



## Tax planning for a prosperous future

**Effective business and personal tax planning can help to ensure a secure financial future for you and your business. Here we highlight some strategies to consider when reviewing your financial plans.**

### Business strategies

**Is your business motoring as tax-efficient as it could be?**

An employer-provided vehicle can be a useful business tool for both employees and employers. However, with the taxable benefits on cars increasing year on year, it may be time to review your business motoring policy completely. In some cases, it could be more tax-efficient to pay employees for business mileage in their own vehicles at the statutory mileage rates, especially if their business mileage is high. A company van may also be worth considering in certain circumstances – please talk to us about the potential tax benefits.

**Are you claiming all the relevant allowances, deductions and expenses?**

Have you checked to make sure that your business is claiming all the allowances that it is entitled to? Businesses looking to purchase capital equipment are able to claim tax relief in the form of capital allowances. The majority of businesses are able to claim a 100% Annual Investment Allowance (AIA) on the first £200,000 of expenditure on most types of plant and machinery (except cars). Meanwhile, those who are self-employed may

be able to claim for allowable expenses such as office costs, travel costs, clothing expenditure and more. Please speak to us for further details.

**Have you considered the tax benefits of taking dividends rather than a salary/bonus?**

If you are an owner-director, you may wish to take dividends instead of a salary/bonus. Despite changes to the dividends regime in 2016, receiving dividends rather than a salary/bonus may still result in a lower national insurance contributions (NIC) liability. The Dividend Tax Allowance (DTA) is currently £5,000 for 2017/18. The allowance does not change the amount of income that is brought into the income tax computation, but it instead charges £5,000 of dividend income at 0% tax – the dividend nil rate. Please note that proposals have been announced to reduce the DTA to £2,000 from April 2018.

### Personal strategies

**Have you sought to minimise your liability to income tax?**

You may be able to minimise your income tax liability by making full use of your personal allowance (PA), which is set at £11,500 for 2017/18. If a spouse or partner has little or no income, consider transferring income (or income-producing assets) to them to ensure that they are able to make full use of their PA. Certain rules and restrictions apply so please speak to us before taking action.

**Are you investing in a pension?**

Investing in a company or personal pension scheme may afford tax breaks on your personal pension contributions, while helping to ensure that you plan for a comfortable retirement. If you are a higher rate taxpayer, your investment will, subject to limits, qualify for tax relief at 40%. Pension contributions can be made at up to 100% of relevant earnings, subject to the annual allowance, which is currently £40,000 for most people. However, those with adjusted income over £150,000 may have their annual allowance tapered down to a minimum of £10,000.

**Are you making use of tax-efficient investment opportunities?**

A number of investment products offer tax-free income, including Individual Savings Accounts (ISAs) and some National Savings products. You may also wish to make investments under the Enterprise Investment Scheme (EIS), the Seed Enterprise Investment Scheme (SEIS), via a Venture Capital Trust (VCT) or using Social Investment Tax Relief (SITR). However, it is important to consider the potential risks as well as the benefits, and we recommend that you speak to a qualified adviser before taking action.

**As your accountants, we can help you to implement effective tax planning strategies. For more information, please do not hesitate to contact us.**



## Is it time to review your estate plan?

**Planning to minimise the inheritance tax (IHT) due on your estate is always important, but the recent introduction of the residence nil-rate band (RNRB) means now could be the ideal time to review your existing plans.**

### What is the RNRB?

IHT is charged at 40% on estates worth in excess of the nil-rate band, which is currently £325,000. Married couples and registered civil partners can pass any unused nil-rate band on death to one another.

However, 6 April 2017 saw the introduction of an additional nil-rate band – the RNRB – which is intended to take the family home out of IHT for all but the wealthiest. The RNRB is set at £100,000 for deaths in 2017/18, rising to £125,000 in 2018/19, £150,000 in 2019/20, and £175,000 in 2020/21. It is then set to increase in line with the Consumer Prices Index from 2021/22 onwards.

The introduction of the RNRB means that up to £1 million of a married couple's estate could eventually be taken outside the scope of IHT if the full nil-rate bands (£325,000 + £175,000 x 2) are available to each spouse.

The RNRB is also available when a person downsizes or ceases to own a home on or after 8 July 2015 where assets of an equivalent value, up to the value of the RNRB, are passed on death to direct descendants.

It is important to note that the additional band can only be used in respect of one residential property, which does not have to be the main family home but must at some point have been a residence of the deceased.

There will also be a tapered withdrawal of the additional nil-rate band for estates with a net value of more than £2 million (at a withdrawal rate of £1 for every £2 over this threshold).

### Reviewing your estate plan

It is always advisable to review your Will and planning strategies on a regular basis, but it is particularly pertinent following changes in your personal or family circumstances or significant new tax rules. The introduction of the RNRB is one such example.

The additional nil-rate band will only apply when a main residence is passed on death to one or more descendants (including a child, stepchild, adopted child or foster child) of the deceased and their descendants. In order to utilise the RNRB, you may need to review your Will to check that the property is being bequeathed to the correct beneficiaries. The home doesn't have to be specifically mentioned in the deceased's Will, as long as it has at some point been a residence of the deceased.

It is also important to review your Will where property has been left in trust, as certain types of trusts may not be eligible for the RNRB. This is a complicated area and we suggest that you consult an expert for further advice.

If downsizing is contemplated, special care is needed to include provisions in a Will which will satisfy the conditions of obtaining the additional band.

**For more information on the RNRB or for advice on other tax-efficient estate planning strategies, please contact us.**

## Expanding to Petersfield: Barter Durgan & Muir merger

We are delighted to announce that we have successfully merged with Barter Durgan & Muir to take over their Petersfield office. The integration is a natural expansion and will ensure a wide range of expertise is available to Petersfield clients, including specialist services for charities and agricultural businesses.

Harriet Sergeant, the Sheen Stickland Partner who will be heading up the expansion, comments: "This seemed like a very natural move as we share a lot of the same professional values and standards as Barter Durgan & Muir. The firm has been in Petersfield for over 40 years and has been in excellent hands with the Managing Partner Chris Elsey. We hope to build on that legacy and continue to support the team here in the excellent work they do."

All existing staff of Barter Durgan & Muir will be staying on in Petersfield and will have the added support of the wider Sheen Stickland team from our existing Chichester and Alton offices.

**If you have any questions about this exciting news and what it will mean for you, please contact us on [enquiries@sheen-stickland.co.uk](mailto:enquiries@sheen-stickland.co.uk)**



## A bovine display at the Alresford Agricultural Show

We were delighted to return to Tichborne Park on Saturday 2 September to host a stand at the popular Alresford Agricultural Show. With glorious weather and thousands in attendance, this year's event was a huge success. It was fantastic to see so many clients and partners, and we received a very positive response from everyone about our stand, particularly our goody bags, children's seed packets and flower display competition.

This year we partnered with Farnborough College and Tinwood Estate for our competition. The talented floristry team at Farnborough created a charming cow-themed display using seasonal flowers to great effect. Show

attendee, Mr Steve Whitfield from Four Marks, won a luxury Tinwood Estate hamper, having successfully guessed the number of flowers in the display.

Our partners Harriet Sergeant and Philip Sharpe along with members of the agricultural team were on hand throughout the day to chat with people about their accountancy needs over tea, cake and prosecco. Harriet also presented the Open Ridden Hunter prize in the main ring.

The event is always one of the highlights of our calendar, and we are already looking forward to next year!

For more information on our upcoming events, please visit [www.sheen-stickland.co.uk](http://www.sheen-stickland.co.uk)



## Business and Tax Round-Up

### Contactless card fraud on the rise

Figures published by Financial Fraud Action UK (FFA UK) have revealed a significant rise in the amount of money being stolen from contactless bank cards and mobile devices.

Contactless spending rose from £7.75 billion in 2015 to £25.2 billion in 2016. The data revealed that nearly £7 million was stolen in 2016, compared to £2.8 million in 2015.

However, FFA UK also stated that fraud involving contactless cards and mobile devices equated to just 1.1% of total card fraud.

In order to combat contactless card fraud, consumers have been urged never to hand over their card at the point of payment, to always ask for a receipt when purchasing goods and to review financial statements regularly to check for unusual transactions.

The figures came alongside the revelation that card payments have more than doubled over the past ten years.

Data published by the UK Cards Association highlighted the increase in popularity of contactless card payments and online spending: by the end of 2016, four in ten card

transactions were made either online or via contactless technology.

### Businesses urged to protect against cyber-attacks

In light of recent cyber ransomware attacks, the Federation of Small Businesses (FSB) has called on UK firms to take 'urgent steps' to protect themselves.

The group has advised businesses to put cyber protection insurance in place, as well as checking for updates to their computer operating systems and anti-malware software.

Those using unsupported operating systems may prove to be more at risk, so it is recommended that businesses only use systems which receive regular security updates.

Firms are also encouraged to make sure that they have any essential data backed up to help ensure that data cannot then be 'held to ransom' should the worst happen.

Businesses should make sure that they keep up to date on the latest cyber security advice by visiting the government-backed National Cyber Security Centre (NCSC) website: this can be accessed at [www.ncsc.gov.uk](http://www.ncsc.gov.uk).

The government's Cyber Essentials scheme also provides information on the 'basic controls all organisations should implement to mitigate the risk from common internet-based threats'. Details on the initiative and

how it may be of help to you can be found at [www.cyberaware.gov.uk](http://www.cyberaware.gov.uk).

### Cash-based Lifetime ISA enters the market

The first cash-based Lifetime ISA recently entered the market, allowing adults under the age of 40 to put aside cash sums in order to save for their first home or their future retirement.

The Lifetime ISA was first introduced in April, but initially only share-based investments were available. A new cash Lifetime ISA has since been launched.

Under the scheme, savers aged between 18 and 39 can invest up to £4,000 a year and will receive a 25% bonus on contributions from the government up until their 50th birthday.

Both the tax-free savings and the government bonus can be used for a deposit for a first home in the UK worth up to £450,000 at any time from 12 months after first saving into the account.

Alternatively, the funds, including the government bonus, may be withdrawn from the Lifetime ISA from age 60 tax-free for any purpose. However, where the funds are withdrawn before the age of 60 the account holder will lose the government bonus (plus any interest or growth on this) and will be liable to pay a 5% surcharge.

## Web Watch

### Essential sites for business owners

[isbe.org.uk](http://isbe.org.uk)

Network for those seeking small business and entrepreneurial support and advice.

[www.gov.uk/government/organisations/institute-for-apprenticeships](http://www.gov.uk/government/organisations/institute-for-apprenticeships)

Provides employers with guidance on apprenticeship standards.

[economia.icaew.com](http://economia.icaew.com)

Up-to-date tax and business news.

[www.taxationweb.co.uk](http://www.taxationweb.co.uk)

Forum for users to share ideas in regard to tax and business issues.

## Tax Tip

### Ensure you are claiming tax-deductible expenses

Self-employed individuals are able to claim tax relief on part of their household expenses, which can include insurance, repairs and utilities.

If you often work away from your main place of business, you may also be able to claim for travel and accommodation costs: make sure that accurate records are kept, such as a log of business journeys.

However, you cannot claim business expenses for non-business driving or travel costs, fines or travel between your home and your place of work.

**For more information on claiming tax-deductible expenses, please contact us.**

Please visit our website to find more articles from our quarterly review or sign up to our e-newsletter for the full digital version of OnAccount. [www.sheen-stickland.co.uk](http://www.sheen-stickland.co.uk)

## Reminders for your Autumn diary

### October 2017

31 Deadline for submitting 'paper' 2016/17 self assessment returns.

### November 2017

2 Deadline for submitting P46 (Car) for employees whose car/fuel benefits changed during the quarter to 5 October 2017.

19 PAYE, Student loan and CIS deductions are due for the month to 5 November 2017.



4 High Street, Alton,  
Hampshire, GU34 1BU  
T: 01420 83700 F: 01420 86020

7 East Pallant, Chichester,  
West Sussex, PO19 1TR  
T: 01243 781255 F: 01243 788049

35 Lavant Street, Petersfield,  
Hampshire, GU32 3EL  
T: 01730 264951

[www.sheen-stickland.co.uk](http://www.sheen-stickland.co.uk)

[enquiries@sheen-stickland.co.uk](mailto:enquiries@sheen-stickland.co.uk)

Partners: Colin Matthissen, David Sanders, Philip Sharpe, Paul Wright, Harriet Sergeant, Sticklands Ltd.

This newsletter is for guidance only, and professional advice should be obtained before acting on any information contained herein. Neither the publishers nor the distributors can accept any responsibility for loss occasioned to any person as a result of action taken or refrained from in consequence of the contents of this publication.