GUIDA ACCOUNTANCY

Top Tax Tips for Self-Assessment

TAKING THE MYSTERY OUT OF YOUR TAX & ACCOUNTS

Because You Have Better Things To Do With Your Time!

GUIDA ACCOUNTANCY

WELCOME TO GUIDA ACCOUNTANCY

My name is **John Lawrence.**

My aim is to transform the outdated stereotype of the grey-haired man in the grey suit Accountant (apart from the grey hair that is!)

To my clients I am someone in their corner, a spare pair of hands with a brain attached, a silent partner, their outsourced Chief Financial Officer.

Hello, **I am Ida,** and I am Head of Mindfulness and Wellbeing.

My first career choice was to train as a Guide Dog but I was bitten by another dog and had to leave the training program and be rehomed. So, on to my second career.

My job here at Guida Accountancy is to provide inspiration and joy as well as maintaining dad's physical and mental wellbeing.

Top Tax Tips for Self-Assessment

There are over 3 million self-employed people in the UK, that's around 1 in 7 UK workers.

That means over 3 million self-assessment returns every year.

For many, the thought of completing and filing their self-assessment return fills them with dread. Many put it off to the very last minute.

Getting a tax bill is rarely something to look forward to, so how can you minimise your tax liability whilst staying best friends with the taxman?

Claiming everything you can and arranging your finances correctly will reduce your tax liability and maybe take some of the pain out of that tax bill.

Here are my top 10 tips to help you.

1 Keep A Seperate Bank Account

There is no legal requirement for a sole trader to keep a separate business account. However, I fully recommend that you do. This can be a standard personal account, the vast majority of which are free to use.

Keeping a separate account will make maintaining business records so much easier. Your accountant (if you use one) will thank you for it. It is the best way to ensure all your business income and expenses are in one place, making it less likely that something will be missed.

Your return will be easier to complete, and you will claim all the expenses you have incurred. Plus, you have a really good record of how well your business is doing, just by looking at the bank statement!

Top Tax Tips for Self-Assessment

2

The £1,000 Self-Employed Trading Allowance

If you run a micro-business, or side-hustle, your expenses may be very low. If your expenses come to less than £1,000 then you can claim the £1,000 allowance instead. No proof of expenditure is required either, making completing the tax return much easier.

Plus HMRC cannot investigate your expenses, so there is no need to worry about proving your expenses should an enquiry be raised.

3

Claim For Your Home

If you use your home as your business office you can claim a set allowance as an expense. The rates change depending upon how many hours per month you use the office for.

Again, there is no proof of expenditure required although you might need to justify the number of hours used in your calculation, should HMRC ask.

Top Tax Tips for Self-Assessment

4 Claim Mileage Allowance

If you use your own car for any business travel you can claim the cost. The easiest way to do this is to claim the mileage allowance.

Keep a record of every business journey, the date, where you travelled to/from, how many miles, and the reason for the journey. This is to show HMRC if required. You can then claim 45p per mile as an expense for the first 10,000 miles of business travel. The rate drops to 25p per mile thereafter.

This saves having to keep all the receipts for vehicle costs and undertaking a calculation of personal/business mileage.

5 Use Pensions For Tax Relief

Pensions have had a bit of a bad press over the years. Nevertheless, they are an excellent way of lowering your tax bill if you are a higher rate taxpayer. And even for basic rate payers they offer great tax advantages.

For personal pension contributions you will get 20% tax relief added to your contribution. A £100 per month contribution means £125 will go into your pension. That’s free money! For a higher rate payer you can claim additional tax relief, saving you money off your tax bill. £125 will still go into your pension but a further £25 will come off your tax bill. A great tax incentive!

There are restrictions on contributions and you should always contact a financial advisor to ensure you do not exceed these limits. It can be very expensive if you do so.

.

Top Tax Tips for Self-Assessment

6 Gift Aid

Again, one for the higher rate payer. Gift Aid works in a similar manner to pension contributions. Contributions to qualifying charities can be claimed on your tax return. You must make a declaration to the charity that you want to donate through Gift Aid, and maintain a record of having done so.

7 Capital Allowances

Expenditure on capital items for your business can be claimed for under the Capital Allowance rules. Capital items are generally those which will be used by the business over a number of years, such as computers, furniture, company vans etc.

For most capital expenditure 100% of the cost can be claimed under the Annual Investment allowance rules, so effectively it is treated as a normal business expense. You can also restrict these allowances so you do not waste them in a year when profits are low. Always worth speaking to an accountant about this.

8 Set-off Losses

If you do make a tax loss in any year you can offset this against other income. This is particularly useful for side-hustle businesses who have employment income in the year.

Any loss can be used against the employment income and tax claimed back. If the loss cannot be used in this manner it can be carried back against the previous years profit or carried forward against the next available profit.

Top Tax Tips for Self-Assessment

9 Accountancy Fees Are Allowable

Using an accountant will ensure your return is completed correctly and give you peace of mind that you have claimed what you can, and not claimed what you cannot. Fees for accountancy services are tax deductible so are cheaper than you might think.

10 Incorporate

There is often the perception that incorporating to become a limited company is the best option for tax saving. This is not always the case and depends on the profits or losses of the business, as well as other factors. Even where tax savings can be made by incorporating, it may still not be the best option. Becoming a limited company brings additional reporting and legal requirements and generally higher administration costs that may outweigh any tax savings. Speak to an accountant for advice.

Conclusion

I believe in talking to my clients to help them understand the numbers in their business. Numbers are my thing. They may not be yours; I know and understand they are not everybody's cup of tea. But knowing your numbers is vital if you want a successful business.
So, it's essential to be able to talk to someone you know and trust who can help demystify your numbers for you .

That's where I come in...

If you want an accountant that you are happy to talk to, please feel free to arrange a complimentary, no-obligation 'DISCOVERY' conversation.

Let me (and Ida!) work with you to make your numbers work for you.

Book A Call

GUIDA ACCOUNTANCY