

10 Tax Tips



VAT:

- 1 Do you claim back the VAT on your employee's mileage? Did you know you can reclaim input VAT if your employees use a rate per mile to calculate the business use of their private car? HM Revenue & Customs provide a chart which explains the procedure for claims.
- 2 Feel like you pay too much VAT? Have you looked into Flat rate VAT where you can pay a percentage of your sales, in some cases as little as 4%, if you are a labour based business. This could really help!

EMPLOYEES:

- 3 Don't want to pay Employer's NI? For a few years now the government has waived the first £3,000 employers NI for small businesses. This gives you a saving if you are thinking of taking on your first employee.
- 4 Tax-Free Benefits for Employees! Next time you want to show your employee how much you appreciate them, think before you give them a pay rise. A tax-free benefit, like Childcare vouchers/Cycle to work vouchers or eye tests could be of help as these will be tax deductible to the company and tax free to the employee.

TAX SAVINGS:

- 5 Don't forget the kids! Did you know children are entitled to the same personal allowance that's available for adults, so they can receive a certain amount tax free (currently £12,500). Children are also entitled to the annual capital gains tax exemption, currently set at £12,000 for the tax year to 5th April 2019.
- 6 ISA Limits: You now have £20,000 you can save tax free. This can be all cash or split between cash and shares.
- 7 Rent-a-room! If you let out a furnished room in your own home, the rent-a-room scheme entitles you to receive a certain amount of rental income tax free (currently £7,500). The relief can also be available for some bed & breakfast businesses too.
- 8 Utilise your Trading Losses in the most tax effective way! If you operate as a partnership or sole trader and you incur a loss in a period of trading, you don't have to take that loss forward you can claim tax relief for this loss against other income in the current year, or preceding tax years. There are varying conditions that have to be met but always worth looking into.
- 9 Your Company Car eating up all your tax free allowance? Consider buying the company car and charging your employer for any business miles you travel in that car. You will own the vehicle privately and therefore will no longer have any car or fuel benefit charges. You can receive up to 45p per mile for the first 10,000 business miles in a tax year and 25p per mile for any additional amount travelled.
- 10 Do you travel for business? It's not just business mileage you can claim back, you can get tax relief on the necessary costs of business travel like: public transport fares, hotel accommodation meals, tolls congestion charges, parking fees, business phone calls, fax or photocopying costs.

*All allowances are as tax year 2019/20

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