

REDUCING MY TAX BILL LEGALLY

Reducing your tax bill legally is known as tax planning or tax avoidance. It means claiming the allowances and exemptions to which you are legally entitled in order to reduce your tax bill. Everyone who claims the annual free pay income tax allowance is lawfully using tax avoidance by claiming an allowance to which they are legally entitled.

Avoidance should not be confused with Tax Evasion, which involves the use of illegal and usually aggressive methods to hide taxable income – eg hiding funds in an offshore bank account.

We help clients, both individuals and businesses, to reduce their taxable profits and / or chargeable gains in a non-contentious manner. We do not stretch the rules by interpreting tax regulations in a way to gain a tax advantage, which will undoubtedly attract the attention of HM Revenue & Customs.

A very popular avoidance method for limited company businesses whose shareholders are also directors (most SME private companies) was, until recently, is to take remuneration by way of dividend rather than by way of salary or bonus. This is still possible but dividends above £500 will henceforth attract tax at the rate of 8.75%, so it is still possible to save tax quite legally using dividends.

We are skilled and knowledgeable in all the taxes: Income Tax, Capital Gains Tax, Inheritance Tax, VAT. If the matter is contentious and complex we have access to leading specialists and tax counsel.

In the current political and social climate, tax avoidance is often confused with tax evasion and the public view, that avoiding tax is not morally acceptable is gaining ground. Most of our clients are not interested in aggressive tax avoidance that will attract attention from HMRC but there are still many ways in which your tax bill can be legally reduced.