Transparency.**
Clean, verifiable documentation. Everything should line up – SA302s, overviews, bank statements.
3. **Sustainability.**
They need confidence your business can support future repayments, not just this year's profits.

If you can show those three, you're halfway there.

When to seek professional advice

Even with solid paperwork, navigating self-employed mortgage criteria can be a minefield. Each lender interprets income differently, and the right approach could save you thousands.

It's worth speaking to an adviser who understands how self-employed income is assessed – someone who knows which lenders are flexible on accounts, which accept retained profits, and which will use your day rate if you're a contractor.

For more on that, see our main guide on self-employed mortgages.

Final thoughts

Being self-employed doesn't mean being shut out of the housing market. It just means you'll need to be organised – and realistic.

Get your accounts in order. File your returns early. Keep your business finances clean and clear.

Do that, and you'll not only make life easier for lenders – you'll make it easier for yourself. Because nothing slows an application down faster than missing paperwork or numbers that don't match.

Once everything’s lined up, the rest of the process feels far smoother. And yes, you’ll still have to answer a few awkward questions, but that’s just part of the dance.

Note: The information in this guide was correct at the time of publication but is subject to change.