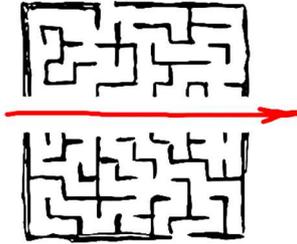


## JANUARY 2019 TAX TIPS



### Puzzling over your tax return?

**Here are a few tips from those in the know, to keep your tax bill down.**

1. Be sure to file your tax return and pay any tax you owe before 31 January to avoid fines and penalties for late filing and payment.
2. Review the income you expect to receive in this tax year and make sure it is as tax efficient as possible.
  - If you are drawing income from shares there is a £2,000 p.a. tax free allowance for dividend income but tax is due on dividends above this level starting at 7.5% for basic rate taxpayers.
  - Interest income is tax-free up to £1,000 for a basic rate taxpayer and £500 for a higher rate taxpayer (nil if an additional rate taxpayer). Also up to £5,000 may be tax-free for any taxpayer but only if income excluding dividends is less than £16,850. Consider charging interest on any director's loan account with your company.
  - If you have taxable income over £100,000 there are tax benefits in making additional pension contributions or gift aid donations which may restore your personal tax allowance.
  - If you have taxable income over £50,000, consider additional pension contributions or charitable donations to restore eligibility for child benefit.
3. Review the gifts you have made over the tax year and consider whether you might wish to make more. In addition to marriage gifts and gifts below £250 per person, up to £3,000 per tax year can be gifted as one off capital sums and will be exempt from inheritance tax. Any unused part of this allowance can be carried forward 1 year. Gifts of any size to individuals are exempt if made more than 7 years before death.
4. Review your capital gains and losses. The £11,700 tax free allowance has to be used by 5 April and realising gains and losses each year can reduce the total tax you pay on your investment growth.
5. Use your allowance for tax free ISA saving; that's up to £20,000. Under 18s can save £4,260 this tax year.
6. Consider your pension position:
  - If you have larger pension funds built up, consider applying for a higher lifetime allowance. An allowance of up to £1.25 million is available for those with pensions in excess of £1million as at 5 April 2016.
  - Review your pension savings. Your allowance for tax relief on pension savings of up to £40,000 p.a. is granted at your highest income tax rate. Relief not claimed can also be carried forward for up to 3 years after the end of the tax year but drops off each 5 April. If your taxable income is more than £110,000 you may have a reduced allowance making it important to act well before 5 April.

This information is general in nature and you should take no action based upon it without consulting ourselves or your professional advisor.