

## YEAR END TAX PLANNING FOR 2014-15

With the end of your tax year coming up on the horizon now is the time to start thinking about the things you can do to minimise your business and personal tax liabilities by 5th April.

### 1). Maximise Dividends

Each shareholder of your business can earn up to £41,865 without having to pay any additional tax. You'll need to deduct any other income from this total, the table opposite shows how you can work out how much you have left to take.

It is important that the tax free allowance is used this year; it cannot be carried forward.

### 2). Different Share Classes

If you have a spouse or business partner that has not used up all their allowance (and you don't want to give them a controlling stake in your company) then this can be achieved by issuing different classes of shares before paying the dividend.

### 3). Pension contributions

Payments into pension schemes are incredibly tax efficient; a higher rate tax payer can turn every £60 they put into a pension into £100 before the 5th April. (Contributions capped at £40,000 for this year).

### 4). Upgrade your book-keeping onto the excellent Sage One product

The data is held online so you can access it from any

2014-15 basic rate tax threshold	£41,865
less salary, pensions received, bank interest, P11d benefits (all gross), rental income (net)	-£19,415
Balance	£22,450
Dividends available (less 1/10th tax credit)	£20,205

computer / tablet / mobile, invoices can be produced in seconds, you'll always know who owes you what and the reports will give you the financial information you need to run your business.

### 5). Expense claims

Now would be a good time to go through your wallet and find all those receipts and reimburse yourself for any business items and services that you have had to pay for personally, during the year. The most frequently forgotten items are:

- Business travel costs
- Business mileage at 45p per mile (first 10,000 miles), 25p thereafter
- Subsistence (the cost of a food and beverages incurred whilst undertaking business travel).
- Mobile phone
- £4 per week if you use any part of your home in your business.

### 6). Purchase assets

The first £250k spent this year on assets still attract 100% capital allowances, meaning the full cost can be used to offset your taxable profit.

#### Examples include:

- Commercial vehicles
- Cars with a CO2 rating of less than 95g/km
- IT equipment (computers, printers, smart phones)
- Plant and machinery / Fixtures and fittings

Purchasing on finance is a good idea because you get the tax break on the full list price of the asset, as well as the VAT back. We are working on examples at the moment where on a £500 per month finance purchase the owner will see a £5,000 reduction to his tax bill and a further £4,000 back in VAT before the end of the year.

### 7). Child benefit changes for high earners

If your income is between £50k and £60k then you should consider your (somewhat limited) options so that you don't lose entitlement to any child benefit you receive.

### 8). Capital gains allowance

If you have any shares or property assets to sell, don't forget you can use this year's £11,000 tax free allowance

### 9). Balance your director's loan account to zero

Where a debit balance remains in the director's loan account (usually because you have taken more cash out of your business than profits allow) then a 25% corporation tax surcharge applies on the balance.



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