

**IT IS ALWAYS GOOD PRACTICE TO REVIEW FINANCES BEFORE 5<sup>TH</sup> APRIL TAX YEAR END, BUT WITH A GENERAL ELECTION IN MAY IT IS EVEN MORE IMPORTANT THIS YEAR!**

#### **CONSIDER THE FOLLOWING:**

- sharing income between spouses
- planning the disposal of assets
- considering family wealth succession
- maximising pension contributions
- reviewing your company's dividend and bonus arrangements
- reviewing your UK tax residence
- structuring your children's education costs
- timing your businesses expenditure
- structuring your property ownership

#### **INCOME TAX**

- If possible make sure family members are utilising their personal allowance (£10,000) and basic rate tax band (the next £31,865 of income) and for high income families the 40% band (up to £150,000).
- Paying pension contributions and making gift aid contributions will reduce taxable income. In particular those with taxable income between £100,000 and £120,000 who have an effective tax rate of 60% due to the personal allowance being withdrawn at a rate of £1 for every £2 of taxable income above £100,000, will obtain relief at 60%.
- For those families eligible to claim child benefit, such contributions may reduce the highest earner's income sufficient to avoid or reduce the 'high income child benefit charge' which applies once the income exceeds £50,000.

#### **CAPITAL GAINS TAX**

- Make sure family members utilise the annual exemption of £11,000 and 18% rate for those whose taxable income is within the basic rate band. The rate is 28% for gains once the basic rate band is exceeded. Utilise the tax neutral status of gifts between spouses and civil partners.

#### **FOREIGN CITIZENS**

- Should take advice on the 2015/16 increase in the remittance basis charge (RBC) for those paying at the £50,000 level to £60,000, the 2015/16 introduction of a £90,000 charge after the 17 years of UK residence and the consultation on a requirement from 2016/17 to pay the RBC for a minimum of 3 years means that action may be advisable by 5 April 2015.
- Those paying the RBC need to ensure they have at least £1 of specifically identifiable nominated income.

#### **PROPERTY**

- From 6 April 2015 non-residents (individual or otherwise) will be liable to capital gains tax on the disposal of UK residential property. You are advised to consider your position ahead of the change.
- If Mansion Tax is introduced owners will need to budget for a significant tax liability.

#### **SAVINGS FOR CHILDREN**

- A Junior Isa is a tax-free savings vehicle for children under 18s. The 2014/15 Junior Isa limit is £4,000 and, like a regular adult Isa, it can be saved as cash, stocks and shares or both.
- A Junior Isa can be set up for a child by someone who has parental responsibility but friends and relatives can contribute to it, which might make it easier to make the most of the allowance.
- It's worth bearing in mind that 16 and 17 years olds qualify for both a Junior Isa and adult Isa allowance, which means for 2014/15 a maximum of £19,000 can be invested.

#### **INTRODUCTION OF PAYE LATE SUBMISSION FINES**

HMRC already impose fines for late payment of PAYE and if you have made any late payments during this tax year you will likely receive a fine shortly.

From 6 March 2015 HMRC will also be charging penalties on late submission of PAYE information. So far these fines have been waived to allow the system and its users to adapt to real time reporting. This is no longer the case so please be aware you must report salary payments on or before the date they are paid to employees to avoid a fine.

For more information visit: <https://www.gov.uk/what-happens-if-you-dont-report-payroll-information-on-time>