

What is tax avoidance?**INCOME TAX**

None of the comments that follow should stop you considering strategies that minimise your tax position based on current law and best practice. One thing that HMRC has failed to mention in its published comments, highlighted below, is the number of taxpayers in the UK who pay too much tax because they failed to claim allowances and reliefs available. Planning is critical especially if your tax affairs are complex.

Here's what HMRC have said:

1. HMRC is serious about stopping avoidance: the Government is taking unprecedented steps to clamp down on the small minority who try to avoid paying tax that is legally due.
2. Other people are getting out of avoidance: increasing numbers of people involved in multiple avoidance schemes are approaching HMRC to settle up so that they can put the past behind them and protect their reputation.
3. HMRC wants to help tax avoiders to get out of avoidance: HMRC will work with avoiders who demonstrate a commitment to resolving their avoidance arrangements to finalise their tax liability and will provide certainty over payment terms. HMRC has set up a single point of contact to help establish the possible terms for exit from each scheme a serial avoider uses.
4. HMRC is moving more quickly to tackle serial avoiders: as they close in and increase their focus on this minority, HMRC will look ever more carefully at those who use multiple schemes.
5. The tax avoider is the one who is responsible: even if a promoter or agent has arranged the avoidance scheme for the user, the avoider remains responsible for their own tax affairs and what is put on their tax return. Serial avoiders will personally have to provide HMRC with information and documents regarding their tax affairs.
6. HMRC has a special unit looking at tax avoiders: the Serial Avoiders Unit is identifying users of multiple schemes who choose not to approach HMRC to settle their affairs.
7. Tax avoiders may personally have to attend meetings with HMRC investigators: HMRC will ask questions about their tax affairs and will be checking that they have the full facts about their arrangements.
8. HMRC will look at all the tax avoider's tax affairs: serial avoiders will be subject to a more co-ordinated approach to challenge and resolve their tax affairs. HMRC will look at their current activity, not just enquiries that are already open. And they will look at all the entities and structures the tax avoiders are connected with, to challenge any avoidance and evasion in all areas of their affairs.
9. Tax avoiders may have to pay up front: HMRC will fundamentally reduce the incentive to engage in serial tax avoidance and recover all duties legally due at the earliest opportunity. Multiple users of schemes may receive Accelerated Payment Notices before other users of a scheme.
10. There are heavy sanctions: HMRC will evaluate the behaviour of each serial avoider and this could result in penalties for careless or deliberate behaviour or for any failure to disclose avoidance. Deliberately misleading or concealing information from HMRC could lead to prosecution and criminal conviction.

These comments are a reminder, as we approach the end of another tax year, that overstepping the mark can have serious consequences.

Last chance to plan for 2014-15

CORPORATION TAX

As we mentioned in our January 2015 newsletter there are a number of tax planning opportunities that will cease to exist once the clock passes midnight, 5 April 2015. For businesses whose year end is the 31 March 2015 these opportunities included:

- The timing of capital purchases: equipment, vehicles and so on.
- The timing of significant overhead expenditure.
- Dividend and profits extraction planning if your business is a limited company.
- And again, if you have a limited company is your director's loan account overdrawn?

In fact, all taxpayers, whether in business, employment or receiving a pension, may have opportunities to legitimately reduce their tax liabilities for 2014-15. The point of this article is to remind you that once the tax year end passes these opportunities will be lost, very often permanently.

Readers who are in business, or who have significant or complex sources of income, should have contacted and consulted with their tax advisors by now. If not, there is still just over three weeks to take action. Please call to see if there are any advantages that may be available to you.

You may be kicking yourself later this year if you pass over this planning window without taking action.

When was the last time you reviewed your Will?

INHERITANCE TAX

Do you have any idea if your estate will have an inheritance bill when you die? How much will it be? Who will have to pay it?

Planning opportunities arise if:

1. If you have assets that you would like to give away.
2. If you have any interests in a business or company, or own agricultural property.
3. If you have assets that you would like to gift, but are concerned that other parties may seek to control those assets against your wishes.

These and many other scenarios, particular to your circumstances, may be available. The key is to explore these planning strategies before the burden of responsibility for settling tax is passed to your executors, and ultimately, your family and beneficiaries.

Domestic employment arrangements

PAYROLL

Did you know that if you take on domestic help you may be considered an employer?

Anyone who works in a private home is treated as an employee if they only work for one family, except for au pairs. This includes nannies, housekeepers, gardeners and anyone else working for one family. You're their employer if you hire them.

As an employer you would need to ensure that an employee:

- has an employment contract
- is given payslips
- does not work more than the maximum hours allowed per week
- be paid at least the National Minimum Wage

They're also entitled to employment-related benefits, if they meet the eligibility requirements. These include:

- statutory maternity pay
- statutory sick pay
- paid holiday
- redundancy pay

Additionally, domestic employers must:

- check if the person can work in the UK
- have employer's liability insurance
- register as an employer and send employer tax returns each year - even if they pay the employee in cash

Running a home with staff is the equivalent of running a business with staff, there are a multitude of legal matters you will need to consider.

Tax Diary March/April 2015

GENERAL

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

2 March 2015 – Self Assessment tax for 2013/14 paid after this date will incur a 5% surcharge.

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

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

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

1 April 2015 - Due date for Corporation Tax due for the year ended 30 June 2014.

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

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

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