Work out your tax position sooner rather than later **INCOME TAX**

If you are required to file a Self Assessment tax return there are compelling arguments to support the notion that you should calculate your tax position as soon as you can after the 5 April. Don't forget, it is possible to work out your tax position for 2014-15 and consider your planning options before you file the return. Certainly, we can undertake this for you.

By the end of May or early June 2015 you should be able to draw together most of the information you need to complete your return for 2014-15.

Here are three reasons why you should seriously consider this early-bird approach, and there are many more:

1. You will be aware of any underpayment of tax to 5 April 2015, and more importantly, how you will fund the payment that will become due on or before 31 January 2016.

2. If your tax arrears include Income Tax at the higher rates, you may want to consider making a charitable donation before you file your 2015 return. It is possible to carry back charitable donations made after the 5 April 2015 as long as you make the claim before you file. Knowing your tax position at an early date will give you an opportunity to consider this option.

3. If you have overpaid tax for 2014-15 why leave it in the Treasury's bank account? Getting the job done as soon as you can, after 5 April 2015, should ensure your refund is quickly received.

Is your income approaching £100,000? **INCOME TAX**

If you estimate that your taxable income for 2014-15 will marginally exceed £100,000, perhaps for the first time, you should consider your options.

If your income does exceed £100,000 then for every £2 that your income exceeds this amount your personal tax allowance will be reduced by £1.

As the basic personal allowance is £10,000 for 2014-15 this means that when your income is £120,000 or greater, you will no longer qualify for a basic personal allowance. Any steps that you can take to keep your income below £100,000 will potentially save you Income Tax at the marginal rate of 60%.

For example you could consider negotiating a salary sacrifice arrangement with your employer or additional pension contributions. Maybe, trading salary for non-taxable benefits such as increased holiday entitlement? Further, pension premiums and gift aid payments count as deductions in arriving at your taxable income.

If you would like to discuss your options in more detail please call.

Planning your business year end **CORPORATION TAX**

Most of the tax planning that can be employed to reduce your business tax liabilities need to be considered and implemented prior to your year end date.

If you are in business, you should consider at least one planning exercise with your professional advisor before the end of the tax year. This should be a priority.

Here's why:

1. When deciding on whether to make (or not make) a purchase of equipment or a vehicle, you should consider carefully the tax effects this may have. There are significant investment allowances available and appropriate action can result in cash flow advantages - securing tax relief sooner rather than later.

2. In a similar vein, there is still an opportunity to maximise tax relief by considering the timing of significant overhead payments that are not recurring – for example, repairs to plant or buildings or significant training costs. Should you commit before or after the tax year end?

3. If you operate your business as a limited company have you ensured that you have sufficient post tax profits, for the current year and brought forward, to cover dividend payments to shareholders?

4. Again, in a company environment, are directors' loan accounts overdrawn? Can this be rectified before the end of the trading year? What are the personal and Corporate Tax consequences?

For many of our business clients this pre-year end planning is the norm – an essential part of our service. If you would like to organise your planning session please call us so we can have a discussion; once your trading year end, or the tax year end passes, opportunities to save tax may be lost.

Topping up your State Pension **PENSION**

The Government has indicated that it wants to offer more to existing pensioners and people who reach State Pension age before 6 April 2016 when the single-tier pension is introduced.

To achieve this a new Class 3A voluntary contribution will be available from October 2015 to April 2017.

The Class 3A contribution will allow people to top up their additional State Pension. The rate of contribution, which will be a lump sum payment, will be set at an actuarially fair rate that ensures that both individual contributors and the tax payer get a fair deal.

The scheme will be only be open for a limited period as it is expected that most people who want to take-up Class 3A entitlement will do so in the first few months.

You may want to consider the effects this may have on your State Pension at retirement.

Tax Diary January/February 2015 **GENERAL**

1 January 2015 - Due date for Corporation Tax due for the year ended 31 March 2014.

19 January 2015 - PAYE and NIC deductions due for month ended 5 January 2015. (If you pay your tax electronically the due date is 22 January 2015.)

19 January 2015 - Filing deadline for the CIS300 monthly return for the month ended 5 January 2015.

19 January 2015 - CIS tax deducted for the month ended 5 January 2015 is payable by today.

31 January 2015 – Last day to file 2013-14 Self Assessment tax returns online.

31 January 2015 – Balance of Self Assessment tax owing for 2013-14 due to be settled today. Also first payment on account for 2014-15 due today.

1 February 2015 - Due date for Corporation Tax payable for the year ended 30 April 2014.

19 February 2015 - PAYE and NIC deductions due for month ended 5 February 2015. (If you pay your tax electronically the due date is 22 February 2015.)

19 February 2015 - Filing deadline for the CIS300 monthly return for the month ended 5 February 2015.