2011/12

GUIDE TO...

Year End Planning

Stacey & Partners

www.staceys.co.uk

YOUR GUIDE TO
Year End Planning

Tax planning is about knowing the personal and business taxes you are liable to pay, and acting to minimise them. It is also about maximising your net income, and creating opportunities to invest and save tax-efficiently, for the current and future needs of your business, your family and yourself.

While there is no doubt that the tax system is complex, you should not let complexity deter you from a simple goal: keeping your taxes as low as possible. That's where we can help.

How we can help

This guide is designed to highlight a range of planning opportunities, some of which expire at the tax year end on 5 April 2012. In particular, contact us to discuss:

- Making the most of tax-free opportunities
- Keeping tax rates as low as possible across the family
- Developing a plan for tax-efficient profit extraction
- Keeping business taxes to a minimum
- Minimising the tax on the sale of your business
- Tax-efficient remuneration packages
- Reducing national insurance costs
- Reducing the cost of company cars
- Tax-efficient savings
- Reducing the tax on your estate
- Minimising tax on gifts
- Inheritance tax (IHT) reduction
- Planning to reduce capital gains tax
- Planning to minimise VAT liabilities.

A word on couples

Married couples have for many years attracted some tax breaks and have also been the target of some anti-avoidance legislation, neither of which has applied to unmarried people. Civil partners are, for most tax purposes, treated the same as married couples.

Saving Taxes on Income

This guide introduces some strategies to consider before 6 April 2012.

Contact us to find out if you or your business can benefit – make sure you talk to us before taking any action.

Income tax

Reconsider your company car and fuel options

Consider the tax liability on your company car and fuel provided for private travel, the emissions of your next car, and the current rules for company vans; as well as the possibility of running your own car and claiming business mileage.

The right decision could save a considerable amount of tax.

Do not delay in sending us your business and personal records

Claims for relief are often time-sensitive. Unless we receive your records in good time, we may not be able to ensure that the right claims are made in time.

Keep income below the level at which the age reduction allowance is reduced

This applies to the over-65s. The higher allowances are scaled back if income exceeds £22,900. Consider the tax-exempt status of income in ISAs and some National Savings products.

Invest in a personal pension plan

Are you investing in a pension policy or pension scheme, and if so should you maximise the amounts you and your employer invest?

Business taxes

Take a dividend instead of a bonus from your company

Thus saving both employer and employee national insurance contributions.

Ensure that borrowings will attract tax relief

Funds borrowed for business purposes obtain full tax relief.

Saving Taxes on Capital

Capital gains tax (CGT)

Claim a CGT loss for assets which have become of negligible value

This can be offset against current year gains or carried forward if you have no gains in 2011/12.

Use business losses against capital gains

If you have business losses and assets which have accumulated a lot of gains, you might realise the gains now, offsetting your business losses to minimise your tax liability.

Make a main residence election for your second home

Subject to time limits, an election to have your second home treated for tax purposes as your main residence for as little as two weeks can add valuable CGT reliefs when you come to sell it, at a cost of what should be a very small loss of relief on your first home. Once the initial election has been made, it is possible to change it at any time to reflect the tax situation at the time.

Realise capital losses to offset current year gains

Avoid matching problems by re-purchasing through an ISA.

Gifts and estate planning

Ensure that charitable gifts are covered by Gift Aid

And then record them so that we can include your claim for higher rate tax relief (if applicable) in your Tax Return.

Review your estate plan and Will

A review is due if there has been: a birth or a death; a marriage or a divorce; a move abroad; a significant change in the value of your estate; a new business or the disposal of a previous business; a retirement; or a relevant change in tax law. We can help you to work through changes to keep your estate plan up-to-date.

These are just some of the ways we can help you plan to minimise your tax liabilities. We are always pleased to discuss matters with you personally. Contact us today.

Savings and Saving Tax

Saving for retirement

Tax reliefs encourage savings through pension plans, with tax relief at up to 50% on your own savings and a tax deduction for your employer. Tax relief may be worth up to 60%, although this would apply only to those whose earnings fall in the band affected by the withdrawal of personal allowances (ie between £100,000 and £112,950).

However, be aware that contributions to tax-advantaged plans are limited, and that: 2011/12 savings need to be invested by 5 April 2012; the amount you can receive tax relief for investing in a pension in 2011/12 is the greater of £3,600 or total UK relevant earnings. The investment limit is subject to an annual allowance.

For 2011/12 the annual allowance is reduced from £255,000 to £50,000. However, where premiums paid in the pension input periods ending in the preceding three years are less than £50,000, unused relief may be carried forward.

The lifetime allowance on money that can be accrued in a pension fund and still receive tax relief, is set to fall from £1.8 million to £1.5 million from April 2012.

Regular savings

Small regular amounts can be saved in **Individual Savings Accounts (ISAs)**. Gains and most income in an ISA are tax-free. You have until 5 April 2012 to make your 2011/12 ISA investment. Regular savings can also be invested in National Savings (some products offer a tax-free return, which is particularly attractive to 40% or 50% taxpayers) and banks and building societies. Those open to the possibility of greater risk might consider the stock market or buy-to-let property.

Gift planning

Tax-efficient gift planning in your lifetime means that you can enjoy seeing your money put to use. You can plan a strategy to make the most of IHT reliefs. Ideas to consider include: gifts of up to £3,000 before 6 April 2012; small gifts before 6 April 2012 of up to £250 per person; gifts to charity; regular gifts out of income; and gifts of a stake in the family business. Substantial gifts not covered by specific exemptions are not chargeable to IHT if you survive seven years from the date of the gift. A tax-efficient Will is also very important.

Our Services

Business Planning
- Business start-up planning and advice
- Strategic and business planning
- Financial management
- Financial information systems
- Computer systems advice

Taxation Advice
- Personal tax
- Business tax
- Company tax
- Capital gains tax
- Inheritance tax
- HM Revenue and Customs investigations
- Value Added Tax Planning
- PAYE and national insurance compliance

Accounting
- Preparation of annual accounts
- Preparation of periodic management accounts
- Providing Book-keeping services
- Maintaining PAYE and VAT records and associated returns
- Cash flow and profit forecasts

Company Secretarial
- Preparation and filing of statutory returns
- Preparation of minutes and resolutions
- Company formation
- Company searches
- Registered office facilities

Auditing
- Statutory audit

Stacey & Partners

Bury St Edmunds: Tel: (01284) 773400 Email: bury@staceys.co.uk

Newmarket: Tel: (01638) 564200 Email: nmkt@staceys.co.uk

Thetford: Tel: (01842) 826100 Email: thet@staceys.co.uk

Sudbury: Tel: (01787) 375282 Email: sudbury@staceys.co.uk

www.staceys.co.uk