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BASIC TAX YEAR END PLANNING OPTIONS
THE CLOCK IS TICKING

As the end of the tax year on 5 April 2026 approaches, many business owners focus on how much tax they expect to pay. What is often overlooked is that timing can be just as important as the numbers themselves. The date on which income is received, or expenses are incurred can materially affect the final tax outcome.

BEFORE OR AFTER 5 APRIL, A CRITICAL DISTINCTION

The UK tax system operates on strict annual cut-off points. Income received, dividends declared, bonuses paid, and pension contributions made before 5 April 2026 are normally taxed under the 2025–26 rules. Transactions that fall after that date move into the following tax year. Once the deadline has passed, decisions are usually locked in and cannot be revisited.

IMPLICATIONS FOR DIRECTORS AND OWNER-MANAGED BUSINESSES

For directors, timing decisions often centre on dividends, salary levels and employer pension contributions. A dividend declared before the year end may be taxed very differently to one taken shortly afterwards, depending on overall income and marginal rates. Employer pension contributions paid before the year end can also reduce Corporation Tax for the current accounting period while helping to manage personal tax thresholds.

CAPITAL EXPENDITURE AND INVESTMENT TIMING

The timing of business expenditure can also influence tax relief. Bringing forward qualifying capital expenditure may accelerate relief and improve cash flow. In other cases, delaying a transaction until the new tax year may be more appropriate, particularly where profits are expected to change or where allowances have already been used.

PERSONAL TAX THRESHOLDS AND HIDDEN MARGINAL RATES

Small changes in timing can push income into bands where allowances are withdrawn or additional charges apply. These higher marginal rates often come as a surprise. Careful planning can sometimes prevent income from falling into the most punitive zones.

WHY ADVICE BEFORE THE YEAR END MATTERS

There is no single right answer that works for every business owner. A short planning conversation before the tax year end can help ensure transactions fall in the most appropriate year, avoid missed opportunities and reduce unexpected tax bills.

For more information, contact us on **01753 888 211** or email **info@nhllp.com**, we are here to help.