

# THE TAX RETURN, A YEARLY CHORE.

HERE ARE 10 WAYS TO SAVE TAX THIS YEAR:

## 1 USE AN ACCOUNTANT

A qualified accountant will have years of knowledge, and you will have peace of mind knowing you are complying with your legal obligations as a tax payer. Ultimately your tax saving is likely to be higher than your accountant's fees. With Making Tax Digital around the corner you may find it helpful to hire an accountant regardless, as it will save you time, meaning you can focus on the day to day running of your business rather than filing reports to HMRC. Contact us on **01295 477 250** alternatively you can email [hello@progresswithassureuk.com](mailto:hello@progresswithassureuk.com).

## 2 PAY YOUR TAX ON TIME

As of 21 August 2018, the interest rate for late payment is 3.25%. However, don't dip in to your business overdraft in order to pay your tax. If necessary, communicate your situation with HMRC, you are likely to receive a more favourable outcome than having to pay overdraft fees.

## 3 APPLY FOR THE ENTERPRISE INVESTMENT SCHEME (EIS)

EIS was introduced to encourage individuals to invest in companies not listed on the stock exchange. There are a number of ways to save tax through the EIS Scheme, including 30% income tax relief, Capital Gains Tax (CGT) deferral or no CGT. For more information on this tax relief or to find out whether you are eligible contact us on **01295 477 250**, alternatively you can email [hello@progresswithassureuk.com](mailto:hello@progresswithassureuk.com).

## 4 PAY INTO YOUR PENSION

Maximise your pension contributions to avoid paying 40% tax. By doing this, you are simply transferring your income into a longer term income. The current rate of 40% tax starts at £46,351, so you will need to ensure you contribution brings your salary down to under that figure.

## 5 CLAIM ON TRAVEL COSTS AS WELL AS EXPENSES INCURRED WHILST DOING SO

If you are an employee, you can claim for full travel costs, including meals and accommodation. Please note this does not include your ordinary commute from your home to your usual place of work. Incidental personal expenses for items such as newspapers and laundry costs are tax free provided you are reimbursed no more than £5 a night for UK trips or up to £10 for overseas.

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## 6 RENT A ROOM

Do you own a property or have a spare room? Why not make an additional tax free income? You can receive up to £7,500 tax free per year for letting out furnished rooms. If you are renting, be sure to have an agreement in place with your landlord. Please note HMRC have recently added additional conditions to the legislation. Read more here, or go to Progress with Assure UK – News – Blogs and search for 'Rent a Room'.

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## 7 GIVE CHILDREN ASSETS WHEN THE VALUE IS LOW

An example of this would be to give children shares in the business, when you first set up. You would do so in the hopes that the business does well and will be worth a good in the future. Delaying share distribution could result in you having to pay Capital Gains Tax.

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## 8 EQUALISE YOUR INCOME WITH YOUR SPOUSE

If you are married try and equalise your income. This can be done by putting assets that create a tax liability in the name of the partner who is otherwise in the lower tax bracket, or, as a joint ownership. For example a rented out property should be transferred to, or initially put into joint ownership in an attempt to reduce the amount of tax the higher earner pays.

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## 9 CLAIM ON PROFESSIONAL SUBSCRIPTIONS

If you are an employee and pay for professional subscriptions:

- as required to do so as a part of your employment or;
- the activities of the body are directly relevant to your employment

**You can claim tax relief, [click here to see if your professional body is on HMRCs list.](#)**

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## 10 GIFT AID

Gift aid your charity donation, this means the charity is able to claim back basic rate tax. So ultimately for every £1 you donate it is topped up by 25p by gift aid. If you are a higher tax payer you are entitled to an added 20% on your donation in tax relief. This is done by extending your basic rate band, meaning more of your salary is taxed at the 20% band rather than 40%. Are you in the 40% tax payer wanting to get more out of your donation? Contact us on **01295 477 250** or alternatively email **hello@progresswithassureuk.com**.

## ABOUT PROGRESS WITH ASSURE UK

Progress with Assure UK is an innovative accounting and assurance advisory business, serving clients across the United Kingdom.

Our clients range from individuals and entrepreneurs, to large not for profit organisations. We work together with them, support their aspirations and contribute to their success. In-depth understanding of our clients allows us to deliver focused accounting and advisory solutions. Clients have access to bespoke services and solutions, including audit and assurance, governance and risk, corporate funding, wealth management, online accounting and bookkeeping services, IT consultancy and digital marketing. Our success stems from our industry focus, which enables us to provide an innovative and personal service to our clients in a range of sectors.

If you would like further information on any item within this ebooklet, or information on our services please contact:



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