

2015 / 2016

KEEPING THE TAXMAN AT BAY

Notes

- 1 Keeping proper accounting records will reduce the risk of errors that that may result in extra tax, penalties and interest by HMRC in case of tax enquiries.
- 2 In the event of a vat inspection by HMRC, ensure that your records clearly shows the output tax on income backed up by an invoice. Similarly, for all your input claims, ensure that you have a proper vat invoice showing the vat number for each claim.
- 3 The Tax year for 2016 is from 06 April 2015 to 05 April 2016.
You may file a paper tax return, if it is filed by 31 October, in which case HMRC will calculate your tax liability.
If you file your return after 31 October, the final date for filing the return is 31 January and you should then calculate and pay your tax liability.
- 4 HMRC will also accept to collect up to £3,000 of tax via your PAYE coding provided your return is filed by 31 October if in paper form or by 31 December if filed on line.
- 5 You can make a claim to reduce your payment on account if your taxable income decreases in the year following year of assessment.
- 6 In the event of a visit or an enquiry by HMRC, you can ask for their queries to be put in writing rather than rush with answers without any proper thought as that may prove to be costly.
It is always better to consult your advisor to check for any demand for tax by HMRC, if there is one.
- 7 Ensure all your vat or other tax return and payment are both made within the time limit, since if either the return or payment is late, this will trigger a penalty.
- 8 If you are a UK resident tax payer, ensure that all your sources of income, UK and overseas, however small, are all declared on your tax return.
- 9 Remember that you have to declare all your sources of income on your tax return, even where a source is making a loss (e.g: a let property)
This applies even if you are continuously making losses from these transactions.

<p>10 Make sure you only claim business expenses that are 100% wholly and exclusively for the purposes of the business and exclude all personal expenses.</p> <p>11 Where you are claiming mileage allowance for Company business, make sure you keep a log of the mileage undertaken for the business journey.</p> <p>12 If you receive a dividend from your Company, make sure you complete the necessary paperwork for the dividend vouchers etc., to avoid these being reclassified as remuneration or loans.</p>	
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