

## Update

Professional Practices

PRECISE. PROVEN. PERFORMANCE.

# 11 tax saving and planning tips every partner should know

(Updated following the Summer budget)

1

**Ready for auto-enrolment?**

It's coming your way and you will have to comply with it. Plan ahead. Make sure you know your staging date and you must make your employees aware of what is happening. It will cost you so bear it in mind when considering salary increases. We have an expert who can help you with the necessary changes to your payroll.

2

**When is a partner not a partner?**

New rules for LLPs were introduced by HMRC effective from 6 April 2014 whereby a partner must pass one of three tests or they will be treated as an employee for tax purposes. You should know about this, but if you don't, call us.

"Be careful with your property. If you let a property to your business and charge rent you will lose entrepreneurs' relief on its sale."

3

**Thinking of incorporating?**

If you are a partnership thinking of incorporating then you may want to think again. From December 2014 it is no longer possible to claim entrepreneurs' relief on transfers of goodwill to a company and a company can no longer claim tax relief on the write down of the goodwill. Incorporation is no longer as attractive as it was.

4

**Any unused pension allowances?**

Annual contribution limits are now reduced to £40,000 gross, but be aware of the ability to use unused allowances from the previous three years. In some circumstances it is possible to get £750 of value into your pension at a cost of just £150!

The Chancellor has changed the rules for top rate tax payers from 6 April 2016, so be careful. If you made pension contributions in this tax year prior to the Budget you may get another £40,000 allowance. Take advice.



5

**Protect your pension pot**

If you have a substantial pension pot bear in mind the lifetime limit. If your fund is worth £1m or could grow to £1m over the remainder of your working life consider protecting it. Take advice now.

6

**Help your cashflow**

Consider using cash accounting if your turnover is below £1.35m. It will help your cashflow!

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7

**Claim your employment allowance**

Are you claiming your £2,000 employment allowance? If not you should be and considering employing under 21s to benefit from their NIC exemption. Note that this increases to £3,000 in April 2016.

8

**Are you getting tax relief on borrowings?**

Tax relief is available on qualifying business loans. Make sure your borrowings are structured to get the benefit of tax relief that is available.

9

**Plan ahead for Capital Gains Tax**

You may not be thinking of selling your interest in the partnership just yet but think ahead. You must keep a record of your base cost for your investment in the business and supporting evidence.



10

**Don't lose your Entrepreneurs' Relief**

Be careful with your property. If you let a property to your business and charge rent you will lose entrepreneurs' relief on its sale.

11

**Potential tax planning opportunity**

From 6 April 2016 there will be a 7.5% tax charge on dividends but the first £5,000 could be exempt. The details are still to be announced and there may be a tax planning opportunity. Watch this space...

These are just a few of the ways our legal sector specialists can help you make the most of any tax saving opportunities and plan ahead. For advice on any of our top eleven tips or to discuss your personal tax matters, please get in touch with your local professional practices partner.

For more information, please contact  
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