

## Morris Cook Tax Checklist



	Have you spoken to your accountant about this issue?		
	Yes	No	N/A
<b>Your business</b>  1. <b>Are you sure that you are taking money out of your business in the most tax-efficient way?</b> <i>TIP: If your business is a limited company it is often better to take your money out by a combination of salary, benefits in kind and dividends.</i>			
2. <b>Are you paying your spouse a tax efficient salary?</b> <i>TIP: This must be a 'sensible' salary which reflects the work done.</i>			
3. <b>Have you considered changing your year-end?</b> <i>TIP: Sometimes tax breaks can be given to sole traders and partnerships that change their year-end. Calculations are complex and there must be a commercial reason for changing; however, massive tax-savings can be made for some businesses.</i>			
4. <b>If you are a sole trader, have you considered taking your spouse into partnership?</b>			
5. <b>If you own a company, have you considered giving shares to your spouse as a gift and then using dividends to use up any lower tax bands and allowances, if applicable?</b> <i>TIP: Make sure this is done correctly so that HMRC cannot challenge it</i>			
6. <b>Have you considered the best time to invest in fixed assets and the best way to pay for them?</b>			
7. <b>Do you have a pre year end tax planning meeting with your accountant?</b>			
8. <b>If your business has made losses in the past/is making losses, have you made sure that the losses are being used to reduce your current/previous tax bills by as much as possible?</b>			
9. <b>If you are a sole trader/partner earning low profits where you do not have to pay Class 2 NIC - have you considered paying it voluntarily?</b> <i>TIP: Paying Class 2 NIC counts towards your Basic State Pension entitlement and other benefits</i>			
10. <b>If you work from home are you claiming for the costs of working from home?</b>			
11. <b>If your sole trader / partnership business is doing very well, have you considered becoming a limited company, as tax savings can be made in some cases?</b>			
12. <b>If limited liability is desirable, but a limited company is not a good option for your particular circumstances, have you considered a limited liability partnership?</b>			
13. <b>If you run a 'one-man band' business, have you made sure that there is absolutely no chance of the taxman charging you much more by treating you as being employed by one or more of your best customers?</b> <i>TIP: You may believe you are self-employed, but the taxman may think differently and it could end up costing you a lot of time and effort, not to mention back taxes.</i>			
14. <b>If you are a limited company or partnership working mainly for one customer, have you considered the IR35 rules and how they may apply to you?</b>			
15. <b>Have you planned ahead and taken action to minimise future tax bills when and if you decide to sell your business (Entrepreneur's Relief), or if your business forms part of your estate on death (Business Relief /Agricultural Relief)?</b> <i>TIP: HMRC could take up to 40% of everything your business is worth. You should plan now to keep more of the money in your pocket rather than the taxman's.</i>			
16. <b>Do you regularly check your turnover against the VAT registration limit?</b> <i>TIP: You have 30 days after the end of the month you exceed the limit to register</i>			

17.	<b>Have you considered if voluntary VAT registration would be beneficial to your business?</b>	Yes	No	N/A
18.	<b>Do you know that when you register for VAT you can reclaim the VAT on assets and stock purchased for your business in the four years before registration, provided that you still own them on the registration date and have a VAT invoice? (VAT on certain services in the 6 months before registration can also be claimed)</b>	Yes	No	N/A
19.	<b>Have you reclaimed the output VAT on bad debts that are more than 6 months old?</b>	Yes	No	N/A
20.	<b>If your business has a turnover of less than £150,000, have you considered using the VAT flat rate scheme?</b> <i>TIP: This makes the completion of VAT returns easier and can sometimes reduce the amount of VAT that you pay</i>	Yes	No	N/A
21.	<b>If your business has a turnover of less than £1,350,000 have you considered using the Cash accounting scheme and paying over output VAT when payment is received from a Customer instead of when invoiced?</b>	Yes	No	N/A
22.	<b>If your business has a turnover of less than £1,350,000 have you considered using the Annual accounting scheme, which allows businesses to complete one VAT return each year instead of four?</b>	Yes	No	N/A
23.	<b>Do you pay your VAT by direct debit?</b> <i>TIP: This gives you between 3 and 5 extra days to pay your VAT.</i>	Yes	No	N/A
24.	<b>Have you considered VAT deregistration if your turnover is permanently under the VAT deregistration limit?</b> <i>TIP: This is beneficial if most of your customers are not VAT registered. If you receive invoices after deregistration that relate to before you deregistered you can still reclaim the VAT</i>	Yes	No	N/A

### **Your employees (which includes you if you're a limited company)**

25.	<b>Do you have a company pension scheme? Are you making the most of pensions as a highly tax efficient way of rewarding and retaining key staff?</b> <i>TIP: All employers will have to provide a workplace pension scheme which complies with a number of key characteristics, including being able to auto-enrol all eligible employees.</i>	Yes	No	N/A
26.	<b>Have you considered any other type of pension arrangement to give you more control and flexibility and your staff and you the chance to save larger sums for retirement?</b> <i>TIP: Options might include an Executive Pension Plan, a Small Self-Administered Scheme or an Unapproved Scheme.</i>	Yes	No	N/A
27.	<b>Do you fully understand how to calculate the tax value of benefits in kind?</b> <i>TIP: Under self-assessment it is your responsibility to calculate these tax values and include them on your employees' P11Ds. Many of the calculations are not intuitive, and if you get them wrong you could face a fine of up to £3,000 for an incorrect P11D.</i>	Yes	No	N/A
28.	<b>Have you considered your company car and van policy?</b> <i>TIP: Sometimes it is more tax efficient to own the vehicle personally and claim a mileage allowance. There is no benefit in kind for a van provided it is used only for business journeys and travel between home and work but this should be set out in the contract of employment.</i>	Yes	No	N/A
29.	<b>Successive budgets have dramatically increased the tax on fuel given to employees for private mileage. Have you checked whether you and they would benefit from changing your fuel policy?</b>	Yes	No	N/A
30.	<b>Do you know that if your employees receive less than the HMRC mileage rates for business mileage in their own cars they can claim tax relief on the difference?</b>	Yes	No	N/A
31.	<b>When you take on a new employee do you make sure they give you a P45 or equivalent information?</b> <i>TIP: You need to do this to make sure that the employee receives the correct PAYE allowance.</i>	Yes	No	N/A
32.	<b>Do you provide your employees with free bicycles and associated safety equipment to cycle to work or for business related journeys?</b> <i>TIP: The employee is not taxed on the use of the bicycle as long as the company owns it.</i>	Yes	No	N/A

33. <b>Do you thank your employees with an annual party or annual event?</b> <i>TIP: Provided the average cost per head (per employee/guest/employee's spouse) is under £150 and it is open to all employees it is tax free.</i>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
34. <b>Do you offer childcare vouchers to all employees who have children of school age or younger?</b> <i>TIP: This could save Tax and NIC for the employee and the Company</i>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
35. <b>If you use contract workers and freelancers, are you sure the taxman has no grounds for treating them as employees?</b> <i>TIP: This area can be a real minefield resulting in unexpected tax and NIC bills.</i>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
36. <b>Have you asked HMRC for P11D dispensations to reduce your paperwork?</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
37. <b>Are you fully able to deal with the additional paperwork involved in administering the student loan scheme, as required by HMRC?</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
38. <b>Are you properly applying the minimum wage and working time regulations as required by HMRC, whose remit now includes the 'policing' of such programmes?</b> <i>TIP: HMRC has the power to hand out severe penalties for non-compliance.</i>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
39. <b>Are your PAYE payments to HMRC less than £1,500 per month?</b> <i>TIP: If yes, you can pay over the PAYE quarterly instead of monthly.</i>	<b>Yes</b>	<b>No</b>	<b>N/A</b>

## Your family

40. <b>If you give money to charity, have you taken advantage of the Gift Aid Scheme?</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
41. <b>Have you considered changing your mortgage?</b> <i>TIP: There may be a better deal around.</i>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
42. <b>Have you made full use of the fact that your children have the same tax free Income Tax Allowance and Capital Gains Tax Allowance as you?</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
43. <b>Have you made a will and has it been updated recently?</b> <i>TIP: A will becomes invalid when you marry. Without a will the courts would have to decide who will be the guardians of your children. Also, large amounts may have to be paid in unnecessary tax and legal costs and your spouse/civil partner will not automatically inherit all your assets.</i>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
44. <b>Have you considered giving inheritance tax free gifts during your lifetime?</b> <i>TIP: These include gifts on marriage of up to £1,000 or up to £5,000 if you are a parent of the bride or groom, regular gifts out of income, any gifts totalling up to £3,000 per year</i>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
45. <b>What would happen to your family and business if you were ill or died? Do you have life assurance, permanent health insurance and critical illness cover? Are your policies still relevant? Should your life assurance policy be written in trust?</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
46. <b>If you have a large estate, have you considered an insurance policy to pay your inheritance tax bills when you die? Or using lifetime gifts to avoid paying inheritance tax altogether?</b> <i>TIP: It is extremely sad to have to tell families that up to 40% of their loved one's estate must be paid to the taxman. It is also unnecessary, when the hard truth is that by acting early enough most people can prevent the taxman from getting a penny. If you give away assets and live for more than seven years after the date of the gift the amount is not counted as part of your estate on death.</i>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
47. <b>If you and your spouse/partner have children or a low combined income, have you completed a Tax Credits Claim form?</b> <i>TIP: Claims can only be backdated 1 month and so you can make a provisional claim now to cover if your income falls in the future</i>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
48. <b>If you are not a taxpayer and your spouse/Civil Partner is a basic rate taxpayer, have you transferred your marriage allowance?</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>

## Your investments

- |   |     |    |     |
|---|-----|----|-----|
| 49. Have you reviewed your investments to ensure that they are appropriate and performing well? Are they giving you the right balance of income and capital growth?   | Yes | No | N/A |
| 50. Have you considered investments that give you a tax-free return e.g. ISA's, Help to Buy ISA, Premium Bonds?   | Yes | No | N/A |
| 51. If your spouse pays tax at a lower rate than you or has surplus savings rate band available, have you considered passing some of your investments to them in order to reduce your combined tax bills?   | Yes | No | N/A |
| 52. If some of your investments have done very well and grown in value, have you considered whether it is sensible to sell some of them to save yourself even higher tax bills in the future?<br><i>TIP: Everybody has a tax free capital gains allowance per year, but many people do not use this tax-free allowance and end up paying higher tax bills later.</i>  | Yes | No | N/A |
| 53. Have you reviewed your pension arrangements?  | Yes | No | N/A |
| 54. Have you considered ways of getting tax relief on the full cost of your investments and not just on the interest you earn?<br><i>TIP: Main examples are pensions, investments in enterprise zone properties, the enterprise investment scheme and venture capital trusts. The last three are high risk and it is recommended that you never invest more than you can afford to lose and always take professional advice before investing.</i>   | Yes | No | N/A |
| 55. If you are considering investing in property (other than your home), have you considered taking out a loan to finance the purchase?<br><i>TIP: Even if you don't actually need to borrow now, it may still make sense to borrow and use your spare capital for other purposes. The reason for this is that you will get up to 45% tax relief on the interest you pay on the loan, making it one of the cheapest ways to borrow money. (From 6<sup>th</sup> April 2017 there is a restriction on the deduction of finance costs on let residential properties)</i> | Yes | No | N/A |
| 56. Do you know that if you rent out a room in your own house that first £7,500 of rental income is tax free?   | Yes | No | N/A |
| 57. If you own two or more properties, have you elected which one should be treated as your principal private residence (if necessary)?   | Yes | No | N/A |

If you have answered 'No' to any of these questions, we strongly recommend that you contact your accountant immediately. Alternatively, you are welcome to contact us for a jargon-free, no obligation discussion on 01691 654545, Fax: 01691 679449. Visit our website at [www.morriscook.co.uk](http://www.morriscook.co.uk) or e-mail [partners@morriscook.co.uk](mailto:partners@morriscook.co.uk).

This checklist has been designed to alert you to some of the major issues you should be considering in view of current legislation and economic conditions. However, it is not a replacement for professional advice which is tailored to your precise needs and circumstances. We would be pleased to act for you should you wish to contact us.

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