



## Time to breathe again & look to the future

We are sure like many of you we are pleased to see the back of GDPR (in fact those 4 letters have now been banned from the Leonherman office)!

We can all be smug in the fact that our hard work over the past few months working on new processes and updating mailing lists has now been done.

Now we can all get back to focusing on the future and looking at your plans ahead. Read on to see our latest blog posts and remember to keep up to date on our [website](#) or by following us on [Twitter](#)

Leonherman has many years of experience working with businesses of all shapes and sizes; we work with you to ensure you stay on track and stay one step ahead [get in touch](#) or call **0161 249 5040**

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## How can you benefit from your business's research?

Many SMEs are seeing the financial advantages of claiming R&D tax credits, but we believe many more could benefit.

In the last 12 months alone, Leonherman has helped clients identify R&D expenditure of in the region of £1.44 million, resulting in corporation tax savings for those clients in excess of £365,000.

Example successful claims include:

Company A – A supply chain and warehouse management specialist, benefited to the tune of £69,355, for work leading to the implementation and customisation of new bespoke warehouse management systems for a number of clients, which integrated with other systems already in use.

Company B – An events management company, received an additional uplift in tax deductible costs (for Corporation Tax purposes) of £83,442 resulting from



## Salary v Dividend - What is the best option for you?

From April 2018 any dividends paid over £2,000 will attract dividend tax, meaning many business owners and directors are questioning whether dividends is still the best way of extracting profit from a business.

The dividend rates of tax will be:

- First £2,000 of dividends are tax free
- 7.5% for dividends falling within basic rate tax (caution on how this is calculated)
- 32.5% for dividends falling within higher rate tax (i.e. where total income exceeds £46,350)
- 38.1% for dividends falling within the additional rate of tax with income over £150,000

The dividend tax rule of thumb to use is:

- Take a salary of £8,424 over 12 months

bespoke add-ons to their existing Customer Relationship Management (CRM) software which enabled their customers to login and provide feedback on events packages organised via Company B. This has enabled greater efficiency for the customer and led to a more customised user experience and an increase in revenues.

In our experience we have often found that companies are not necessarily aiming for major breakthroughs, but more to make tweaks and small improvements, often building upon already-available technology, to achieve tangible results which can be applied in a specialised and individual setting.

Click [here](#) to read more examples of how we have helped businesses claim for R&D.

For advice to help your business claim its share of the rewards for its R&D, [get in touch](#).

- Tax free dividends of £5,426 to use up the remainder of your personal allowance
- £75 of tax per £1,000 of dividends from £5,427 up to total dividends of £37,926
- £325 of tax per £1,000 of dividends over £27,927

If your income exceeds £100,000 please get in touch to obtain a personalised quotation as it can get very complicated.

Click [here](#) to read this blog post in full, including a number of examples.

Everyone has different tax affairs and we recommend that you seek advice from a qualified accountant before making any tax planning decisions to ensure you have a tax plan that suits you.

If you want advice on how much salary you should pay yourself and how these changes will affect you [get in touch](#).

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## **Pension Funds can be an effective way of estate planning**

We have covered the tax efficiency of pension funds previously. As well as the increased flexibility in terms of drawdown arrangements that were introduced in April 2015. There were some important changes to what happens to the undrawn funds on death. These changes mean that your pension fund can be passed to your beneficiary's tax efficiently.

In the case where the pension scheme member dies under age 75, certain lump sum death benefits are now tax-free. In particular a drawdown or flexi-drawdown pension fund lump sum death benefit or an uncrystallised funds lump sum death benefit.

If however the pension scheme member at the time of their death was age 75 or older, the special lump sum death benefit charge on the fund will be 45%.

But if a nominated beneficiary wants to draw down income each year rather than take the lump sum the amounts drawn



## **Do you have any offshore financial connections?**

HMRC wants all taxpayers who have or who had any offshore financial connections (including those who consider themselves to be non-UK domiciled and/or non-UK resident) to review their UK tax affairs to ensure that all tax returns are correct. Additionally, taxpayers should ensure they submitted tax returns for all years for which they owed tax on income or gains.

This includes checking implementation of planning and technical opinions (e.g. that someone is non-UK domiciled are correct) and whether advice taken in the past was refreshed when the law or the client's circumstances changed. Offshore structures, anti-avoidance legislation and remittances should also be reviewed.

Those who identify errors or failures to submit/notify in the past must rectify the situation before 30 September 2018. Some may decide to submit disclosures where there is doubt over a technical position, in order to protect their position against failure to correct sanctions in case HMRC later decides that additional tax is due.

would be taxed at their marginal income tax rate.

Note that cash and quoted shares, including those held within an ISA, are subject to inheritance tax on death whereas pension fund assets are generally free from inheritance tax.

Please [get in touch](#) if you would like to discuss estate and inheritance tax planning in more detail.

After the 30 September, the 'Failure to Correct' ('FTC') regime will start, with punitive penalties.

Click [here](#) to read more.

We can assist clients with Tax Health Checks, reviewing both their historic position and, where appropriate, approaching HMRC with a disclosure call [get in touch](#).

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## Key Tax Dates

**6 July 2018** – Deadline for employers to submit forms P11D showing benefits in kind

**22 July 2018** – Deadline for employers to pay Class 1A NIC in respect of benefits in kind

**31 July 2018** - Deadline for second Self-Assessment payment on account

**August and September** - No key deadlines for NIC, PAYE and Self-Assessment

[Get in touch](#) if you have any questions regarding the above dates and how they affect you.

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## Upcoming Events

You can keep up to date on all of our upcoming events on our [website](#). The following events will be taking place after the summer:

- **Bookkeepers Club** - Wednesday 3rd October 2018
- **Meet me at the Met** - Wednesday 14th November 2018

Get in touch to reserve your free place at either of these events on **0161 249 5040** or [email us](#)

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[Contact us to find out how Leonherman can help you](#)



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