The Fish Partnership

Chartered Accountants | Tax Advisers | Business Advisers

Top tax tips

At The Fish Partnership, our dedicated tax team work hard to ensure that our business clients are able to continually and successfully mitigate their tax liability. Here are our top tips for keeping on top of your tax:

1 Have you explored Entrepreneur's Relief?

Entrepreneurs Relief provides substantial Capital Gains Tax (CGT) relief on disposal of the assets of a business as part of the cessation of a business. Will you able to make the most of the relief and, if not, is this worth exploring?

2 Consider incorporation

If your taxable business profits exceed £40,000 you could consider incorporating your business, as the lower corporation tax rates on offer and ways of extracting profits may make it worthwhile to begin trading as a limited company.

3 Tap into Capital Allowances

The Capital Allowances legislation allows businesses to claim tax deductions for spending on business equipment. With some equipment, such as plant and machinery, committing to buy before your accounts year end may enable you to offset the entire cost against your taxable profits for that year.

4 Make tax-free pension contributions

As a general rule, pension contributions made by an employer for an employee or director are tax-efficient for both the employee/director and the employer.

5 Ensure you are taking money out of your business in a tax-efficient way

There are numerous strategies to maximise tax savings when extracting money from your business. For limited companies, it generally makes sense to take out money using a combination of salary and dividends.

6 Consider utilising family members' personal allowances within your business

Depending on your family situation, it may be worth utilising the annual personal tax free allowances available (£11,500 for 2017/18) by paying a wage to your family members for business purposes. This can essentially be achieved whenever family members are able to carry out business duties.

7 Is it worth working from home?

The Government offers significant tax savings for businesses that operate from home. If you are a self-employed business owner you may be able to claim a proportion of certain costs such as council tax, mortgage interest, water and more from HM Revenue & Customs (HMRC).

8 Consider transferring income-producing assets – such as shares

If you are married or in a civil partnership, it might make sense to transfer some income-producing assets such as shares – or a share in those assets (such as buy-to-let properties) – to your spouse or civil partner in order to make the most of both of your tax-free personal allowances (£11,500 for 2017/18). With regard to shares, you may also consider transferring a few shares in your limited company to your children who are 18 or over as a means of transferring wealth for early Inheritance Tax (IHT) planning and to direct some income from dividends to your children.

9 Think about personal investments that offer a tax-free return

Numerous investment opportunities offer a beneficial tax-free return – and it is worth exploring what tax-efficient options might be available to you. For example, ISAs allow individuals to invest up to £20,000 in the tax year to 5 April 2018.

However, it is important to take independent financial advice before signing up for such investment opportunities or making a pension investment.

There are various factors to consider with all of the above – as with any tax planning – depending on your particular circumstances. We can review any of these for you and advise on the options available to you in order to determine the best course of action for you and your business.

We will also always take into account the various other practical non-tax implications of any specific actions and your short and long-term wishes when reaching a tax planning decision.

If you would like us to perform a tax review of your circumstances or would like to discuss any of the above ideas, please contact our Tax Director, **Denise Eyles**, on **01628 527956** for a free no obligation meeting.