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Top 10 Tax Saving Tips

- **Is your business trading through the correct structure?**

  In addition to the commercial benefits of choosing the correct structure for your business, there can also be some attractive tax savings. You may benefit from incorporating your business and if you run your business through a number of companies there may be benefits from re-organising them into a group.

- **Pensions**

  Planning for retirement is something that most people have on the top of their “to do list” because of the fear of dwindling state benefits. Making pension contributions can also assist in lowering the amount of tax you pay by claiming higher rate tax relief. However, changes to the way this relief is calculated means that it is important to understand the amounts you can contribute in each tax year.

- **Self-Invested Pensions Pension**

  Many business owners like the idea of saving for retirement but want to have a say in how their contributions are invested. They therefore choose a SIPP which allows them to invest in investments of their choice. SIPP’s attract the same benefits as other personal pension plans, but they also allow business owners the opportunity to transfer their business premises into them, providing tax efficiency for both the business and owners.

- **Making best use of allowances**

  When running a family business it is important to ensure that you are using all of the family’s personal allowances. Therefore ensure that there is an appropriate allocation of assets that produce income. This can include shares in family businesses, but there are some anti-avoidance rules to be aware of.

- **R&D allowances**

  Many businesses are now looking to innovate to create an advantage over their competitors. To encourage more businesses to think creatively there are a number of allowances available for companies that invest in innovation through the R&D tax credit scheme. If you are therefore working to “resolve scientific or technological uncertainty aimed at achieving an advance in science or technology”, reviewing your R&D activities could lead to significant tax savings of up to 200% of qualifying expenditure.

- **Capital Gains Tax planning**

  Disposing of large assets or investments can sometimes trigger capital gains tax liabilities which are usually taxed at either 18% or 28%. Planning when and how you dispose of these assets can reduce capital gains tax liabilities. It is important to consider how you use your annual allowance and the reliefs that are available.

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Top 10 Tax Saving Tips – cont.

- **Inheritance Tax planning**

  At 40%, estates attract one of the highest rates of tax in the UK. Unfortunately, many people don't plan for inheritance tax and can therefore leave their children with large tax bills to pay and deal with. Therefore planning ahead and organising your estate can potentially save a significant amount of tax. A structured and planned approach is often required and should involve both your solicitor and your accountant.

- **Planning the purchase of assets**

  When buying assets in your company, consider how you can time the purchase best to take advantage of the annual investment allowance (AIA). The AIA allows you 100% relief on the purchase of qualifying assets up to £25,000 in any one tax period. Also consider the reliefs available when purchasing energy efficient assets.

- **VAT**

  VAT is one of the most complicated taxes and is constantly changing. You should ensure you keep up to date with any changes to VAT legislation relevant to your industry and whether you can utilise any HMRC VAT schemes to manage VAT better.

- **Talk to us today!**

  HMRC say "Tax doesn't have to be taxing" and whilst we'd agree with this sentiment, the UK tax system can be complicated at times! If you're unsure and want help and advice, appoint a qualified accountant to guide and assist you.

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