



Tax-saving strategies to implement before the 5 April year end

Implementing some key financial planning strategies ahead of the year end on 5 April will help to ensure that both your business and personal finances are as tax-efficient as possible. Here we review some of the planning strategies that could be utilised before 6 April 2016.

Taking advantage of tax-efficient savings

You have until 5 April 2016 to make your 2015/16 ISA investment. Adult savers may invest in a combination of cash or stocks and shares up to the overall annual subscription limit of £15,240 for 2015/16. Individuals may only pay into a maximum of one Cash ISA and one Stocks and Shares ISA each year.

Extracting profit from your business

The decision of whether to take a salary or bonus, rather than a dividend, requires careful consideration. Currently, a dividend is paid free of national insurance contributions (NICs), while a salary or bonus can carry up to 25.8% in combined employer and employee contributions. However, a salary or bonus is generally tax deductible for the company, unlike dividends. With landmark new rules applying to dividend taxation with effect from April 2016, you may wish to consider increasing your dividends before 6 April 2016, although there may be other tax issues to consider, such as loss of the personal tax allowance if your total 'adjusted net income' exceeds £100,000. Please talk to us before taking action.

Making use of personal allowances

Each individual has their own tax-free personal allowance for income tax purposes. For 2015/16, this is set at £10,600 for those born after 5 April 1938, and £10,660 for those born before 6 April 1938. If a spouse or partner has little or no income, it may be useful to transfer income or income-producing assets to them, to make the most of their personal allowance. It is important to bear in mind the settlements legislation governing 'income shifting', as well as the legal implications of transfers.

You should also beware the 'hidden' income tax rate. In 2015/16, the 40% rate of tax begins when your taxable income exceeds £31,785. However, personal allowances are clawed back by £1 for every £2 by which your adjusted net income exceeds £100,000, leaving you open to an effective tax rate of 60%! A number of strategies may allow you to reduce your taxable income for 2015/16, such as delaying income into the next tax year, or increasing pension payments.

For more information on tax-saving strategies to implement before the year end, please do not hesitate to contact us.

CBI sets out four-point plan for apprenticeship levy

The Confederation of British Industry (CBI) has set out its proposals for an 'effective' apprenticeship levy, despite initially being opposed to the new measure. CBI Director-General Carolyn Fairbairn wrote to Business Secretary Sajid Javid with a four-point plan for the levy, which was first announced in November's Autumn Statement.

The new apprenticeship levy will come into effect in April 2017 and will be set at 0.5% of an employer's paybill. It is a key measure intended to help meet Chancellor George Osborne's target of creating three million apprentice starts by 2020. It is also expected that the levy will raise nearly £3 billion a year by this time.

In her letter to the Business Secretary, Ms Fairbairn called for a particular focus on SMEs and smaller levy payers, asking for a reduction in the system's administrative burden. She wrote: 'The apprenticeship levy is a significant step. Its introduction is not an approach the CBI supported.

'However if it is to be successful in providing the higher rates of training we all want to see, the levy system must ensure training is relevant and valuable for businesses and that it helps individuals build their careers.'

The four points set out by the CBI were:

- That the system must be 'driven by economic and business need'
- That there should be flexibility in the system for different sectors and sizes of firm
- That the system should 'fund quality and reward commitment'
- That there should be 'relevant and simple apprenticeship standards across all parts of the UK'.

Every employer will receive a £15,000 allowance to offset against the apprenticeship levy, and the Government claims that 98% of employers - and all businesses with salary costs of less than £3 million - will pay no levy at all.

In a response to the letter, Business Secretary Sajid Javid stated: 'Employers need to be in charge of driving up the quality of apprenticeships so that our young people get the skills they need. We will continue to work with the CBI and others to turn round the 20-year decline in training investment.

'The apprenticeship levy will ensure that businesses invest in skills and training and will act as a much-needed shot in the arm for the country's productivity.'

We can help with all aspects of running a business - contact us to find out more.

Other news in brief

'Significant rise' in buy-to-let mortgage lending ahead of new surcharge

Data from the Council of Mortgage Lenders has revealed that buy-to-let mortgage lending increased by 35% during November compared with a year earlier.

Auto-enrolment is putting firms 'under pressure', claims FSB

In a new survey by the Federation of Small Businesses, three in four business owners who responded claimed that pensions auto-enrolment has 'put too much pressure' on them.

Levels of interest on savings accounts reach 'new low'

Recent data from the Bank of England has revealed that interest rates on savings accounts have plummeted to a new low.

Savers receiving 'inadequate pension information', MPs warn

MPs have warned that millions of pension savers may be planning their retirement based on incorrect information.

For more on these visit our website www.nhllp.com

ESSENTIAL TAX DATES FOR FEBRUARY

1 February

£100 penalty if 2015 Tax Return not yet filed online. Additional penalties may apply for further delay. Interest starts to accrue on 2014/15 tax not yet paid.

2 February

Submission date of P46 (Car) for quarter to 5 January.

14 February

Last date (for practical purposes) to request NIC deferment for 2015/16.

Gerrards Cross Fun Run, May 22nd

Save the Date! We are proud to be Gold Sponsors again at this great event.

Let us know if you would like to run in our Nunn Hayward Team!



www.gxfunrun.org.uk

Quote of the month

'Because of the role that the NHS occupies in national life, all of us working in the NHS have a responsibility not just to support those who look after patients, but to also draw attention to and make the case for some of the wider changes that will actually improve the health of this country.'

Simon Stevens, chief executive of NHS England, commenting on the proposed 20% 'sugar tax' to be imposed in hospital cafes.